

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. A

Fiscal Services
College Area

Proposal:

That the Governing Board review and discuss the 2014-2015 Monthly Financial Report for the period ending December 31, 2014.

Background:


The Board routinely reviews financial data regarding expenses and revenues to monitor District fiscal operations.

Budgetary Implications:

None.

RESOLUTION: BE IT RESOLVED, that the 2014-2015 Monthly Financial Report for the period ending December 31, 2014, be accepted.

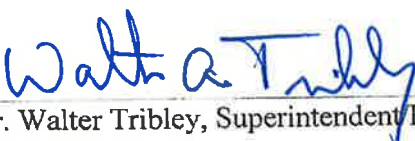
Recommended By:


C. Earl Davis, Vice President for Administrative Services

Prepared By:


Rosemary Barrios, Controller

Agenda Approval:


Dr. Walter Tribley, Superintendent/President

Monterey Peninsula College
Fiscal Year 2014-15
Financial and Budgetary Report
December 31, 2014

Enclosed please find attached the Summary of All Funds Report for the month ending December 31, 2014 for your review and approval. The financial report is an internal management report submitted to the Board of Trustees to compare actual financial activities to the approved budgets.

Operating Fund net revenue through December 31, 2014 is \$20,582,658 which is 44.8% of the operating budget for this fiscal year. Expenditures year-to-date total \$17,806,904 which is 38.8% of the operating budget for this fiscal year, for a net difference of \$2,775,754.

Unrestricted General Fund

Revenues

- November apportionment revenue has been received of \$1.7M
- Education Protection Funds (EPA) of \$1.3M was received this month.
- Property Taxes of \$8.9M was received this month.
- Other local revenue received which includes: enrollment fees, course material fees, and other local revenues totaling \$181K.

Expenditures

Overall the District operating funds expenditures continue to track as projected.

Child Development Fund (Restricted)

- The revenue in the Child Development restricted fund is low because the district has not received its reimbursement from the state. We still anticipate in receiving the full reimbursement of all expenses for the fiscal year.

Child Development Fund (Unrestricted)

- A transfer between funds from the unrestricted general fund to the child development fund is being completed in January to bring the cash balance of the unrestricted child development fund cash balance up to a positive balance so it is sufficient to cover expenditures.

Self Insurance Fund

- Self Insurance expenses are at 38.9% of budgeted expenditures. The expenditure amount is 6.3 % less than the amount for the same period last fiscal year.
- Some revenues have been received and posted for November and December.

Revenue Bond

- A transfer between funds from the student center fund to the revenue bond fund of \$17,625 will be completed in January to bring the revenue up to the budgeted amount of \$17,625. There is sufficient cash to cover expenditure payments.

Building Fund

- The expense activity in the Building Fund is now starting to slow down as the district starts completing the bond related projects.

Other Fiduciary Funds

- Most Fiduciary Funds are tracking close to budget.
- The Orr Estate fund revenue and expense funds are down due to lack of funds being received. A review is taking place to see if a reduction of the revenue and expense budget is needed.

Cash Balance:

The total cash balance for all funds is \$27,979,943 including bond cash of \$9,552,476 and \$18,427,467 for all other funds. Operating funds cash is \$12,176,878. Cash balance in the General Fund is at \$11,280,916 for the month ending December 31, 2014. This is sufficient cash to make month end payroll and accounts payable.

Monterey Peninsula Community College

Monthly Financial Report

December 31, 2014

Summary of All Funds

<u>Funds</u>	Beginning Fund Balance	Revised Budgets 2014 - 2015		Ending Fund Balance	Year to Date Actual 2014 - 2015			% Actual to Budget		Cash Balance
	<u>07/01/14</u>	<u>Revenue</u>	<u>Expense</u>	<u>6/30/2015</u>	<u>Revenue</u>	<u>Expense</u>	<u>Encumbrances</u>	<u>Rev</u>	<u>Expense</u>	<u>12/31/2014</u>
General - Unrestricted	\$3,885,950	\$38,029,473	\$38,029,473	\$3,885,950	18,328,670	14,612,191	7,168,827	48.2%	38.4%	\$11,280,916
General - Restricted	0	6,628,178	6,628,178	0	1,821,173	2,680,097	752,040	27.5%	40.4%	0
Child Dev - Unrestricted	0	302,207	302,207	0	162,584	154,329	32,901	53.8%	51.1%	-67,320
Child Dev - Restricted	0	190,565	190,565	0	788	102,848	40,410	0.4%	54.0%	0
Student Center	339,092	259,200	259,200	339,092	40,235	40,632	47,902	15.5%	15.7%	359,161
Parking	540,630	525,000	525,000	540,630	229,208	216,807	91,991	43.7%	41.3%	604,121
Subtotal Operating Funds	\$4,765,672	\$45,934,623	\$45,934,623	\$4,765,672	\$20,582,658	\$17,806,904	\$8,134,071	44.8%	38.8%	\$12,176,878
Self Insurance	2,865,000	6,553,264	8,794,471	623,793	1,299,189	3,418,833	30,255	19.8%	38.9%	4,702,564
Capital Project	578,651	1,145,563	1,724,214	0	41,696	107,732	71,299	3.6%	6.2%	779,783
Building	11,217,621	25,000	2,232,397	9,010,224	18,560	1,624,742	97,256	74.2%	72.8%	9,552,476
Revenue Bond	22,258	17,625	17,625	22,258	21	16,425	1,200	0.1%	93.2%	5,853
Associated Student	92,451	90,000	90,000	92,451	29,407	23,564	0	32.7%	26.2%	166,672
Financial Aid	17,745	5,200,000	5,200,000	17,745	2,615,158	2,615,158	0	50.3%	50.3%	59,358
Scholarship & Loans	272,948	2,500,000	2,500,000	272,948	984,282	998,127	0	39.4%	39.9%	181,386
Trust Funds	293,917	510,000	510,000	293,917	289,098	313,807	0	56.7%	61.5%	330,597
Orr Estate	22,302	10,000	20,000	12,302	921	904	0	9.2%	4.5%	24,375
Total all Funds	\$20,148,565	\$61,986,075	\$67,023,330	\$15,111,310	\$25,860,990	\$26,926,197	\$8,334,081	41.7%	40.2%	\$27,979,943

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. B

Administrative Services
College Area

Proposal:

That the Governing Board accept the District's Financial Audit Report for the fiscal year ended June 30, 2014.

Background:


Education Code Section 84040 requires California Community College Districts to arrange for a yearly audit of all funds, books and accounts under the jurisdiction of the local governing board. The firm of Vavrinek, Trine, Day & Co., Certified Public Accountants was retained to perform such an audit for the 2013-2014 fiscal year. The results of this audit, its findings and recommendations are presented for the Board's review and acceptance.

The auditor has filed copies of the audit report with the required agencies. Copies of the audit report are also available in the Office of the Vice President for Administrative Services. A representative from Vavrinek, Trine, Day & Co. will present the report and conduct a question and answer session. District personnel will provide discussion on the District's responses to auditor findings.

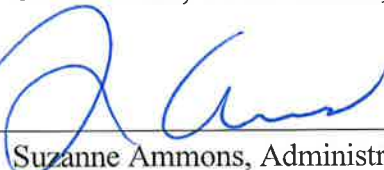
Budgetary Implications: None.

RESOLUTION: BE IT RESOLVED, that the Governing Board accept the District's annual Financial Audit Report for the fiscal year ended June 30, 2014.

Recommended By:


C. Earl Davis, Vice President, Administrative Services

Prepared By:


Suzanne Ammons, Administrative Services

Agenda Approval:


Dr. Walter Tribley, Superintendent/President

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Monterey Peninsula Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 District'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 District'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2014, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 15 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 15 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

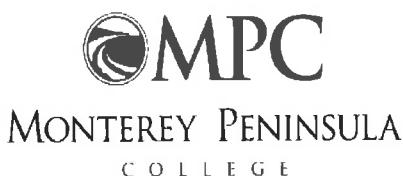
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the District's internal control over financial reporting and compliance.

Vaurinek, Tume, Day & Co., LLP.

Rancho Cucamonga, California

December 22, 2014



USING THIS ANNUAL REPORT

The Monterey Peninsula Community College District (the District) presents the following discussion and analysis to assist the reader by focusing on significant financial issues, providing an overview of the District's financial activities and condition, to explain changes in the District's financial condition, and to identify challenges of subsequent fiscal years. The report consists of three basic financial statements: the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Monterey Peninsula Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. 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 Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

The District's assets are primarily cash, land, and facilities. Liabilities are primarily long-term bonds. The District's total assets decreased by \$4.9 million, or 2.3 percent, to \$206.2 million, and total liabilities increased by \$98 thousand, or 0.1 percent, to \$156.3 million. This results in net position being decreased by \$6.0 million, or 10.1 percent, to \$53.9 million.

In November 2002, a Proposition 39 facility bond was approved by the local voters giving the District \$145.0 million to assist in modernization of the existing campus and construct a satellite campus and public safety training facilities on the former Fort Ord properties. The repayment of the bonds will be through a special tax assessment on local property owners. In June 2003, the first series of bonds was sold and proceeds (\$40.0 million) were deposited with the County Treasurer. The first series was refinanced in 2006 which generated an additional \$4.2 million for projects. The second and third series of bonds were issued in January 2008: \$9,004,530 taxable and \$95,994,770 tax exempt. Numerous projects are in various stages of completion and a balance of \$11.2 million remains outstanding.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The biggest change in this statement is that our fixed assets (land, building, and equipment) are capitalized and depreciated. As a result, they are now reflected as an asset on this statement. Net position, the difference between assets and liabilities, are one way to measure the financial health of the District.

STATEMENT OF NET POSITION

(Amounts in thousands)

	2014	*2013
ASSETS		
Current Assets		
Cash and investments	\$ 30,935	\$ 47,393
Accounts receivable	6,013	6,278
Other current assets	215	-
Total Current Assets	<u>37,163</u>	<u>53,671</u>
Noncurrent Assets		
Capital assets (net)	<u>169,028</u>	<u>157,383</u>
Total Assets	<u>206,191</u>	<u>211,054</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>3,983</u>	<u>5,069</u>
Total Assets and Deferred Outflows	<u>\$ 210,174</u>	<u>\$ 216,123</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,639	\$ 6,201
Unearned revenue	2,184	1,764
Current portion of long-term obligations	5,011	5,163
Total Current Liabilities	<u>14,834</u>	<u>13,128</u>
Noncurrent portion of long-term obligations	<u>141,465</u>	<u>143,073</u>
Total Liabilities	<u>156,299</u>	<u>156,201</u>
NET POSITION		
Net investment in capital assets	41,118	42,689
Restricted	4,610	7,516
Unrestricted	8,147	9,717
Total Net Position	<u>53,875</u>	<u>59,922</u>
Total Liabilities and Net Position	<u>\$ 210,174</u>	<u>\$ 216,123</u>

* As restated. See Note 15 for more information.

Cash and investments consist primarily of funds held in the Monterey County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 18 and 19.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the District, as well as the nonoperating revenue and expenses. The State general apportionment and property taxes, while budgeted for operations, are considered nonoperating revenues according to Governmental Accounting Standards Board (GASB). As a result, this statement will show a significant operating loss.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(Amounts in thousands)

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Tuition and fees, net	\$ 5,020	\$ 4,651
Operating Expenses		
Salaries and benefits	36,773	36,725
Supplies, maintenance, equipment, and other expenses	16,273	16,798
Depreciation	3,706	3,439
Total Operating Expenses	<u>56,752</u>	<u>56,962</u>
Loss on Operations	<u>(51,732)</u>	<u>(52,311)</u>
Nonoperating Revenues		
State apportionments	15,154	14,674
Grants and contracts	12,777	12,275
Property taxes	20,437	22,073
State revenues	1,347	1,148
Net interest expense	(6,213)	(6,050)
Other nonoperating revenues	1,643	2,041
Total Nonoperating Revenue	<u>45,145</u>	<u>46,161</u>
Other Revenues		
State and local capital income	539	1,171
Net Change in Net Position	<u>\$ (6,048)</u>	<u>\$ (4,979)</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

(Amounts in thousands)

	Salaries	Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 14,447	\$ 1,814	\$ 1,462	\$ -	\$ -	\$ 17,723
Academic support	672	34	4	-	-	710
Instructional support services	3,131	8,299	758	-	-	12,188
Student services	3,702	517	501	-	-	4,720
Plant operations and maintenance	1,262	157	554	-	-	1,973
Ancillary services and auxiliary operations	2,291	447	373	-	-	3,111
Student aid	-	-	-	6,737	-	6,737
Physical property and related acquisitions	-	-	5,883	-	-	5,883
Depreciation	-	-	-	-	3,706	3,706
Total	\$ 25,505	\$ 11,268	\$ 9,535	\$ 6,737	\$ 3,706	\$ 56,751

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and the District's need for external funding.

STATEMENT OF CASH FLOWS

(Amounts in thousands)

	2014	2013
Cash Provided by (Used in)		
Operating activities	\$ (47,314)	\$ (48,936)
Noncapital financing activities	47,505	49,377
Capital financing activities	(16,847)	(14,538)
Investing activities	198	43
Net Change in Cash	(16,458)	(14,054)
Cash, Beginning of Year	47,393	61,447
Cash, End of Year	<u>\$ 30,935</u>	<u>\$ 47,393</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had \$169.0 million in a broad range of capital assets including land, buildings, and furniture and equipment. At June 30, 2013, our net capital assets were \$157.4 million.

CAPITAL ASSETS

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Land and construction in progress	\$ 59,033	\$ 15,321	\$ 4,048	\$ 70,306
Buildings and improvements	123,041	4,049	-	127,090
Furniture and equipment	7,619	29	-	7,648
Subtotal	189,693	19,399	4,048	205,044
Accumulated depreciation	32,310	3,706	-	36,016
	<u>\$ 157,383</u>	<u>\$ 15,693</u>	<u>\$ 4,048</u>	<u>\$ 169,028</u>

We present more detailed information regarding our capital assets in Note 5 of the financial statements.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Obligations

At the end of the 2013-2014 fiscal year, the District had \$143.0 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Monterey Peninsula Community College District boundaries. Other obligations for the District include the lease revenue bonds, capital leases, compensated absences, early retirement, and net OPEB obligation.

LONG-TERM OBLIGATIONS

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
General obligation bonds	\$ 144,131	\$ 4,092	\$ 5,208	\$ 143,015
Lease revenue bonds	110	-	15	95
Capital leases	1,334	-	1,334	-
Compensated absences	1,093	-	139	954
Early retirement	137	-	51	86
Net OPEB obligation	1,431	1,161	266	2,326
Total Long-Term Obligations	<u>\$ 148,236</u>	<u>\$ 5,253</u>	<u>\$ 7,013</u>	<u>\$ 146,476</u>

We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

Financial information is maintained by the District in seven (7) governmental funds. All funds show positive ending balances, and the District's designated Unrestricted General Fund reserve is ten percent (10%) of the Unrestricted General Fund budget.

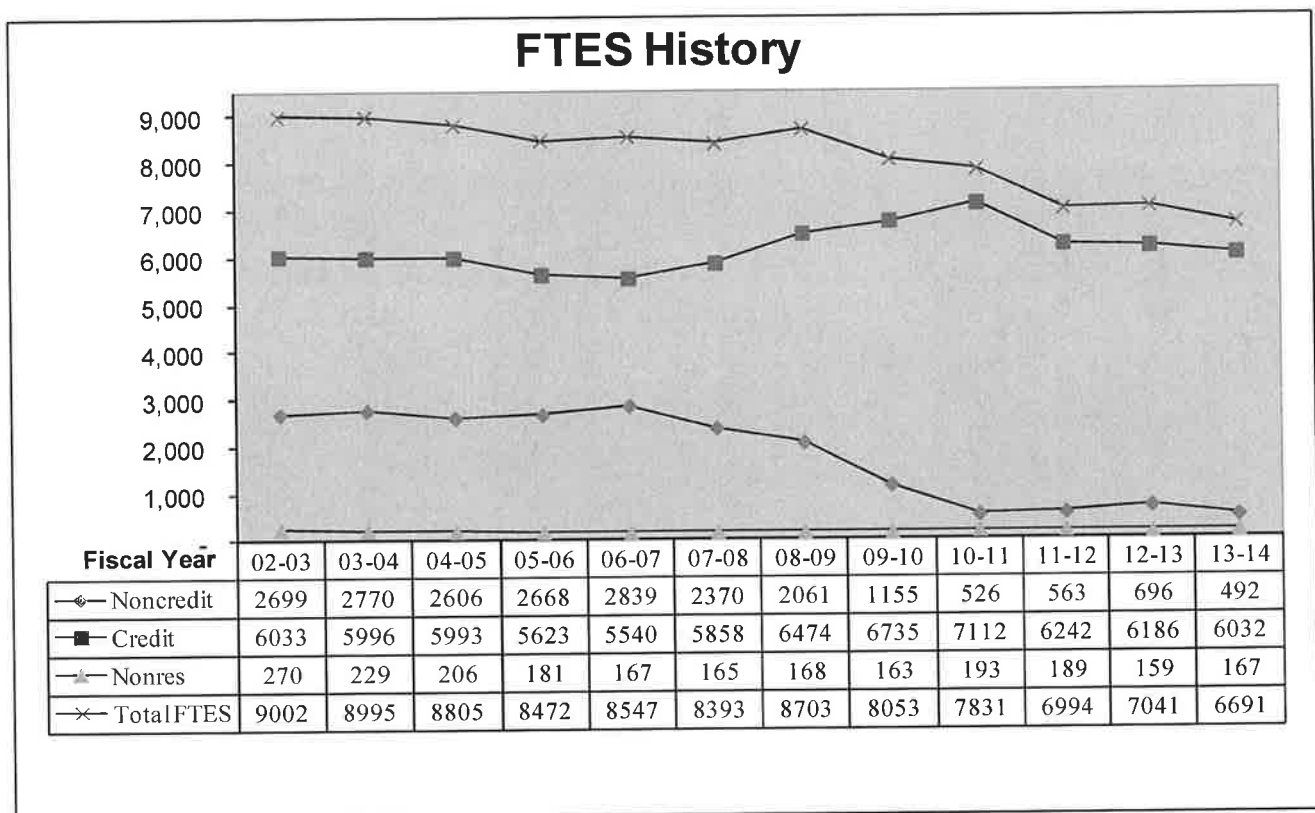
The primary source of income for day-to-day operations is derived from enrollments. Enrollment income is received based on actual in-state credit, enhanced non-credit, and non-credit full-time equivalent students (FTES). Actual funds are paid through local taxes, student registration fees, and the State. The State sets the amount the District will receive per in-state FTES with non-credit FTES being paid 40 percent (40%) less than credit FTES. The total amount paid for in-state FTES is limited based on an apportionment cap calculated by the State. The District offers a mixture of credit, enhanced non-credit, and non-credit courses to generate FTES toward the apportionment cap.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

A number of trends have become more prominent in the District's FTES production over the past few years. In 2008-2009, total FTES was 8,703 including non-resident students. At about the same time, the Chancellor's Office began to encourage community colleges to focus course offerings in three credit areas namely transfer courses, basic skills, and career technical education. From 2008-2009 to 2012-2013, Monterey Peninsula Community College (MPC) reduced non-credit FTES production 66 percent. From 2008-2009 to 2011-2012, credit FTES production increased 9 percent to offset revenue loss in the non-credit area. However, credit FTES has declined from 2010-2011 because of a variety of reasons including increased student fees, State workload reduction, the economy, and declining classroom efficiency. Declining enrollments have resulted in declines in revenue. The District's strategy for increasing FTES production include increasing efficiency, offering additional course sections in growth areas, and increasing contracts from Instructional Service Agreements (ISAs).



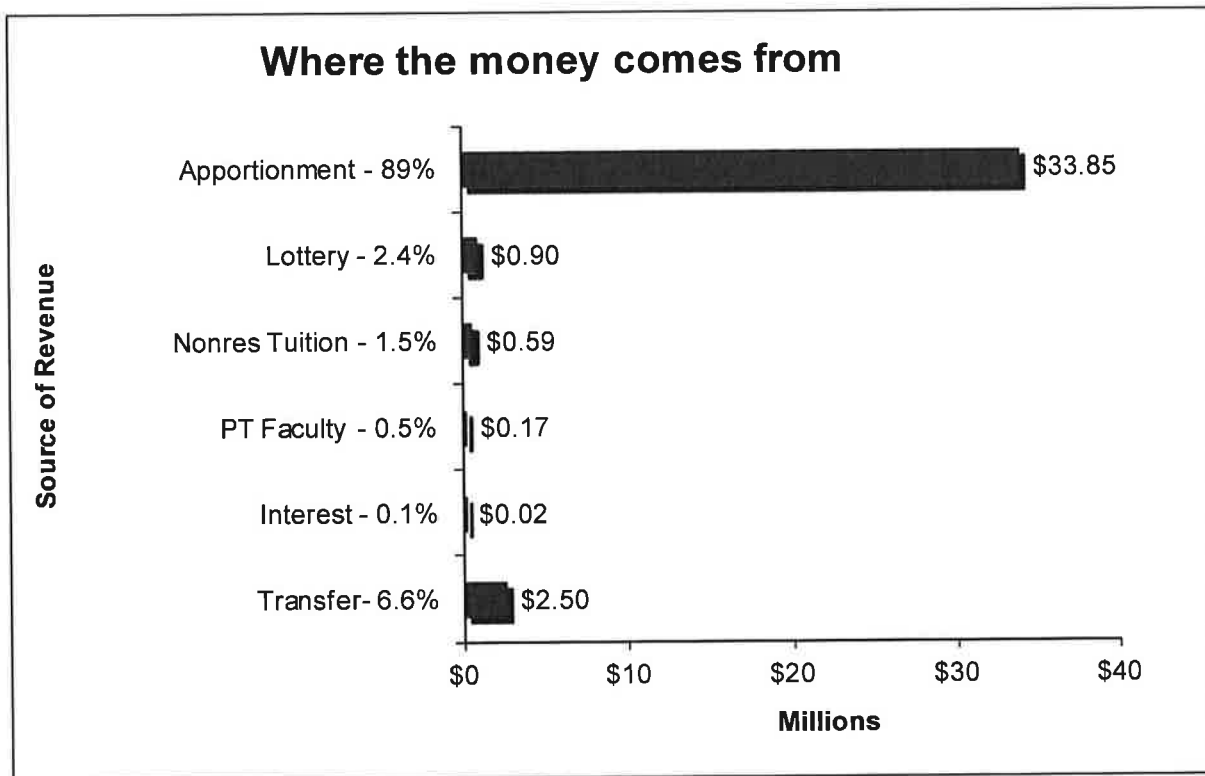
The national and State economies continue to suffer from the repercussions of the "great recession" that started in 2007. High unemployment, declining property values, and the financial sector meltdown have resulted in shrinking revenues at the Federal and State level. The State of California's three largest revenue sources (personal income tax, sales tax, and corporate tax) have declined sharply during this recessionary period. While some efforts have been made to reduce expenditures, there remains a structural imbalance between revenues and expenses. This has been somewhat mitigated with the passage of Proposition 30 in the November 2012 election. The approval of Proposition 30 results in a temporary increase in taxes (sales and personal income tax) which will result in approximately \$6 billion in additional revenues for K-14 education over the next five years. Public education should begin to see a slow restoration of prior year cuts from an improving economy and additional State revenues generated from Proposition 30.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

In looking at MPC's general and special funds revenues, apportionment revenues (State, student fees, and local property taxes) make up the majority share of revenues. Approximately \$3.3 million of State funding was cut in 2009-2010 and another \$2.9 million was cut in 2011-2012. Over the same period, student fees have been increased from \$26 to \$46 per unit, but not enough to offset the overall reduction in revenue. State cuts have primarily taken the form of "workload reductions" resulting in lower apportionment and FTES caps. Apportionment revenues continue to represent 90 percent of the General Fund revenue sources. Going into budget year 2014-2015, the State has reduced more than \$10 billion of debt by paying down deferrals, paying off Economic Recovery Bonds, and repaying various Special fund loans and funding of \$100 million in mandated claims to local governments.

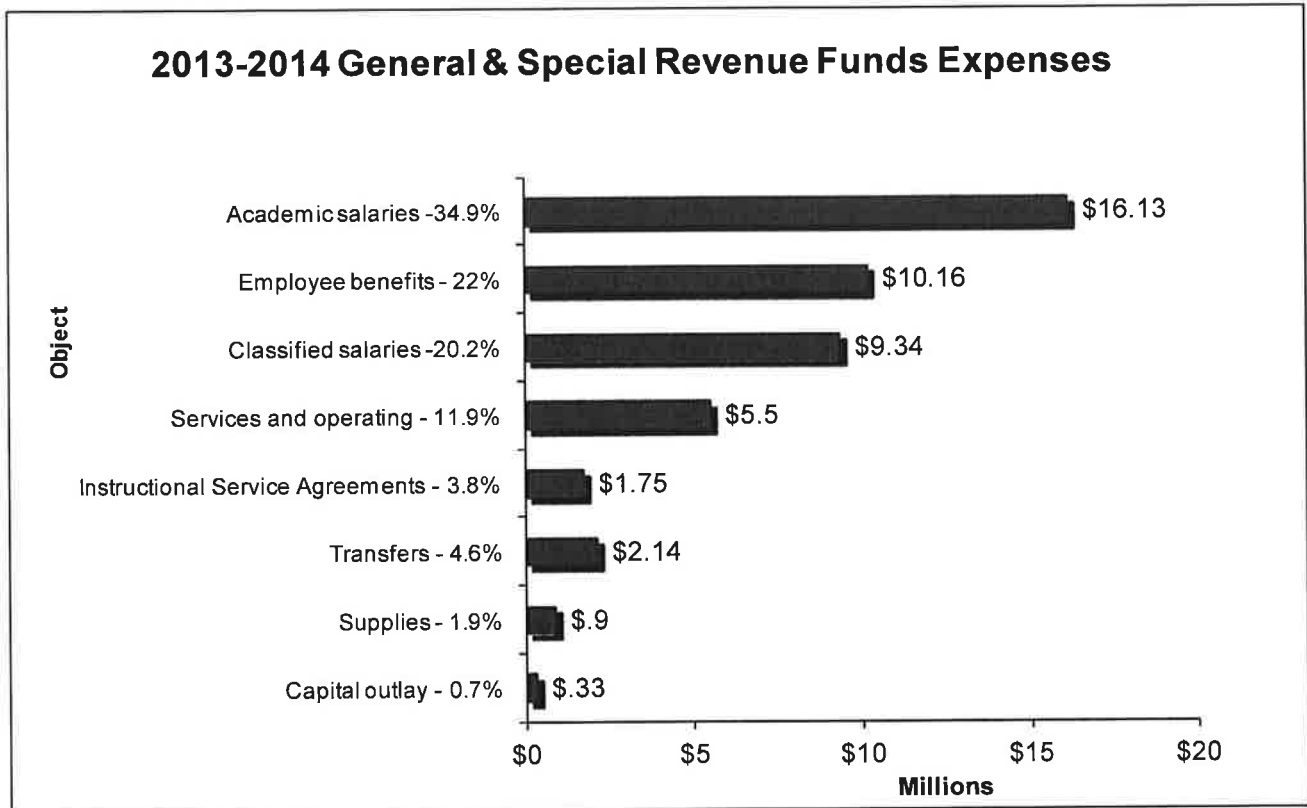


MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Costs for employees represent 77.1 percent of total expenses in the General and Special Revenue Funds. These expenses include academic and classified salaries, and employee benefits.



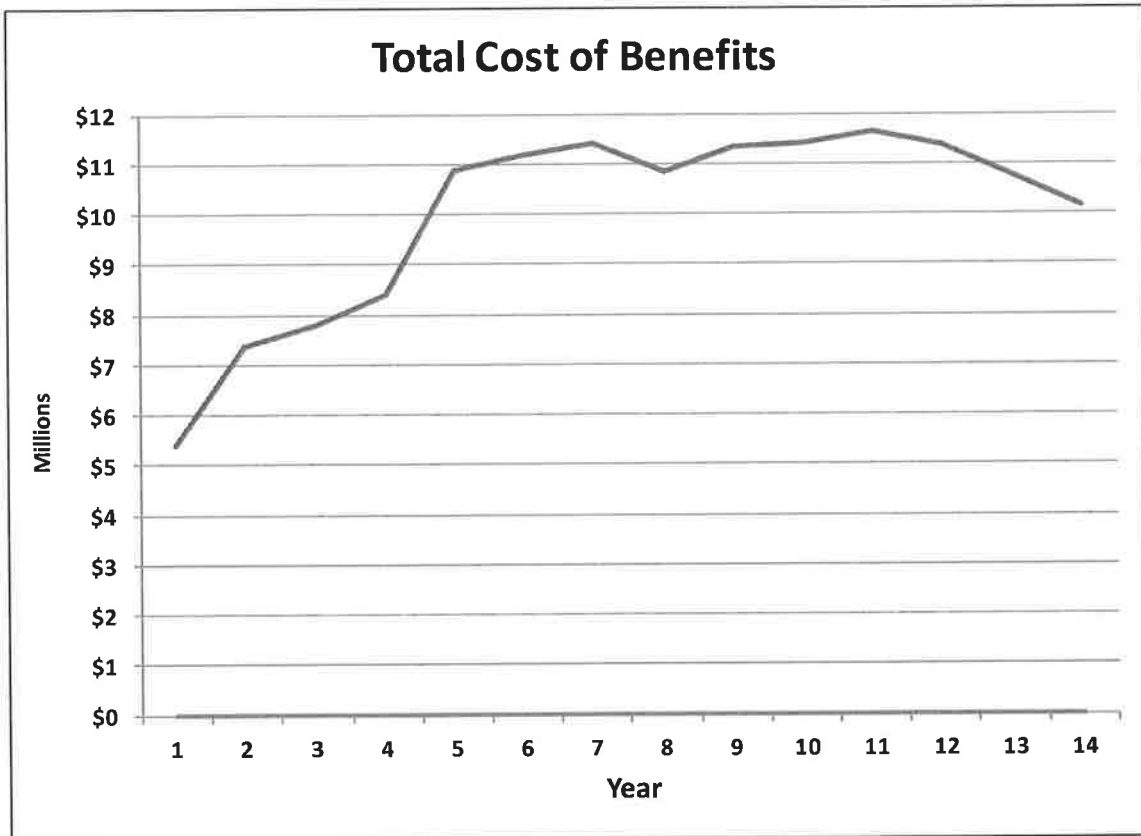
(The above chart includes transfers to the Self-Insurance Fund under Employee benefits)

There were no changes negotiated for step and column increases in fiscal year 2013-2014.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Employee benefit costs represent the second largest expense category for the District and have more than doubled in the past 12 years. The largest portion of benefit costs is for health and welfare, for which the District is self-insured. Stop loss insurance is carried to cover large claims typically associated with catastrophic illnesses; however, increased costs for medical expenses paid by the District have outpaced inflation. The industry trend for annual medical expense increase has been running in the 12 percent + range. In response to this trend, the District has implemented a number of cost containment measures including the adoption of a three phase plan with increased deductible, co-insurance, and Out-of-Pocket Maximum provisions. The District is reviewing claims data every six months to determine whether employee groups move to the next phase of the plan. The three phase plan expired in June 2013. The District HWCCC is currently exploring other options to further reduce expenditures. Medical claims and utilization are cyclical; therefore, the District should anticipate a minimum annual increase of 10 percent to 12 percent just for industry trends going forward.



The District provides medical benefits to retirees and currently has an unfunded actuarial accrued liability of \$11.3 million. The current fund balance in the District's Self-Insurance Fund is \$2.8 million. In the 2013-2014 fiscal year the District setup separate funds for the Other Postemployment Benefits (OPEB) Fund, that ended with a current fund balance of \$3.9 million and Workers' Compensation Fund, that ended with a current fund balance of \$770 thousand.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

In conclusion, the District continues to have a solid financial base. Reserves are believed to be adequate and the negotiated employee salary and benefit formula tie future increases in compensation with increases in revenue. The large revenue cuts from the State over the past three years have placed the District in a deficit spending mode. While some ongoing reductions have been made, the District continues to experience a structural imbalance between ongoing revenues and ongoing expenses and has utilized reserves and other one-time funds to balance the budget. Even with the recent passage of Proposition 30 and a slowly improving economy, the District should continue to identify means to restore fiscal stability.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and 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 Monterey Peninsula Community College District at 980 Fremont Street, Monterey, California 93940-4799.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,827,389
Investments	11,386,674
Investments - restricted	17,721,146
Accounts receivable	5,890,061
Student loans receivable	122,817
Prepaid expenses	215,069
Total Current Assets	37,163,156

NONCURRENT ASSETS

Nondepreciable capital assets	70,305,574
Depreciable capital assets, net of depreciation	98,722,072
Total Noncurrent Assets	169,027,646
TOTAL ASSETS	206,190,802

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	3,982,802
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	5,837,275
Accrued interest payable	1,265,791
Due to fiduciary funds	138,327
Unearned revenue	2,183,821
Deferred compensation	397,457
Current portion of long-term obligations	5,010,617
Total Current Liabilities	14,833,288

NONCURRENT LIABILITIES

Noncurrent portion of long-term obligations	141,465,372
TOTAL LIABILITIES	156,298,660

NET POSITION

Net investment in capital assets	41,118,196
Restricted for:	
Debt service	3,129,433
Capital projects	578,652
Other activities	901,981
Unrestricted	8,146,682
TOTAL NET POSITION	\$ 53,874,944

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES	
Student Tuition and Fees	\$ 8,094,681
Less: Scholarship discounts and allowances	(3,074,663)
TOTAL OPERATING REVENUES	<u>5,020,018</u>
OPERATING EXPENSES	
Salaries	25,505,094
Employee benefits	11,267,715
Supplies, materials, and other operating expenses and services	9,535,310
Student financial aid	6,737,586
Depreciation	3,705,741
TOTAL OPERATING EXPENSES	<u>56,751,446</u>
OPERATING LOSS	<u>(51,731,428)</u>
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	15,153,658
Grants and contracts, noncapital:	
Federal	9,107,059
State	3,669,935
Local property taxes, levied for general purposes	15,519,843
Taxes levied for other specific purposes	4,916,779
State taxes and other revenues	1,346,804
Investment income	191,861
Interest expense on capital related debt	(6,416,209)
Investment income on capital asset-related debt, net	11,721
Other nonoperating revenue	1,643,509
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>45,144,960</u>
LOSS BEFORE OTHER REVENUES	<u>(6,586,468)</u>
OTHER REVENUES	
State revenues, capital	487,042
Local revenues, capital	51,905
TOTAL OTHER REVENUES	<u>538,947</u>
CHANGE IN NET POSITION	<u>(6,047,521)</u>
NET POSITION, BEGINNING OF YEAR	61,332,435
PRIOR PERIOD RESTATEMENT (see Note 15)	<u>(1,409,970)</u>
NET POSITION, END OF YEAR	<u>\$ 53,874,944</u>

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 5,053,392
Payments to scholarships and grants	(6,737,586)
Payments to vendors for supplies and services	(9,740,148)
Payments to or on behalf of employees	(35,889,725)
Net Cash Flows From Operating Activities	<u>(47,314,067)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	14,091,794
Grants and contracts	13,746,917
Property taxes - nondebt related	15,519,843
State taxes and other apportionments	2,254,372
Other nonoperating	1,891,668
Net Cash Flows From Noncapital Financing Activities	<u>47,504,594</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(14,519,146)
Proceeds from capital debt	4,092,230
State revenue, capital projects	487,042
Local revenue, capital projects	51,905
Property taxes - related to capital debt	4,916,779
Principal paid on capital debt	(6,557,523)
Interest paid on capital debt	(6,416,209)
Interest received on capital asset-related debt	11,721
Deferred charges on refunding	1,086,219
Net Cash Flows From Capital Financing Activities	<u>(16,846,982)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	<u>198,502</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	47,393,162
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 30,935,209</u>

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

**RECONCILIATION OF NET OPERATING LOSS TO NET
CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Loss	<u>\$ (51,731,428)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	3,705,741
Changes in Operating Assets and Liabilities:	
Receivables, net	(58,378)
Prepaid expenses	(215,069)
Accounts payable and accrued liabilities	312,751
Accrued interest payable	181,096
Deferred compensation	(231)
Unearned revenue	(213,572)
Compensated absences	(139,111)
Early retirement incentive	(51,125)
Other postemployment benefits	895,259
Total Adjustments	<u>4,417,361</u>
Net Cash Flows From Operating Activities	<u><u>\$ (47,314,067)</u></u>

**CASH AND CASH EQUIVALENTS CONSIST OF
THE FOLLOWING:**

Cash in banks	\$ 1,718,700
Cash with fiscal agent	108,689
Investment in county treasury	29,107,820
Total Cash and Cash Equivalents	<u><u>\$ 30,935,209</u></u>

NON CASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 756,225</u></u>
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The accompanying notes are an integral part of these financial statements.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 711,400
Investments	60,650
Accounts receivable	49,464
Due from primary government funds	<u>138,327</u>
Total Assets	<u><u>959,841</u></u>

LIABILITIES

Accounts payable	178,454
Unearned revenue	82
Due to student groups	<u>676,820</u>
Total Liabilities	<u><u>855,356</u></u>

NET POSITION

Unreserved	<u>104,485</u>
Total Net Position	<u><u>\$ 104,485</u></u>

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

ADDITIONS

State revenues	\$ 340,685
Local revenues	<u>1,148,638</u>
Total Additions	<u><u>1,489,323</u></u>

DEDUCTIONS

Books and supplies	417,404
Services and operating expenditures	<u>964,608</u>
Total Deductions	<u><u>1,382,012</u></u>

OTHER FINANCING USES

Other uses	<u>(98,292)</u>
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Change in Net Position	9,019
Net Position - Beginning	<u>95,466</u>
Net Position - Ending	<u><u>\$ 104,485</u></u>

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - ORGANIZATION

The Monterey Peninsula Community College District (the District) is a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to the local residents of the surrounding area. The District consists of one community college located in Monterey, California. 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) Statement No. 14. The District operates under a locally elected five-member Board of Trustees form of government and provides higher education in the County of Monterey. The District currently operates one college campus located in the city of Monterey. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of GASB Statement No. 61.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Monterey Peninsula Community College District, this includes general operations, food services, bookstores, and student related activities of the District. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated, with the District. The District identified no component units. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government and the District.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net Position - Primary Government
 - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
 - Statement of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statement of Fiduciary Net Position
 - Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2014, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets are classified on the Statement of Net Position because their use is limited by enabling legislation, applicable bond covenants, and other laws of other governments. Also, resources have been set aside to satisfy certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. Management has analyzed these accounts and believes all amounts are fully collectable.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Charge on Refunding

Deferred charge on refunding is amortized using the straight-line method over the remaining life of the new debt.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified and academic employees who retire. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year, and (2) amounts received from Federal and State grants received before the eligibility requirements are met are recorded as unearned revenue.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations, and OPEB obligations with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component of net investment in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for special purposes.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$4,610,066 of restricted net position.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Monterey bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in 2002 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the related *Compliance Supplement*.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Interfund Activity

Interfund transfers and interfund receivables and payables for governmental activities are eliminated during the consolidation process in the entity-wide financial statements.

Change in Accounting Principles

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The District has implemented the provisions of this Statement for the year ended June 30, 2014.

As the result of implementing GASB Statement No. 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013, by \$1,409,970. The decrease results from no longer deferring and amortizing bond issuance costs.

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of State and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided 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. The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, consist of the following:

	Reported Value
Primary government	\$ 30,935,209
Fiduciary funds	772,050
Total Deposits and Investments	<u>\$ 31,707,259</u>
Cash on hand and in banks	\$ 2,405,100
Cash in revolving	25,000
Cash with fiscal agent	108,689
Investments	29,168,470
Total Deposits and Investments	<u>\$ 31,707,259</u>

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. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Monterey County Investment Pool and mutual funds.

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

Investment Type	Fair Value	Weighted Average Days to Maturity
Monterey County Investment Pool	\$ 29,082,912	461
Mutual Funds	60,650	N/A
Total	<u>\$ 29,143,562</u>	

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Credit Risk

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. The District's investments in the County pool and the mutual funds are not required to be rated and have not been rated as of June 30, 2014.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, the District's bank balance of \$2,228,721 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable for the primary government and fiduciary funds consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 470,050
State Government	
Apportionment	4,368,667
Categorical aid	146,810
Lottery	573,777
Local Sources	
Interest	34,398
Other local sources	296,359
Total	<u>\$ 5,890,061</u>
Student receivables	<u>\$ 122,817</u>
	<u>Fiduciary Funds</u>
Other local sources	<u>\$ 49,464</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 9,900,000	\$ -	\$ -	\$ 9,900,000
Construction in progress	49,132,667	15,321,387	4,048,480	60,405,574
Total Capital Assets Not Being Depreciated	<u>59,032,667</u>	<u>15,321,387</u>	<u>4,048,480</u>	<u>70,305,574</u>
Capital Assets Being Depreciated				
Land improvements	29,021,320	-	-	29,021,320
Buildings and improvements	94,020,129	4,048,480	-	98,068,609
Furniture and equipment	7,619,113	28,875	-	7,647,988
Total Capital Assets Being Depreciated	<u>130,660,562</u>	<u>4,077,355</u>	<u>-</u>	<u>134,737,917</u>
Total Capital Assets	<u>189,693,229</u>	<u>19,398,742</u>	<u>4,048,480</u>	<u>205,043,491</u>
Less Accumulated Depreciation				
Land improvements	8,125,056	1,328,753	-	9,453,809
Buildings and improvements	18,753,090	1,844,012	-	20,597,102
Furniture and equipment	5,431,958	532,976	-	5,964,934
Total Accumulated Depreciation	<u>32,310,104</u>	<u>3,705,741</u>	<u>-</u>	<u>36,015,845</u>
Net Capital Assets	<u>\$ 157,383,125</u>	<u>\$ 15,693,001</u>	<u>\$ 4,048,480</u>	<u>\$ 169,027,646</u>

Depreciation expense for the year was \$3,705,741.

Interest expense on capital related debt for the year ended June 30, 2014, was \$7,009,138. Of this amount, \$592,929 was capitalized.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the primary government and fiduciary funds consisted of the following:

	<u>Primary Government</u>
Accrued payroll and benefits	\$ 609,667
Apportionment	1,863,919
Student financial aid grants	111,674
Construction	1,750,939
Community Hospital of Monterey Peninsula	578,539
Other vendor payables	922,537
Total	<u>\$ 5,837,275</u>
	<u>Fiduciary Funds</u>
Other vendor payables	<u>\$ 178,454</u>

NOTE 7 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

	<u>Primary Government</u>
Federal categorical	\$ 114,066
State categorical	617,645
Other State	243,125
Student fees	746,455
Other local	462,530
Total	<u>\$ 2,183,821</u>
	<u>Fiduciary Funds</u>
Other local	<u>\$ 82</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2014, the amounts owed between the primary government and the fiduciary funds were \$0 and \$138,327, respectively.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2014, there were no interfund operating transfers between the primary government and the fiduciary funds.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2014 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
2005 General obligation refunding bonds	\$ 6,717,814	\$ 671,051	\$ 2,655,000	\$ 4,733,865	\$ 2,655,000
2002 General obligation bonds, Series B	4,341,880	65,320	1,500,000	2,907,200	1,815,000
2002 General obligation bonds, Series C	93,201,488	3,355,859	-	96,557,347	-
Unamortized premium	2,957,148	-	134,416	2,822,732	-
2013 General obligation refunding bonds, Series A	19,235,000	-	285,000	18,950,000	95,000
Unamortized premium	3,092,390	-	378,660	2,713,730	-
2013 General obligation refunding bonds, Series B	14,585,000	-	255,000	14,330,000	310,000
Lease revenue bonds	110,000	-	15,000	95,000	15,000
Total Bonds and Notes Payable	144,240,720	4,092,230	5,223,076	143,109,874	4,890,000
Other Liabilities					
Capital leases	1,334,447	-	1,334,447	-	-
Compensated absences	1,093,362	-	139,111	954,251	70,000
Early retirement plan	136,521	-	51,125	85,396	50,617
Net OPEB obligation	1,431,209	1,161,377	266,118	2,326,468	-
Total Other Liabilities	3,995,539	1,161,377	1,790,801	3,366,115	120,617
Total Long-Term Obligations	\$ 148,236,259	\$ 5,253,607	\$ 7,013,877	\$ 146,475,989	\$ 5,010,617

Description of Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. The compensated absences will be paid by the fund for which the employee worked. The net OPEB obligation and the early retirement plan will be paid by the General Unrestricted Fund. Payments on the lease revenue bonds are made by the Student Center Fund.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

General Obligation Bonds

2005 General Obligation Refunding Bonds

During December 2005, the District issued the 2005 General Obligation Refunding Bonds in the amount of \$33,304,385. The bonds issued included \$29,305,000 of Current Interest bonds and \$3,999,385 of Capital Appreciation bonds. The Capital Appreciation bonds have a maturing principal balance of \$10,230,000. The Current Interest bonds mature beginning on August 1, 2006 through August 1, 2020, with interest rates ranging from 3.25 percent to 5.00 percent. The Capital Appreciation bonds mature beginning on August 1, 2012 through August 1, 2015, with yield rates ranging from 4.05 percent to 4.43 percent. At June 30, 2014, the principal balance outstanding (including accreted interest to date) was \$4,733,865.

The bonds are being used to advance refund a portion of the outstanding General Obligation Bonds, Election of 2002, Series A. As the advance refunding has met the requirements of an in substance defeasance which includes a net cost savings to the taxpayers and the District, the debt obligations of the bonds have been removed as long-term obligations of the District.

2002 General Obligation Bonds, Series B and C

During January 2008, the District issued the 2008 General Obligation Bonds, Series B and Series C, of \$104,999,300. The bonds issued included \$52,870,000 of Current Interest bonds and \$52,129,300 of Capital Appreciation bonds. The Capital Appreciation bonds have a maturing principal balance of \$140,680,000. The Current Interest bonds mature beginning on August 1, 2008 through August 1, 2034, with interest rates ranging from 3.50 percent to 5.35 percent. The Capital Appreciation bonds mature beginning on August 1, 2015 through August 1, 2033, with yield rates ranging from 4.76 percent to 5.17 percent. At June 30, 2014, the principal balance outstanding (including accreted interest to date) was \$99,464,547. Unamortized premium received on issuance of the bonds amounted to \$2,822,732 as of June 30, 2014.

2013 General Obligation Refunding Bonds, Series A and B

In April 2013, the District issued the \$33,820,000 2013 General Obligation Refunding Bonds, Series A and B. The bonds have a final maturity to occur on August 1, 2021, with interest rates from .335 to 4.00 percent. The net proceeds of \$36,975,456 (representing the principal amount of \$33,820,000 plus premium on issuance of \$3,155,456) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds. In addition, the net proceeds were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of \$1,310,546 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 1.367 percent. At June 30, 2014, the principal balance outstanding was \$33,280,000. Unamortized premium received on issuance of the bonds amounted to \$2,713,730 as of June 30, 2014.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds Outstanding June 30, 2014
				Outstanding July 1, 2013	Issued	Additions	Redeemed	
2005	08/01/2015	3.25%-5.00%	\$ 33,304,385	\$ 6,717,814	\$ -	\$ 671,051	\$ 2,655,000	\$ 4,733,865
2008	08/01/2021	3.80%-5.35%	9,004,530	4,341,880	-	65,320	1,500,000	2,907,200
2008	08/01/2034	3.50%-5.00%	95,994,770	93,201,488	-	3,355,859	-	96,557,347
2013	08/01/2021	1.50%-4.00%	19,235,000	19,235,000	-	-	285,000	18,950,000
2013	08/01/2020	0.335%-2.289%	14,585,000	14,585,000	-	-	255,000	14,330,000
				<u>\$ 138,081,182</u>	<u>\$ -</u>	<u>\$ 4,092,230</u>	<u>\$ 4,695,000</u>	<u>\$ 137,478,412</u>

The general obligation bonds mature through 2016 as follows:

Year Ending June 30,	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2015	\$ 2,504,700	\$ 150,300	\$ 2,655,000
2016	2,229,165	425,835	2,655,000
Total	<u>\$ 4,733,865</u>	<u>\$ 576,135</u>	<u>\$ 5,310,000</u>

The general obligation bonds mature through 2022 as follows:

Year Ending June 30,	Principal (Including Accreted Interest to Date)	Accreted Interest	Current Interest to Maturity	Total
2015	\$ 1,815,000	\$ -	\$ 52,808	\$ 1,867,808
2016	892,200	107,800	10,700	1,010,700
2017	-	-	10,700	10,700
2018	-	-	10,700	10,700
2019	-	-	10,700	10,700
2020-2022	200,000	-	26,750	226,750
Total	<u>\$ 2,907,200</u>	<u>\$ 107,800</u>	<u>\$ 122,358</u>	<u>\$ 3,137,358</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

The general obligation bonds mature through 2035 as follows:

Year Ending June 30,	Principal (Including Accreted Interest to Date)	Accreted Interest	Current Interest to Maturity	Total
2015	\$ -	\$ -	\$ 1,286,550	\$ 1,286,550
2016	1,220,000	-	1,262,150	2,482,150
2017	2,575,000	-	1,186,250	3,761,250
2018	3,000,000	-	1,074,750	4,074,750
2019	3,450,000	-	928,500	4,378,500
2020-2024	12,388,082	6,586,918	4,211,250	23,186,250
2025-2029	29,700,466	25,424,534	4,211,250	59,336,250
2030-2034	28,778,799	39,201,201	4,176,250	72,156,250
2035	15,445,000	-	386,125	15,831,125
Total	<u>\$ 96,557,347</u>	<u>\$ 71,212,653</u>	<u>\$ 18,723,075</u>	<u>\$ 186,493,075</u>

The general obligation bonds mature through 2022 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2015	\$ 95,000	\$ 711,275	\$ 806,275
2016	95,000	708,900	803,900
2017	400,000	699,475	1,099,475
2018	420,000	685,715	1,105,715
2019	425,000	675,688	1,100,688
2020-2022	17,515,000	1,188,250	18,703,250
Total	<u>\$ 18,950,000</u>	<u>\$ 4,669,303</u>	<u>\$ 23,619,303</u>

The general obligation bonds mature through 2021 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2015	\$ 310,000	\$ 234,000	\$ 544,000
2016	315,000	232,342	547,342
2017	2,670,000	218,240	2,888,240
2018	2,690,000	186,421	2,876,421
2019	2,735,000	144,587	2,879,587
2020-2021	5,610,000	125,509	5,735,509
Total	<u>\$ 14,330,000</u>	<u>\$ 1,141,099</u>	<u>\$ 15,471,099</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Lease Revenue Bonds

Lease revenue bonds for \$500,000 were issued in 1968 to finance improvements to the student center. The bonds are collateralized by revenue from the bookstore and student center building fees collected at registration. Bond principal matures in the fiscal year 2019; interest rates are variable, with a maximum rate of 7.0 percent per annum. The annual debt service for these bonds is provided by transfers from the Revenue Bond Project Fund to the Debt Service Fund. The principal balance at June 30, 2014, was \$95,000.

Revenue bonds mature as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2015	\$ 15,000	\$ 2,625	\$ 17,625
2016	20,000	2,100	22,100
2017	20,000	1,500	21,500
2018	20,000	900	20,900
2019	20,000	300	20,300
Total	<u>\$ 95,000</u>	<u>\$ 7,425</u>	<u>\$ 102,425</u>

Early Retirement Plan

The District has entered into an agreement to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a total of \$85,396 on behalf of retirees over the next two years in accordance with the following schedule:

Year Ending June 30,	Principal
2015	\$ 50,617
2016	34,779
Total	<u>\$ 85,396</u>

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2014, amounted to \$954,251.

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2014, was \$1,160,728, and contributions made by the District during the year were \$266,118. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$67,982 and \$(67,333), respectively, which resulted in an increase to the net OPEB obligation of \$895,259. As of June 30, 2014, the net OPEB obligation was \$2,326,468. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description

The Monterey Peninsula Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Monterey Peninsula Community College District. The Plan provides medical benefits to eligible retirees and their spouses. Membership of the Plan consists of 117 retirees and beneficiaries currently receiving benefits and 235 active Plan members.

Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2013-2014, the District contributed \$266,118 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 1,160,728
Interest on net OPEB obligation	67,982
Adjustment to annual required contribution	(67,333)
Annual OPEB cost (expense)	<u>1,161,377</u>
Contributions made	<u>(266,118)</u>
Increase in net OPEB obligation	895,259
Net OPEB obligation, beginning of year	<u>1,431,209</u>
Net OPEB obligation, end of year	<u><u>\$ 2,326,468</u></u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2012	\$ 1,064,608	\$ 833,473	78%	\$ 1,037,470
2013	1,065,590	671,851	63%	1,431,209
2014	1,161,377	266,118	23%	2,326,468

Funding Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 11,216,214
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 11,216,214</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	<u>N/A</u>
UAAL as Percentage of Covered Payroll	<u>N/A</u>

The above noted actuarial accrued liability was based on the December 1, 2013, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

In the December 1, 2013, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost assumptions include a four percent inflation. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2014, was 25 years. The actuarial value of assets was not determined in this actuarial valuation as there were none.

NOTE 11 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property and liability with coverages of \$1 million, subject to various policy limits ranging from \$1 million to \$250 million and deductibles ranging from \$100,000 to \$250,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence with excess liability coverage limit of \$20 million, all subject to various deductibles. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2014, the District contracted with the Bay Area Community College District Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2013-2014, the District participated in the Northern California Community College Pool, an insurance purchasing pool. The intent of the Pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Pool. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the Pool. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Pool is limited to community college districts that can meet the Pool's selection criteria.

<u>Insurance Program / Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
Protected Insurance Programs for Schools	Workers' Compensation	\$ 1,000,000
Bay Area Community College District JPA	Property and Liability	\$ 1,000,000

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Due to the implementation of the PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$1,196,528, \$1,117,709, and \$1,118,703, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. As a result of the PEPRA, changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Funding Policy

As a result of the implementation of the PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for fiscal years ending June 30, 2014, 2013, and 2012, were \$976,216, \$1,529,127, and \$1,466,472, respectively, and equaled 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, which amounted to \$756,225, \$776,619, and \$732,427, respectively, (5.541 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2014, 2013, and 2012. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The plan, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Bay Area Community College District (BACCD), the Schools Excess Liability Fund (SELF), the Northern California Community College Pool (NCCCP), and the Alameda County Schools Insurance Group (ACSIG) Joint Powers Authority. The District pays annual premiums for its property and liability, health, workers' compensation, dental, and vision coverage. The relationship between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2014, the District made payments of \$287,282, \$416,882, and \$384,837, to BACCD, NCCCP, and ACSIG, respectively.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

Construction Commitments

<u>Capital Project</u>	Remaining Construction Commitment	Estimated Year of Completion
Humanities and Business Building	\$ 19,349	2014-2015
Life and Physical Science Building	6,389	2014-2015
Pool and Tennis Courts Renovation	13,677	2014-2015
Arts Complex	491,966	2014-2015
Student Center	374,535	2014-2015
	<u>\$ 905,916</u>	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District's prior year beginning net position has been restated as of June 30, 2014.

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current fiscal year. As a result, deferring and amortizing bond issuance costs is no longer allowed. The effect on the current fiscal year is as follows:

<u>Primary Government</u>	
Net Position - Beginning	\$ 61,332,435
Restatement of deferred cost of issuance for implementation of GASB Statement No. 65	<u>(1,409,970)</u>
Net Position - Beginning, as Restated	<u>\$ 59,922,465</u>

REQUIRED SUPPLEMENTARY INFORMATION

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
November 1, 2008	\$ -	\$ 11,082,229	\$ 11,082,229	0%	N/A	N/A
December 1, 2011	-	11,281,610	11,281,610	0%	N/A	N/A
December 1, 2013	-	11,216,214	11,216,214	0%	N/A	N/A

SUPPLEMENTARY INFORMATION

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2014

The Monterey Peninsula Community College District was established in 1961. The District provides higher education to communities within Monterey County. The District currently operates one campus located in Monterey. There were no changes to the District's boundaries during the year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Charles Brown	Chair	2017
Dr. Loren Steck	Vice Chair	2015
Dr. Margaret-Anne Coppernoll	Member	2017
Ms. Marilyn Dunn Gustafson	Member	2015
Mr. Rick Johnson	Member	2015
Mr. Maury Vasquez	Student Trustee	2015

ADMINISTRATION

Dr. Walter Tribley	Superintendent/President
Mr. C. Earl Davis	Interim Vice President, Administrative Services
Mr. Michael Gilmartin	Interim Vice President, Academic Affairs
Mr. Laurence Walker	Interim Vice President, Student Services

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplement Education Opportunity Grant (FSEOG)	84.007		\$ 93,351
Federal Work Study Program (FWS)	84.033		124,145
Federal Pell Grants	84.063		5,231,005
Federal Pell Administrative	84.063		1,133
Federal Direct Student Loans	84.268		1,412,752
Subtotal Student Financial Assistance Cluster			<u>6,862,386</u>
TRIO Cluster			
Student Support Services Program	84.042A		311,861
Upward Bound Program	84.047A		348,606
Upward Bound - Math and Science	84.047M		293,003
Subtotal TRIO Cluster			<u>953,470</u>
Passed through from California Department of Rehabilitation:			
Workability III	84.126A	28545	12,938
Passed through from California Community Colleges Chancellor's Office:			
Career and Technical Education, Title I-C	84.048	13-C01-033	132,026
CTE Transitions	84.048	13-112-460	43,206
Total U.S. Department of Education			<u>8,004,026</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through from California Department of Education (CDE):			
Child and Adult Care Food Program	10.558	*	31,058
Total U.S. Department of Agriculture			<u>31,058</u>
NATIONAL SCIENCE FOUNDATION			
Marine Advanced Technology Education Resource Center (MATE) **	47.076		463,600
MATE ROV Competitions: Providing Pathways to the Ocean STEM Workforce **	47.076		386,082
Marine Technology Mentoring and Internship Program on Oceanographic Research Vessels **	47.050		104,431
Total National Science Foundation			<u>954,113</u>

* Pass-Through Entity Identifying Number not available.

** Research and Development grant.

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF VETERANS AFFAIRS Veterans Education	64.000		\$ 4,684
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed through from California Community Colleges Chancellor's Office: Temporary Assistance for Needy Families (TANF)	93.558	*	35,934
Passed through from Yosemite Community College District, Child Development Training Consortium Child Development Training Consortium	93.575	13-14-3969	10,305
Passed through from Chabot-Las Positas Community College District California Early Childhood Mentor Program	93.575	CN130165	1,844
Passed through from California Department of Education (CDE): Child Development - California State Preschool Program	93.575	15136	10,696
Child Development - California State Preschool Program	93.596	13609	22,423
Passed through from Regents of the University of California Baccalaureate Bridge to the Biomedical Sciences Program	93.859	S0182765	16,333
Total U.S. Department of Health and Human Services			<u>97,535</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,091,416</u>

* Pass-Through Entity Identifying Number not available.

** Research and Development grant.

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

PROGRAM	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE CATEGORICAL AID PROGRAMS			
Basic Skills - 13/14	\$ 90,000	\$ -	\$ 90,000
Basic Skills - 12/13	-	90,000	90,000
Basic Skills - 11/12	-	69,390	69,390
Block Grant - 1510/69	68,000	-	68,000
Block Grant - 1515/69	34,205	-	34,205
Block Grant - 2025/69	7,508	-	7,508
Board Financial Assistance Program (BFAP) (SFAA)	238,135	-	238,135
CalWORKS	183,313	-	183,313
CARE	91,413	-	91,413
Child Development Pre-School Grant	137,446	-	137,446
Disabled Student Programs and Service (DSPS)	476,686	-	476,686
Enrollment Growth	255,200	-	255,200
Extended Opportunity Programs and Service (EOPS)	662,633	-	662,633
First 5	102,025	-	102,025
Instructional Block - Match Require - Student Service	-	11,875	11,875
Instructional Block - Match Require - Instructional	-	30,140	30,140
Instructional Materials - One-Time Fund	-	11,611	11,611
Lottery	242,994	-	242,994
Student Success Credit	740,163	-	740,163
Student Success Non-Credit	86,584	-	86,584
Staff Diversity	5,354	215	5,569
Workforce Ecom AB 86 Adult Ed	92,135	-	92,135

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 90,000	\$ -	\$ 90,000	\$ -	\$ -
90,000	-	82,995	7,005	7,005
69,390	-	-	69,390	69,390
68,000	-	1,927	66,073	66,073
34,205	-	34,205	-	-
7,508	-	7,508	-	-
238,135	-	-	238,135	238,135
183,313	-	-	183,313	183,313
91,413	-	-	91,413	91,413
137,446	-	-	137,446	137,446
476,686	-	-	476,686	476,686
142,548	112,652	-	255,200	255,200
662,633	-	-	662,633	662,633
67,867	34,158	-	102,025	102,025
11,875	-	6,223	5,652	5,652
30,140	-	27,371	2,769	2,769
11,611	-	7,951	3,660	3,660
4,668	238,326	-	242,994	242,994
740,163	-	267,014	473,149	473,149
86,584	-	-	86,584	86,584
5,569	-	316	5,253	5,253
92,135	-	92,135	-	-
<u>\$ 3,341,889</u>	<u>\$ 385,136</u>	<u>\$ 617,645</u>	<u>\$ 3,109,380</u>	<u>\$ 3,109,380</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2014**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2013 only)			
1. Noncredit*	59.28	-	59.28
2. Credit	288.41	-	288.41
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit*	1.12	-	1.12
2. Credit	338.48	-	338.48
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,719.75	-	3,719.75
(b) Daily Census Contact Hours	253.13	-	253.13
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	428.90	-	428.90
(b) Credit	984.66	-	984.66
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	337.60	-	337.60
(b) Daily Census Contact Hours	110.00	-	110.00
(c) Noncredit Independent Study/Distance Education Courses	2.46	-	2.46
D. Total FTES	6,523.79	-	6,523.79
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	245.95	-	245.95
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	216.26	-	216.26
2. Credit	222.59	-	222.59
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	110.54	-	110.54
Centers FTES			
1. Noncredit*	48.87	-	48.87
2. Credit	551.97	-	551.97

* Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	\$ 6,159,925	\$ -	\$ 6,159,925	\$ 6,159,925	\$ -	\$ 6,159,925
Other	1300	5,310,015	-	5,310,015	5,338,386	-	5,338,386
Total Instructional Salaries		11,469,940	-	11,469,940	11,498,311	-	11,498,311
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,607,858	-	2,607,858
Other	1400	-	-	-	268,247	-	268,247
Total Noninstructional Salaries		-	-	-	2,876,105	-	2,876,105
Total Academic Salaries		11,469,940	-	11,469,940	14,374,416	-	14,374,416
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	5,529,761	-	5,529,761
Other	2300	-	-	-	379,966	-	379,966
Total Noninstructional Salaries		-	-	-	5,909,727	-	5,909,727
Instructional Aides							
Regular Status	2200	706,249	-	706,249	857,012	-	857,012
Other	2400	535,161	-	535,161	574,480	-	574,480
Total Instructional Aides		1,241,410	-	1,241,410	1,431,492	-	1,431,492
Total Classified Salaries		1,241,410	-	1,241,410	7,341,219	-	7,341,219
Employee Benefits	3000	1,643,381	-	1,643,381	3,955,035	-	3,955,035
Supplies and Material	4000	-	-	-	394,980	-	394,980
Other Operating Expenses	5000	2,300,935	-	2,300,935	5,015,300	-	5,015,300
Equipment Replacement	6420	-	-	-	29,349	-	29,349
Total Expenditures Prior to Exclusions		16,655,666	-	16,655,666	31,110,299	-	31,110,299

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 50,620	\$ -	\$ 50,620	\$ 50,620	\$ -	\$ 50,620
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	517,020	-	517,020
Lottery Expenditures							
Academic Salaries	1000	713,313	-	713,313	713,313	-	713,313
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	200,000	-	200,000
Total Supplies and Materials		-	-	-	200,000	-	200,000

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	6,084	-	6,084
Equipment - Replacement	6420	-	-	-	37,652	-	37,652
Total Equipment		-	-	-	43,736	-	43,736
Total Capital Outlay					43,736	-	43,736
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		763,933	-	763,933	1,524,689	-	1,524,689
Total for ECS 84362, 50 Percent Law		\$ 15,891,733	\$ -	\$ 15,891,733	\$ 29,585,610	\$ -	\$ 29,585,610
Percent of CEE (Instructional Salary Cost/Total CEE)		53.71%		53.71%	100.00%		100.00%
50% of Current Expense of Education					\$ 14,792,805		\$ 14,792,805

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2014.

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 5,100,234
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 5,100,234	-	-	\$ 5,100,234
Total Expenditures for EPA		\$ 5,100,234	-	-	\$ 5,100,234
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2014

Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:

Total Fund Balances and Retained Earnings

General Fund	\$ 3,885,950	
Special Revenue Funds	901,981	
Debt Service Fund	4,395,224	
Capital Projects Fund	11,796,274	
Self Insurance Fund	7,543,381	
Student Financial Aid Fund	32,849	
Total Fund Balances and Retained Earnings		\$ 28,555,659

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is:	205,043,491	
Accumulated depreciation is:	<u>(36,015,845)</u>	169,027,646

Governmental funds report deferred charges associated with the issuance
of debt when the debt is first issued, whereas the amounts are deferred
and amortized in the Statement of Revenues, Expenses, and Changes in
Net position.

Deferred charge on refunding at year end amounted to:		3,982,802
---	--	-----------

In governmental funds, unmatured interest on long-term obligations is
recognized in the period when it is due. On the government-wide
financial statements, unmatured interest on long-term obligations is
recognized when it is incurred.

(1,265,791)

Long-term obligations at year-end consist of:

General obligation and lease revenue bonds	143,109,874	
Early retirement	85,396	
Other postemployment benefits (OPEB)	2,326,468	
Compensated absences (vacations)	954,251	
Less early retirement already recorded in funds	<u>(50,617)</u>	<u>(146,425,372)</u>
Total Net Position		\$ 53,874,944

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

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

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
NATIONAL SCIENCE FOUNDATION		
MATE ROV Competitions: Providing Pathways to the Ocean STEM Workforce		
Washington State University	47.046	\$ 35,994
Oregon State University	47.046	3,000
UWM Office of Water Education Outreach	47.046	3,000
Nauticus Foundation	47.046	6,665
The Alliance to Promote Technology Edu	47.046	5,450
Puget Sound MTS	47.046	2,539
International Student Athlete Academy	47.046	3,350
John G. Shedd Aquarium	47.046	3,000
New England Regional	47.046	6,640
		<u>\$ 69,638</u>

Schedule of Expenditures of State Awards

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2014

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of pupils 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, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

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 Form CCFS-311 to the District's internal audited financial statements.

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Reconciliation of Expenditures of Grant Activity With the District's Schedule of Expenditures of Federal Awards

The following is a list of the grants and the differences between the District's accounting records and the Schedule of Expenditures of Federal Awards:

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government:		\$ 9,107,059
Various Programs	N/A	(15,643)
Total Schedule of Expenditures of Federal Awards		<u>\$ 9,091,416</u>

INDEPENDENT AUDITOR'S REPORTS



**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
Monterey Peninsula Community College District
Monterey, California

We have audited, 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, the basic financial statements of the business-type activities of Monterey Peninsula Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2014.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 15 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated December 22, 2014.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vaurine, Tine, Day & Co., LLP.
Rancho Cucamonga, California
December 22, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

Report on Compliance for Each Major Federal Program

We have audited Monterey Peninsula Community College District's (the District) compliance with the types of compliance requirements described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2014. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Vaurinek, Tine, Day & Co., LLP.

Rancho Cucamonga, California
December 22, 2014



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Monterey Peninsula Community College District
Monterey, California

Report on State Compliance

We have audited Monterey Peninsula Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2014.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

- Section 421 Salaries of Classroom Instructors (50 Percent Law)
- Section 423 Apportionment for Instructional Service Agreements/Contracts
- Section 424 State General Apportionment Funding System
- Section 425 Residency Determination for Credit Courses
- Section 426 Students Actively Enrolled
- Section 427 Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 430 Schedule Maintenance Program
- Section 431 Gann Limit Calculation
- Section 435 Open Enrollment
- Section 438 Student Fees – Health Fees and Use of Health Fee Funds
- Section 439 Proposition 39 Clean Energy
- Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 479 To Be Arranged (TBA) Hours
- Section 490 Proposition 1D State Bond Funded Projects
- Section 491 Proposition 30 Education Protection Account Funds

The District reports no attendance within classes subject to the TBA Hours; therefore, the compliance tests within this section were not applicable.

Vannine, Time, Day & Co., LLP.

Rancho Cucamonga, California
December 22, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, and 84.268	<u>Student Financial Assistance Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2014

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Audit Findings and Questioned Costs.

State Awards Findings

2013-1 Proposition 30 Education Protection Account Funds

Criteria or Specific Requirement

According to the Accounting Advisory meeting held by the California Community Colleges Chancellor's Office, districts are required to hold an open session public meeting for the adoption of the budget plan to expend Education Protection Account (EPA) funds.

Condition

The District did not meet the State requirements for holding an open session public meeting to adopt a plan to expend EPA resources.

Questioned Costs

There are no questioned costs associated with this finding. There were no questioned expenses during testing.

Recommendation

The District should implement a control procedure for future receipt of funds that require an open public session to ensure that compliance requirements are met.

Current Status

Implemented.

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. C

Administrative Services
College Area

Proposal:

That the Governing Board accept the District's Measure I General Obligation Bonds Performance Audit and Independent Auditors' reports for the fiscal year ended June 30, 2014.

Background:

Regulations for Proposition 39 bonds require a separate audit to:

- 1) Verify that bond funds are applied in accordance with applicable laws and regulations as well as policies approved by the District's Governing Board.
- 2) Verify compliance with expenditure allowances related to local bond funding in accordance with approved contracts and planning documents and Bond Initiative documents placed on the Local Election Ballot.
- 3) Verify that the local bond proceeds and expenditures of funds are accounted for separately as required.

In addition, the auditor has been asked to provide an opinion on the District's bond financial statements. A representative from Vavrinek, Trine, Day, & Co., Certified Public Accountants will present the reports and conduct a question and answer session.

Budgetary Implications: None.

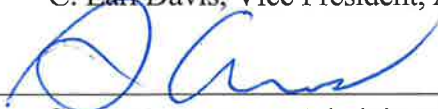
RESOLUTION: BE IT RESOLVED, That the Governing Board accept the District's Measure I General Obligation Bonds Performance Audit and Independent Auditors' reports for the fiscal year ended June 30, 2014.

Recommended By:



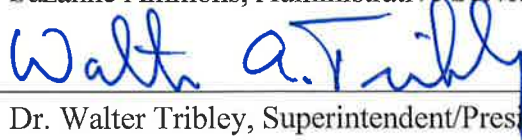
C. Earl Davis, Vice President, Administrative Services

Prepared By:



Suzanne Ammons, Administrative Services

Agenda Approval:



Dr. Walter Tribley, Superintendent/President

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

AUDIT REPORT

JUNE 30, 2014

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

FINANCIAL AUDIT

JUNE 30, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

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JUNE 30, 2014**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Monterey Peninsula Community College District (the District), Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2014, and the related notes to the 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 an opinion 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 of 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I General Obligation Bond Funds (Measure I) of the District at June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds (Measure I), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Varriner, Tine, Day & Co., LLP.

Rancho Cucamonga, California
December 22, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**BALANCE SHEET
JUNE 30, 2014**

ASSETS

Investments	\$ 12,891,576
Accounts receivable	37,245
Due from other funds	39,742
Total Assets	<u><u>\$ 12,968,563</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>\$ 1,750,941</u>
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Fund Balance:

Restricted	
Capital projects	11,217,622
Total Liabilities and Fund Balance	<u><u>\$ 12,968,563</u></u>

See the accompanying notes to financial statements.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

REVENUES

Interest revenues	\$ 114,392
Other local revenues	19,783
Total Revenues	<u>134,175</u>

EXPENDITURES

Services and operating expenditures	5,635,765
Capital outlay	9,092,696
Total Expenditures	<u>14,728,461</u>

DEFICIENCY OF REVENUES OVER EXPENDITURES (14,594,286)

FUND BALANCE, BEGINNING OF YEAR 25,811,908
FUND BALANCE, END OF YEAR \$ 11,217,622

See the accompanying notes to financial statements.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting policies of the Measure I General Obligation Bond Funds (Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting Entity

The audited financial statements include only the Measure I General Obligation Bond Funds (Measure I) of Monterey Peninsula Community College District. This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bonds Election of November 2008. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure I General Obligation Bond Funds (Measure I) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Measure I General Obligation Bond Funds (Measure I) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Fund Balance - Governmental Funds

As of June 30, 2014, the fund balance of the Measure I General Obligation Bond Funds was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided 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.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Monterey County Investment Pool. The District maintains an investment of \$12,891,576 with the Monterey County Investment Pool. The fair value of this investment is approximately \$12,880,545 with an average weighted maturity of 461 days.

Credit Risk

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. The District's investment in the Monterey County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2014.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable at June 30, 2014, in the amount of \$37,245 represents interest earnings that have yet to be received. All amounts have been determined by management to be fully collectible.

NOTE 4 - INTERFUND TRANSACTIONS

Interfund receivable balance at June 30, 2014, consists of the following:

Due from General Fund	<u>\$ 39,742</u>
-----------------------	------------------

NOTE 5 - ACCOUNTS PAYABLE

The accounts payable balance at June 30, 2014, represents amounts owed to vendors for both ongoing and completed construction projects in the amount of \$1,750,941.

NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Restricted Capital projects	<u>\$ 11,217,622</u>
--------------------------------	----------------------

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
 MEASURE I GENERAL OBLIGATION BONDS
 ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014**

NOTE 7 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECTS</u>	Remaining Construction Commitments	Expected Dates of Completion
Humanities and Business Building	\$ 19,349	2014-2015
Life Science/Physical Science Building	6,389	2014-2015
Pool/Tennis Courts Renovation	13,677	2014-2015
Arts Complex	491,966	2014-2015
Student Center	374,535	2014-2015
	<u>\$ 905,916</u>	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Measure I General Obligation Bond Funds (Measure I) at June 30, 2014.

INDEPENDENT AUDITOR'S REPORT



**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**

To the Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, 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 accompanying financial statements of the Monterey Peninsula Community College District (the District) Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2014.

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds (Measure I), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Measure I General Obligation Bond Funds (Measure I) 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. 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 the District's Measure I General Obligation Bond Funds (Measure I) of the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Vauvimer, Tine, Day & Co., LLP.

Rancho Cucamonga, California
December 22, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2014**

None reported.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

There were no audit findings reported in the prior year's Financial Statement Findings.

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

PERFORMANCE AUDIT

JUNE 30, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**PERFORMANCE AUDIT
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JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

To the Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

We were engaged to conduct a performance audit of Monterey Peninsula Community College District's (the District) Measure I General Obligation Bond Funds for the year ended June 30, 2014.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure I General Obligation Bond Funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP.

Rancho Cucamonga, California
December 22, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2014**

AUTHORITY FOR ISSUANCE

The Measure I General Obligation Bond Funds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code* and other applicable provisions of law.

The Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District.

The District received authorization from an election held on November 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$145,000,000 to finance the construction and modernization of certain District property and facilities, the acquisition of equipment, and to pay the costs of issuance associated with the Bonds. The proposition required approval by at least 55 percent of votes cast by eligible voters within the District (the Authorization).

In December 2005, the District issued the 2005 General Obligation Refunding Bonds in the amount of \$33,304,385. The Bonds were used to advance refund a portion of the outstanding Bonds from the first series of the authorized Bonds, Series A. The second and third series of authorized Bonds issued was in January 2008; the District issued Series B in the amount of \$9,004,530 and Series C in the amount of \$95,994,770, respectively.

In April 2013, the District issued the \$33,820,000 2013 General Obligation Refunding Bonds, Series A and B. The bonds have a final maturity to occur on August 1, 2021, with interest rates from .335 to 4.00 percent. The net proceeds of \$36,975,456 (representing the principal amount of \$33,820,000 plus premium on issuance of \$3,155,456) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds. In addition, the net proceeds were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the cost of the issuance associated with the refunding bonds.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2002 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the financing of the construction, and modernization of certain District property and facilities, the acquisition of equipment and to pay the costs of issuance associated with the Bonds.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2014**

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the community college district to appoint a citizens' oversight committee.
4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Measure I General Obligation Bond Funds have been made in accordance with the Bond project list approved by the voters through the approval of Measure I.
2. Determine whether salary transactions charged to the Measure I General Obligation Bond Funds were in support of Measure I and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2013 to June 30, 2014. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2014, were not reviewed or included within the scope of our audit or in this report.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2014**

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2014, for the Measure I General Obligation Bond Funds (Measure I). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure I as to the approved Bond projects list. We performed the following procedures:

1. Determine District procedures for disbursement of funds related to the voter approved Measure I General Obligation Bonds were applied in accordance with laws and regulations, as well as policies approved by the Board of trustees. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof; including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our objective.
2. Review the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other expense that would otherwise be the obligation of the General Fund.
3. From a sample of construction expenditures from the detailed accounting of expenditures, review expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. Expenditures from all projects will be included in the sample.

CONCLUSION

We reviewed construction expenditures totaling 56 percent of all expenditures and other uses from the detailed accounting of expenditures. Our sample included transactions totaling \$8,234,744 of the total expenditures of \$14,728,461. The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Measure I General Obligation Bond Funds (Measure I) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Measure I General Obligation Bond Funds (Measure I) for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

None reported.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. D

Superintendent/President
College Area

Proposal:

To accept the MPC Foundation 2012 and 2013 Audits and Management Letters.

Background:

The Master Agreement between the Monterey Peninsula Community College District and the Monterey Peninsula College Foundation requires that an independent CPA firm selected by the College will be retained annually for financial audit and oversight in accordance with auditing standards generally accepted in the United States of America. Education Code Section 84040.3 requires that community colleges appoint an independent auditor to conduct an annual audit. Vavrinek, Trine, Day & Company, LLP, Certified Public Accountants (VTD) is currently providing auditing services for MPCCD and the MPC Foundation. VTD audited the financial statements of the MPC Foundation for the years ending December 31, 2012 and December 31, 2013, which were reviewed by the Audit Committee of the MPC Foundation Board and presented to the Board of Directors at the May 15, 2013 and October 8, 2014 Board meetings, respectively. The MPC Foundation 2012 and 2013 Audit Statements and Management Letters are presented to the MPC Governing Board for their review and acceptance.

Budgetary Implications:

None.

- RESOLUTION: BE IT RESOLVED**, that the Governing Board accept the MPC Foundation Audit Statements and Management Letters for the years ended December 31, 2012 and December 31, 2013.

Recommended By:

Walter Tribley
Dr. Walter Tribley, Superintendent/President

Prepared By:

Rebecca Michael
Rebecca "Beccie" Michael, Executive Director, MPC Foundation

Agenda Approval:

Walter Tribley
Dr. Walter Tribley, Superintendent/President

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2012

**MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)**

DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Monterey Peninsula College Foundation
Monterey, California

Report on the Financial Statements

We have audited the accompanying statement of financial position of Monterey Peninsula College Foundation (a California nonprofit corporation) as of December 31, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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 an opinion 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 *Governmental 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 opinion.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Monterey Peninsula College Foundation as of December 31, 2012, and the changes in its net assets, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2013, on our consideration of Monterey Peninsula College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monterey Peninsula College Foundation's internal control over financial reporting and compliance.

Vauvirek, Time, Day & Co., LLP.

Rancho Cucamonga, California
May 13, 2013

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 154,236
Unrestricted	96,525
Restricted	9,725
Unconditional promises to give - current portion	7,910
Prepaid expenses	<u>268,396</u>
Total Current Assets	

Noncurrent Assets

Investments - unrestricted	458,909
Investments - restricted	1,450,789
Investments - agency	1,143,224
Investment related to split-interest agreement in remainder trust	17,380
Unconditional promises to give - long-term portion - net	5,581
Capital assets (net of accumulated depreciation)	<u>1,638</u>
Total Assets	<u><u>\$ 3,345,917</u></u>

LIABILITIES

Current Liabilities

Accounts payable and other current liabilities	\$ 47,809
Payroll liability	2,277
Amounts held for others	<u>1,143,224</u>
Total Current Liabilities	<u>1,193,310</u>

NET ASSETS

Unrestricted	45,000
Undesignated	<u>531,712</u>
Board designated	576,712
Total Unrestricted	255,141
Temporarily restricted	<u>1,320,754</u>
Permanently restricted	<u>2,152,607</u>
Total Net Assets	<u><u>\$ 3,345,917</u></u>
Total Liabilities and Net Assets	

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

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUES				
Contributions	\$ 242,015	\$ 426,441	\$ 177,860	\$ 846,316
First 5 Grant	70,428	-	-	70,428
Monterey Peninsula College	100,000	-	-	100,000
Other income	64,088	-	-	64,088
Assets released from restrictions	471,871	(431,600)	(40,271)	-
Total Public Support and Revenues	948,402	(5,159)	137,589	1,080,832
EXPENSES				
Program expenses	630,335	-	-	630,335
Operating expenses	245,382	-	-	245,382
Fundraising expenses	144,092	-	-	144,092
Total Expenses	1,019,809	-	-	1,019,809
OTHER INCOME				
Interest and dividends	22,842	2,837	39,788	65,467
Unrealized gain on investments	47,490	5,995	110,315	163,800
Change in value of split-interest agreement	-	(808)	-	(808)
Total Other Income	70,332	8,024	150,103	228,459
TRANSFERS	26,588	(26,588)	-	-
CHANGE IN NET ASSETS	25,513	(23,723)	287,692	289,482
NET ASSETS, BEGINNING OF YEAR	551,199	278,864	1,033,062	1,863,125
NET ASSETS, END OF YEAR	\$ 576,712	\$ 255,141	\$ 1,320,754	\$ 2,152,607

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

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 289,482
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities	
Depreciation	638
Unrealized gain on investments	(163,800)
Contributions restricted for temporarily and permanently restricted purposes	(604,301)
Changes in Assets and Liabilities	
Accounts receivable	5,500
Unconditional promises to give	12,327
Prepaid expenses	(3,815)
Split-interest agreement in remainder trust	1,348
Accounts payable and other current liabilities	(14,392)
Amounts held for others	49,048
Deferred revenue	<u>(24,009)</u>
Net Cash Flows From Operating Activities	<u>(451,974)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Change in investments - net	<u>(87,639)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Collections of contributions restricted for temporarily and permanently restricted purposes	604,301
Decrease in restricted cash and cash equivalents	<u>(13,910)</u>
Net Cash Flows From Financing Activities	<u>590,391</u>
 NET CHANGE IN UNRESTRICTED CASH AND CASH EQUIVALENTS	 50,778
 UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>103,458</u>
 UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$ 154,236</u></u>

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

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program</u>	<u>Operating</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 33,242	\$ 169,366	\$ 64,348	\$ 266,956
Employee benefits	2,066	4,773	2,944	9,783
Payroll taxes	2,978	14,322	5,117	22,417
Accounting and professional fees	-	19,645	35	19,680
Administrative fees	29,567	1,426	-	30,993
Art/Sculpture/Pavers	466	-	-	466
Banking and investment fees	6,021	5,082	-	11,103
Contracted services	400	1	-	401
Legal fees	-	3,188	-	3,188
Insurance expenses	-	3,929	-	3,929
Grants/Scholarships/Disbursements	539,080	194	11,977	551,251
Office expenses	20	4,667	320	5,007
Depreciation	-	638	-	638
Dues and subscriptions	-	3,635	-	3,635
Postage	21	708	7,430	8,159
Printing	65	5,209	9,402	14,676
Public relations	2,614	1,205	4,254	8,073
Alumni Association	9,581	-	-	9,581
Special events	-	-	19,376	19,376
Goods and services	-	799	16,029	16,828
Training	-	4,562	-	4,562
Travel	-	1,624	-	1,624
Miscellaneous	-	391	-	391
Bad debt - pledge write-offs	4,214	18	2,860	7,092
Total Expenses	<u>\$ 630,335</u>	<u>\$ 245,382</u>	<u>\$ 144,092</u>	<u>\$ 1,019,809</u>

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

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Monterey Peninsula College Foundation (the Foundation) is a nonprofit organization whose main purpose is to support education and educational purposes of Monterey Peninsula Community College District (the District), a California public community college located in Monterey, California, through raising funds and acquiring real and personal properties to support the District's programs of public education and its community programs. The Foundation was incorporated in the State of California in November 1994. The Foundation is a Voluntary Health and Welfare Organization as defined by the Financial Accounting Standards Board (FASB) Accounting Standards of Codification (ASC) Topic 958.

Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Support and Expenses

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation regarding the timing and purpose for the use of the contributions, the Foundation reports these contributions as unrestricted.

Investments

The Foundation presents its investments in accordance with FASB ASC Topic 958-320, *Investments Debt and Equity Securities*. Under FASB ASC Topic 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in accordance with donor instructions.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Capital Assets

The Foundation maintains an initial unit cost capitalization threshold of \$500. Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight line method based on the assets' estimated useful lives ranging from three to five years.

Donated Services and Goods

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. In most cases, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services. However, when the value of services is measurable, they are recorded at measured value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. The Foundation maintains its bank accounts at four financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000. As of December 31, 2012, no amounts were uninsured.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Management monitors the collectibility of their pledges and annually adjusts the balances.

Income Taxes

The Foundation is exempt from Federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements. The Foundation annually files Forms 990, 199, and RRF-1 with the appropriate agencies, as well as Forms 990T and 109, when applicable. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a). There was no unrelated business activity income.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

The Foundation's Federal informational tax returns for the years ended December 31, 2009, 2010, and 2011, are open to audit by the Federal authorities. California State informational returns for the years ended December 31, 2008, 2009, 2010, and 2011, are open to audit by State authorities.

Allocation of Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs.

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management monitors and reviews the unconditional pledges on a monthly basis. Uncollectible pledges written off for the year ending December 31, 2012, amounted to \$7,092.

As of December 31, 2012, the Foundation unconditional promises to give consisted of the following:

Unconditional promises to give before unamortized discount and allowance for doubtful accounts	\$ 15,863
Less: Unamortized discount	(85)
Subtotal	15,778
Less: Allowance for doubtful accounts	(472)
Net Unconditional Promises to Give	\$ 15,306
Amounts due in:	
Less than one year	\$ 9,725
One to five years	5,581
Total	\$ 15,306

Discount rates ranged from .96 percent to 2.10 percent.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 3 - OSHER ENDOWMENT SCHOLARSHIP

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, the College and its donors have contributed \$339,728 from the agency accounts that reside in the Foundation. As of December 31, 2012, the ending balance of the Osher Endowment Scholarship was \$339,728 and was included in the agency investment total of \$1,143,224. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

NOTE 4 - INVESTMENTS

Investments are stated at fair value and are summarized as of December 31, 2012:

	Adjusted Cost	Fair Value	Unrealized Gain
Mutual Funds - Foundations	\$ 1,745,898	\$ 1,909,698	\$ 163,800
Beneficiary Remainder Trust	17,380	17,380	-
Mutual Funds - Agency Funds (excluding Osher)	803,496	803,496	-
Investments - cash held by Foundation for Community Colleges			
Osher Endowment Scholarship Fund	339,728	339,728	-
Total	<u>\$ 2,906,502</u>	<u>\$ 3,070,302</u>	<u>\$ 163,800</u>

Investment activity for the year ended December 31, 2012, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 22,842	\$ 2,837	\$ 39,788	\$ 65,467
Unrealized gain	47,490	5,995	110,315	163,800
Total Investment Gain	<u>\$ 70,332</u>	<u>\$ 8,832</u>	<u>\$ 150,103</u>	<u>\$ 229,267</u>

NOTE 5 - FAIR VALUE DISCLOSURES

Effective January 1, 2008, the Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in U.S. GAAP under FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and describes three levels of inputs that may be used to measure fair value.

MONTEREY PENINSULA COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

The following provides a summary of the hierarchical levels used to measure fair value:

Level I - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level II - Observable inputs other than Level I prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair Value Measurements

The Foundation used the market approach to estimate fair value for all investment assets.

The following table provides a summary of the financial instruments the Foundation measures at fair value on a recurring basis as of December 31, 2012:

	Level I	Level III	Total
Investment Assets			
Mutual Funds - Foundations	\$ 1,909,698	\$ -	\$ 1,909,698
Mutual Funds - Agency Funds (excluding Osher)	803,496	-	803,496
Beneficiary Remainder Trust	-	17,380	17,380
Investments - cash held by Foundation for Community Colleges			
Osher Endowment Scholarship Fund	-	339,728	339,728
Other Assets			
Unconditional promises to give	-	15,306	15,306
Total	<u>\$ 2,713,194</u>	<u>\$ 372,414</u>	<u>\$ 3,085,608</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

The following table summarizes the changes in the Foundation's investment assets measured at fair value on a recurring basis as of December 31, 2012:

	<u>Level I</u>	<u>Level III</u>	<u>Total</u>
Investments at Fair Value			
Balance at December 31, 2011	\$ 2,459,566	\$ 388,278	\$ 2,847,844
Current Year Adjustments:			
Adjustment to reflect changes in beneficiary remainder trust	-	(1,348)	(1,348)
Adjustments to Mutual Funds	202,391	-	202,391
Unconditional promises to give	-	(12,327)	(12,327)
Change in value of the California Community Colleges Scholarship Osher Endowment Fund	-	(2,189)	(2,189)
Adjustments to Agency Funds	51,237	-	51,237
Balance at December 31, 2012	<u>\$ 2,713,194</u>	<u>\$ 372,414</u>	<u>\$ 3,085,608</u>

NOTE 6 - AMOUNTS HELD FOR OTHERS

The Foundation acts as a fiscal agent for departments, organizations, and groups of Monterey Peninsula College. Accordingly, at December 31, 2012, \$1,143,224 of the Foundation's assets belongs to other parties. The Foundation does not have legal access nor any discretion over the funds held for others behalf.

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Transfers</u> <u>and</u> <u>Cash Receipts</u>	<u>Cash</u> <u>Disbursements/</u> <u>Transfers</u>	<u>Balance</u> <u>End</u> <u>of Year</u>
Wilder Nursing Trust	\$ 327,236	\$ 35,875	\$ 14,251	\$ 348,860
Orr Scholarship Trust	77,262	8,467	3,443	82,286
MPC Scholarship Endowments	194,688	21,206	19,117	196,777
Long-Term Endowments	153,073	23,317	817	175,573
Osher Endowment Fund	341,917	-	2,189	339,728
Total	<u>\$ 1,094,176</u>	<u>\$ 88,865</u>	<u>\$ 39,817</u>	<u>\$ 1,143,224</u>

NOTE 7 - CAPITAL ASSETS

The following is a summary of capital assets as of December 31, 2012:

Furniture and equipment	\$ 15,384
Less: Accumulated depreciation	(13,746)
Total	<u>\$ 1,638</u>

Depreciation expense for the year ended December 31, 2012, was \$638.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 8 - DONOR DESIGNATED ENDOWMENT FUNDS

The Foundation's endowment funds consist of approximately 19 individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowments are classified and reported based on existence of donor-imposed restrictions as either unrestricted, temporarily restricted, or permanently restricted.

The Board of Trustees has adopted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation has classified as permanently restricted net assets (a) original value of gifts donated to permanent endowment (b) plus the original value of subsequent gifts to the endowments (c) plus accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual tiered distribution of four to six percent, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Foundation's Board approved spending policy, known as Banded Inflation, was created to protect the values of the endowments. First year spending will be four percent of the original gift. Thereafter, spending for each calendar year will be the prior year's spending increased by the Consumer Price Index, subject to the minimum of four percent and the maximum of six percent bands. This rate will be reviewed annually. The expenditure rate includes an administrative expense of one percent of assets on September 30 of each year.

Endowment net asset composition by type of fund as of December 31, 2012, is as follows:

	Permanently Restricted
Donor-restricted endowment funds	<u>\$ 1,320,754</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Changes in endowment net assets as of December 31, 2012, are as follows:

	Permanently Restricted
Balance at December 31, 2011	\$ 1,033,062
Contributions	177,860
Interest and dividends	39,788
Unrealized gain on investments	110,315
Amounts appropriated for expenditures	(40,271)
Balance at December 31, 2012	\$ 1,320,754

NOTE 9 - BOARD DESIGNATED UNRESTRICTED NET ASSETS

Board designated unrestricted net assets consist of the following at December 31, 2012:

General Reserve	\$ 418,712
Instructional Material	40,000
MPCF Department Scholarships and Book Fund	45,000
FASA Grants	28,000
Total Board Designated Unrestricted Net Assets	\$ 531,712

NOTE 10 - RESTRICTIONS ON NET ASSET BALANCES

Temporarily restricted net assets consist of the following at December 31, 2012:

Astronomy	\$ 13,302
Beneficiary Trust	17,380
Child Development Center	26,136
General Scholarships	197
Gentrain Scholarship	8,971
Other Departmental Funds	99,819
MPC Library and Technology Center	41,644
P.E. Campaign	935
Women Supporting Women	46,757
Total Temporarily Restricted Net Assets	\$ 255,141

MONTEREY PENINSULA COLLEGE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Permanently restricted net assets consist of the following at December 31, 2012:

Alison Faul Memorial Scholarship Endowment	\$ 15,258
Bruce C. Gregor Memorial Scholarship Endowment	15,337
Peter J. Cutino Athlete of the Year Endowment	21,154
Donald L. Davidson, M.D. Memorial Scholarship Endowment	15,279
Dorothy D. Stevens Memorial Fund	142,500
George J. Faul Academic Excellence Endowment	101,999
John and Jeanne Logan Memorial Award Endowment	22,012
Jenifer Denmark Memorial Scholarship Endowment	13,302
Jon M. Lefstad Scholarship Endowment	9,723
Mary Lou Welch Endowed Scholarship	10,526
Mary Lou Stutzman Nursing Scholarship Endowment	16,753
Marilynn Dunn Gustafson Scholarship Endowment	11,900
Donald and Lura Newmark Scholarship Endowment	35,749
Operating Endowment	118,732
Rosabelle Hamann Memorial Scholarship Fund	376,749
William M. Shanner Memorial Award Endowment	12,594
Clyn Smith, M.D. Memorial Scholarship Endowment	19,815
Leon and Mary Lou Stutzman Choral Music Scholarship Endowment	16,935
Jim Tunney Scholar Athlete Award	24,385
The Dr. Richard Kezirian Endowed Scholarship	33,839
Dr. Peggy Downs-Baskin Faculty Advancement Endowment	286,213
Total Permanently Restricted Net Assets	<u>\$ 1,320,754</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Foundation receives financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Foundation. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Foundation at December 31, 2012.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 12 - SPLIT-INTEREST AGREEMENT

The Foundation is the remainder beneficiary under the terms of three irrevocable charitable remainder trusts that are administered by a third party trustee (The Community College League of California). The beneficial interest from the remainder trust is recorded in the statement of financial position based on the present value of the future benefits expected to be received from the trusts. A corresponding amount is reflected in the statement of activities as a temporarily restricted contribution in the year the Foundation was notified of its irrevocable interest. At the end of the trust's terms, the remaining assets are available to the Foundation. Assets held in the charitable remainder trusts totaled \$17,380 at December 31, 2012, and are reported at fair value or cost, depending on the nature of the assets in the statement of financial position.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Foundation provides various levels of monetary support and service to the Monterey Peninsula Community College District. The Foundation received \$100,000 from Monterey Peninsula College for reimbursement of expenses for the year ended December 31, 2012. This money is included on the statement of activities under public support and revenue from Monterey Peninsula College. The District provides office space and other support to the Foundation. These amounts are not recognized in the statement of activities as there is no basis for the noncash contributions.

NOTE 14 - TRANSFERS BETWEEN FUNDS

During the year ended December 31, 2012, various transfers were done as follows: administrative fee expenses from various contributions were transferred to the unrestricted fund for operating expenses.

NOTE 15 - SUBSEQUENT EVENTS

The Foundation's management has evaluated subsequent events for recognition and disclosure through May 13, 2013, which is the date the financial statements were available to be issued.



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

Board of Directors
Monterey Peninsula College Foundation
Monterey, 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 Monterey Peninsula College Foundation (a California nonprofit corporation) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monterey Peninsula College Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monterey Peninsula College Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Monterey Peninsula College Foundation'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying management letter, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monterey Peninsula College Foundation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Vaurinek, Time, Day & Co., LLP.

Rancho Cucamonga, California
May 13, 2013



To the Board of Directors and Management
Monterey Peninsula College Foundation
Monterey, California

In planning and performing our audit of the financial statements of Monterey Peninsula College Foundation (the Foundation) as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the previous paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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.

We consider the following deficiency in the Foundation's control structure to be a significant deficiency:

Business Office Functions

The Foundation's Business Office has limited staffing resources as is common with many nonprofit organizations. Whenever there are limited resources, segregation of duties issues can become more pronounced.

The following observations were noted that lacked proper segregation of duties and independent review of key data for some or all of the year:

- Bank deposits, reconciliations, and posting to the general ledger are being done by one individual
- Journal entries and corrections to the financial statements are being done by one individual
- Payroll calculations and posting to the general ledger are being done by one individual

Recommendation

The implementation of proper internal control over financial reporting must include a plan to allow the financial activity to be reviewed, reconciled, and reported in a timely manner even during times of staffing changes. The training and development of staff to perform tasks that will allow for proper segregation of duties must continue to be a high priority with the development of an accounting procedures handbook that provides guidance over the critical procedures within the Accounting Office. Documentation to support the financial activity and corrections posted by journal entries must be maintained, either in hard copy or electronic format, to allow for the review of activity at the time the financial statements are prepared.

Management Response

Appropriate policies and procedures will be put in place to ensure proper control over the areas noted.

This report is intended solely for the information and use of the Board of Directors, management, and others within Monterey Peninsula College Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Wauwink, Time, Day & Co., LLP.

Rancho Cucamonga, California
May 13, 2013



To the Board of Directors and Management
Monterey Peninsula College Foundation
Monterey, California

We have audited the financial statements of Monterey Peninsula College Foundation (the Foundation) for the year ended December 31, 2012, and have issued our report thereon dated May 13, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the cost of capital assets net of accumulated depreciation. Depreciation is the recognition of the use of the capital assets over time. Conditions may exist that result in assets having a longer or shorter useful life than is reflected within these statements. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to inform you that there were no adjustments noted, either individually or in the aggregate, that required adjustments to the financial statements. Additionally, there were no adjustments that did not meet the materiality threshold and were passed and not posted to the financial statements.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 13, 2013.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there was no such consultation with other accountants.

To the Board of Directors and Management
Monterey Peninsula College Foundation
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Monterey Peninsula College Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Vaurinek, Tine, Day & Co., LLP.

Rancho Cucamonga, California
May 13, 2013

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2013 AND 2012

**MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)**

DECEMBER 31, 2013 AND 2012

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS 20**



INDEPENDENT AUDITORS' REPORT

Board of Directors
Monterey Peninsula College Foundation
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of Monterey Peninsula College Foundation (a California nonprofit corporation) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monterey Peninsula College Foundation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2014, on our consideration of Monterey Peninsula College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monterey Peninsula College Foundation's internal control over financial reporting and compliance.

Vauvinez, Time, Day & Co., LLP.

Rancho Cucamonga, California
August 21, 2014

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 292,850	\$ 154,236
Restricted	198,689	96,525
Restricted - agency	36,638	-
Unconditional promises to give - current portion	75	9,725
Prepaid expenses	4,349	7,910
Total Current Assets	532,601	268,396
Noncurrent Assets		
Investments - unrestricted	293,458	458,909
Investments - restricted	1,649,847	1,450,789
Investments - agency	1,119,270	1,143,224
Investment related to split-interest agreement in remainder trust	14,576	17,380
Unconditional promises to give - long-term portion - net	-	5,581
Capital assets (net of accumulated depreciation)	5,137	1,638
Total Assets	\$ 3,614,889	\$ 3,345,917
LIABILITIES		
Current Liabilities		
Accounts payable and other current liabilities	\$ 17,196	\$ 47,809
Payroll liability	3,440	2,277
Amounts held for others	1,155,908	1,143,224
Total Current Liabilities	1,176,544	1,193,310
NET ASSETS		
Unrestricted		
Undesignated	104,709	45,000
Board designated	470,524	531,712
Total Unrestricted	575,233	576,712
Temporarily restricted	408,764	255,141
Permanently restricted	1,454,348	1,320,754
Total Net Assets	2,438,345	2,152,607
Total Liabilities and Net Assets	\$ 3,614,889	\$ 3,345,917

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

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
PUBLIC SUPPORT AND REVENUES				
Contributions	\$ 297,747	\$ 475,176	\$ 28,361	\$ 801,284
First 5 Grant	34,260	-	-	34,260
Monterey Peninsula College	100,000	-	-	100,000
Other income	81,102	1,134	-	82,236
In-kind contributions	5,000	-	-	5,000
Assets released from restrictions	359,237	(323,028)	(36,209)	-
Total Public Support and Revenues	877,346	153,282	(7,848)	1,022,780
EXPENSES				
Program expenses	521,116	-	-	521,116
Operating expenses	251,666	-	-	251,666
Fundraising expenses	131,413	-	-	131,413
Total Expenses	904,195	-	-	904,195
OTHER INCOME				
Interest and dividends	17,373	2,031	39,701	59,105
Unrealized gain on investments	7,997	1,114	101,741	110,852
Change in value of split-interest agreement	-	(2,804)	-	(2,804)
Total Other Income	25,370	341	141,442	167,153
TRANSFERS	-	-	-	-
CHANGE IN NET ASSETS	(1,479)	153,623	133,594	285,738
NET ASSETS, BEGINNING OF YEAR	576,712	255,141	1,320,754	2,152,607
NET ASSETS, END OF YEAR	\$ 575,233	\$ 408,764	\$ 1,454,348	\$ 2,438,345

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

2012			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 242,015	\$ 426,441	\$ 177,860	\$ 846,316
70,428	-	-	70,428
100,000	-	-	100,000
64,088	-	-	64,088
-	-	-	-
471,871	(431,600)	(40,271)	-
<u>948,402</u>	<u>(5,159)</u>	<u>137,589</u>	<u>1,080,832</u>
630,335	-	-	630,335
245,382	-	-	245,382
144,092	-	-	144,092
<u>1,019,809</u>	<u>-</u>	<u>-</u>	<u>1,019,809</u>
22,842	2,837	39,788	65,467
47,490	5,995	110,315	163,800
-	(808)	-	(808)
<u>70,332</u>	<u>8,024</u>	<u>150,103</u>	<u>228,459</u>
26,588	(26,588)	-	-
25,513	(23,723)	287,692	289,482
<u>551,199</u>	<u>278,864</u>	<u>1,033,062</u>	<u>1,863,125</u>
<u>\$ 576,712</u>	<u>\$ 255,141</u>	<u>\$ 1,320,754</u>	<u>\$ 2,152,607</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 285,738	\$ 289,482
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	538	638
Unrealized gain on investments	(110,852)	(163,800)
Contributions restricted for temporarily and permanently restricted purposes	(504,671)	(604,301)
Changes in Assets and Liabilities		
Decrease in accounts receivable	-	5,500
Decrease in unconditional promises to give	15,231	12,327
(Increase) Decrease in prepaid expenses	3,561	(3,815)
Decrease in split-interest agreement in remainder trust	2,804	1,348
Decrease in accounts payable and other current liabilities	(29,450)	(14,392)
Increase in amounts held for others	12,684	49,048
Decrease in deferred revenue	-	(24,009)
Net Cash Flows From Operating Activities	(324,417)	(451,974)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Change in investments - net	101,199	(87,639)
Purchase of fixed assets	(4,037)	-
Net Cash Flows From Investing Activities	97,162	(87,639)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted for temporarily and permanently restricted purposes	504,671	604,301
Change in restricted cash and cash equivalents	(138,802)	(13,910)
Net Cash Flows From Financing Activities	365,869	590,391
 NET CHANGE IN UNRESTRICTED CASH AND CASH EQUIVALENTS	138,614	50,778
 UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	154,236	103,458
 UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 292,850	\$ 154,236
 NONCASH TRANSACTIONS		
In-kind contributions	\$ 5,000	\$ -

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

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	2013			
	Program	Operating	Fundraising	Total
Salaries and benefits	\$ 50,196	\$ 157,945	\$ 87,009	\$ 295,150
Accounting and professional fees	2,500	32,124	-	34,624
Administrative fees	17,083	900	-	17,983
Art/Sculpture/Pavers	1,345	-	-	1,345
Banking and investment fees	6,230	5,629	-	11,859
Contracted services	2,000	42,169	-	44,169
Insurance expenses	-	4,359	-	4,359
Program Support/Grants/Scholarships	418,592	-	-	418,592
Office expenses	-	3,629	-	3,629
Depreciation	-	538	-	538
Dues and subscriptions	-	1,963	-	1,963
Public relations	12,814	1,200	10,408	24,422
Alumni Association	5,041	-	-	5,041
Special events	-	-	33,996	33,996
Training	-	1,210	-	1,210
Travel	36	-	-	36
In-kind expenses	5,000	-	-	5,000
Miscellaneous	279	-	-	279
Bad debt - pledge write-offs	-	-	-	-
Total Expenses	\$ 521,116	\$ 251,666	\$ 131,413	\$ 904,195

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

2012

<u>Program</u>	<u>Operating</u>	<u>Fundraising</u>	<u>Total</u>
\$ 38,286	\$ 188,461	\$ 72,409	\$ 299,156
-	22,833	35	22,868
29,567	1,426	-	30,993
466	-	-	466
6,021	5,082	-	11,103
400	1	-	401
-	3,929	-	3,929
539,080	194	11,977	551,251
106	10,584	17,152	27,842
-	638	-	638
-	3,635	-	3,635
2,614	1,205	4,254	8,073
9,581	-	-	9,581
-	-	19,376	19,376
-	4,562	-	4,562
-	1,624	-	1,624
-	-	-	-
-	1,190	16,029	17,219
4,214	18	2,860	7,092
<u>\$ 630,335</u>	<u>\$ 245,382</u>	<u>\$ 144,092</u>	<u>\$ 1,019,809</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Monterey Peninsula College Foundation (the Foundation) is a nonprofit organization whose main purpose is to support education and educational purposes of Monterey Peninsula Community College District (the District), a California public community college located in Monterey, California, through raising funds and acquiring real and personal properties to support the District's programs of public education and its community programs. The Foundation was incorporated in the State of California in November 1994. The Foundation is a Voluntary Health and Welfare Organization as defined by the Financial Accounting Standards Board (FASB) Accounting Standards of Codification (ASC) Topic 958.

Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financial interrelated organizations as defined by *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others*. The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program and supporting services.

Support and Expenses

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation regarding the timing and purpose for the use of the contributions, the Foundation reports these contributions as unrestricted.

Investments

The Foundation presents its investments in accordance with FASB ASC Topic 958-320, *Investments Debt and Equity Securities*. Under FASB ASC Topic 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in accordance with donor instructions.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Capital Assets

The Foundation maintains an initial unit cost capitalization threshold of \$500. Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight line method based on the assets' estimated useful lives ranging from three to five years.

Donated Services and Goods

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. In most cases, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services. However, when the value of services is measurable, they are recorded at measured value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. The Foundation maintains its bank accounts at four financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000. As of December 31, 2013 and 2012, no amounts were uninsured.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Management monitors the collectibility of their pledges and annually adjusts the balances.

Income Taxes

The Foundation is exempt from Federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements. The Foundation annually files Forms 990, 199, and RRF-1 with the appropriate agencies, as well as Forms 990T and 109, when applicable. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a). There was no unrelated business activity income.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

The Foundation has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

The Foundation's Federal informational tax returns for the years ended December 31, 2010, 2011, and 2012, are open to audit by the Federal authorities. California State informational returns for the years ended December 31, 2009, 2010, 2011, and 2012, are open to audit by State authorities.

Allocation of Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management monitors and reviews the unconditional pledges on a monthly basis. Uncollectible pledges written off for the years ended December 31, 2013 and 2012, amounted to \$0 and \$7,092, respectively.

The Foundation's unconditional promises to give consisted of the following at December 31:

	2013	2012
Unconditional promises to give before unamortized discount and allowance for doubtful accounts	\$ 75	\$ 15,863
Less: Unamortized discount	-	(85)
Subtotal	75	15,778
Less: Allowance for doubtful accounts	-	(472)
Net Unconditional Promises to Give	\$ 75	\$ 15,306
Amounts due in:		
Less than one year	\$ 75	\$ 9,725
One to five years	-	5,581
Total	\$ 75	\$ 15,306

For the year ended December 31, 2012, discount rates ranged from .96 percent to 2.10 percent.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 3 - OSHER ENDOWMENT SCHOLARSHIP

The Foundation for California Community Colleges (FCCC) has created a permanent endowment fund intended to provide scholarship support to California Community College students in perpetuity. The fund began in May 2008 with a \$25 million lead gift from The Bernard Osher Foundation. The Bernard Osher Foundation will provide scholarship matching funds annually to colleges that participate. In order to take advantage of this opportunity, for the years ended December 31, 2013 and 2012, the College and its donors have contributed \$339,728 from the agency accounts that reside in the Foundation. As of December 31, 2013 and 2012, the ending balance of the Osher Endowment Scholarship was \$339,728 and was included in the agency investment totals of \$1,119,270 and \$1,143,224, respectively. The Foundation receives no additional interest or dividends on the balance held at the FCCC and does not participate in the investment management of the funds. All donations to the FCCC Osher Endowment Scholarship must remain in the fund permanently and cannot be returned or used for other purposes.

NOTE 4 - INVESTMENTS

Investments are stated at fair value and are summarized as of December 31, 2013:

	Adjusted Cost	Fair Value	Unrealized Gain
Equity, Bonds, and Mutual Funds - Foundations	\$ 1,832,453	\$ 1,943,305	\$ 110,852
Beneficiary Remainder Trust	14,576	14,576	-
Equity, Bonds, and Mutual Funds - Agency Funds (excluding Osher)	779,542	779,542	-
Investments - cash held by Foundation for Community Colleges			
Osher Endowment Scholarship Fund	339,728	339,728	-
Total	<u>\$ 2,966,299</u>	<u>\$ 3,077,151</u>	<u>\$ 110,852</u>

Investments are stated at fair value and are summarized as of December 31, 2012:

	Adjusted Cost	Fair Value	Unrealized Gain
Mutual Funds - Foundations	\$ 1,745,898	\$ 1,909,698	\$ 163,800
Beneficiary Remainder Trust	17,380	17,380	-
Mutual Funds - Agency Funds (excluding Osher)	803,496	803,496	-
Investments - cash held by Foundation for Community Colleges			
Osher Endowment Scholarship Fund	339,728	339,728	-
Total	<u>\$ 2,906,502</u>	<u>\$ 3,070,302</u>	<u>\$ 163,800</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Investment activity for the year ended December 31, 2013, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 17,373	\$ 2,031	\$ 39,701	\$ 59,105
Unrealized gain	7,997	1,114	101,741	110,852
Total Investment Gain	<u>\$ 25,370</u>	<u>\$ 3,145</u>	<u>\$ 141,442</u>	<u>\$ 169,957</u>

Investment activity for the year ended December 31, 2012, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 22,842	\$ 2,837	\$ 39,788	\$ 65,467
Unrealized gain	47,490	5,995	110,315	163,800
Total Investment Gain	<u>\$ 70,332</u>	<u>\$ 8,832</u>	<u>\$ 150,103</u>	<u>\$ 229,267</u>

NOTE 5 - FAIR VALUE DISCLOSURES

Effective January 1, 2008, the Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in U.S. GAAP under FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level I - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level II - Observable inputs other than Level I prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair Value Measurements

The Foundation used the market approach to estimate fair value for all investment assets.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

The following table provides a summary of the financial instruments the Foundation measures at fair value on a recurring basis as of December 31, 2013:

	<u>Level I</u>	<u>Level III</u>	<u>Total</u>
Investment Assets			
Equity - Foundations	\$ 1,009,058	\$ -	\$ 1,009,058
Bonds - Foundations	570,920	-	570,920
Mutual Funds - Foundations	363,327	-	363,327
Equity Funds - Agency Funds (excluding Osher)	318,877	-	318,877
Bond Funds - Agency Funds (excluding Osher)	334,963	-	334,963
Mutual Funds - Agency Funds (excluding Osher)	125,702	-	125,702
Beneficiary Remainder Trust	-	14,576	14,576
Investments - cash held by Foundation for Community Colleges			
Osher Endowment Scholarship Fund	-	339,728	339,728
Other Assets			
Unconditional promises to give	-	75	75
Total	<u>\$ 2,722,847</u>	<u>\$ 354,379</u>	<u>\$ 3,077,226</u>

The following table provides a summary of the financial instruments the Foundation measures at fair value on a recurring basis as of December 31, 2012:

	<u>Level I</u>	<u>Level III</u>	<u>Total</u>
Investment Assets			
Mutual Funds - Foundations	\$ 1,909,698	\$ -	\$ 1,909,698
Mutual Funds - Agency Funds (excluding Osher)	803,496	-	803,496
Beneficiary Remainder Trust	-	17,380	17,380
Investments - cash held by Foundation for Community Colleges			
Osher Endowment Scholarship Fund	-	339,728	339,728
Other Assets			
Unconditional promises to give	-	15,306	15,306
Total	<u>\$ 2,713,194</u>	<u>\$ 372,414</u>	<u>\$ 3,085,608</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

The following table summarizes the changes in the Foundation's investment assets measured at fair value on a recurring basis as of December 31, 2013:

	<u>Level I</u>	<u>Level III</u>	<u>Total</u>
Investments at Fair Value			
Balance at December 31, 2012	\$ 2,713,194	\$ 372,414	\$ 3,085,608
Current Year Adjustments:			
Adjustment to reflect changes in beneficiary remainder trust	-	(2,804)	(2,804)
Adjustments to investments	33,607	-	33,607
Unconditional promises to give	-	(15,231)	(15,231)
Adjustments to Agency Funds	(23,954)	-	(23,954)
Balance at December 31, 2013	<u>\$ 2,722,847</u>	<u>\$ 354,379</u>	<u>\$ 3,077,226</u>

The following table summarizes the changes in the Foundation's investment assets measured at fair value on a recurring basis as of December 31, 2012:

	<u>Level I</u>	<u>Level III</u>	<u>Total</u>
Investments at Fair Value			
Balance at December 31, 2011	\$ 2,459,566	\$ 388,278	\$ 2,847,844
Current Year Adjustments:			
Adjustment to reflect changes in beneficiary remainder trust	-	(1,348)	(1,348)
Adjustments to Mutual Funds	202,391	-	202,391
Unconditional promises to give	-	(12,327)	(12,327)
Change in value of the California Community Colleges Scholarship Osher Endowment Fund	-	(2,189)	(2,189)
Adjustments to Agency Funds	51,237	-	51,237
Balance at December 31, 2012	<u>\$ 2,713,194</u>	<u>\$ 372,414</u>	<u>\$ 3,085,608</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 6 - AMOUNTS HELD FOR OTHERS

The Foundation acts as a fiscal agent for departments, organizations, and groups of Monterey Peninsula College. Accordingly, at December 31, 2013 and 2012, \$1,155,908 and \$1,143,224, respectively, of the Foundation's assets belongs to other parties. The Foundation does not have legal access nor any discretion over the funds held for others behalf.

	2013			
	Balance Beginning of Year	Transfers and Cash Receipts	Cash Disbursements/ Transfers	Balance End of Year
Wilder Nursing Trust	\$ 348,860	\$ 44,480	\$ 44,715	\$ 348,625
Orr Scholarship Trust	82,286	10,491	10,547	82,230
MPC Scholarship Endowments	196,777	25,205	24,283	197,699
Long-Term Endowments	175,573	34,278	22,225	187,626
Osher Endowment Fund	339,728	-	-	339,728
Total	\$ 1,143,224	\$ 114,454	\$ 101,770	\$ 1,155,908

	2012			
	Balance Beginning of Year	Transfers and Cash Receipts	Cash Disbursements/ Transfers	Balance End of Year
Wilder Nursing Trust	\$ 327,236	\$ 35,875	\$ 14,251	\$ 348,860
Orr Scholarship Trust	77,262	8,467	3,443	82,286
MPC Scholarship Endowments	194,688	21,206	19,117	196,777
Long-Term Endowments	153,073	23,317	817	175,573
Osher Endowment Fund	341,917	-	2,189	339,728
Total	\$ 1,094,176	\$ 88,865	\$ 39,817	\$ 1,143,224

NOTE 7 - CAPITAL ASSETS

The following is a summary of capital assets as of December 31,:

	2013	2012
Furniture and equipment	\$ 19,421	\$ 15,384
Less: Accumulated depreciation	(14,284)	(13,746)
Total	\$ 5,137	\$ 1,638

Depreciation expenses for the years ended December 31, 2013 and 2012, were \$538 and \$638, respectively.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 8 - DONOR DESIGNATED ENDOWMENT FUNDS

The Foundation's endowment funds consist of approximately 19 individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowments are classified and reported based on existence of donor-imposed restrictions as either unrestricted, temporarily restricted, or permanently restricted.

The Board of Trustees has adopted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation has classified as permanently restricted net assets (a) original value of gifts donated to permanent endowment (b) plus the original value of subsequent gifts to the endowments (c) plus accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual tiered distribution of four to six percent, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Foundation's Board approved spending policy, known as Banded Inflation, was created to protect the values of the endowments. First year spending will be four percent of the original gift. Thereafter, spending for each calendar year will be the prior year's spending increased by the Consumer Price Index, subject to the minimum of four percent and the maximum of six percent bands. This rate will be reviewed annually. The expenditure rate includes an administrative expense of one percent of assets on September 30 of each year.

Endowment net asset compositions by type of fund are as follows as of December 31,:

	2013	2012
	Permanently Restricted	Permanently Restricted
Donor-restricted endowment funds	\$ 1,454,348	\$ 1,320,754

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Changes in endowment net assets as of December 31, 2013, are as follows:

	Permanently Restricted
Balance at December 31, 2012	\$ 1,320,754
Contributions	28,361
Interest and dividends	39,701
Unrealized gain on investments	101,741
Amounts appropriated for expenditures	(36,209)
Balance at December 31, 2013	\$ 1,454,348

Changes in endowment net assets as of December 31, 2012, are as follows:

	Permanently Restricted
Balance at December 31, 2011	\$ 1,033,062
Contributions	177,860
Interest and dividends	39,788
Unrealized gain on investments	110,315
Amounts appropriated for expenditures	(40,271)
Balance at December 31, 2012	\$ 1,320,754

NOTE 9 - BOARD DESIGNATED UNRESTRICTED NET ASSETS

Board designated unrestricted net assets consist of the following at December 31,:

	2013	2012
General Reserve	\$ 391,274	\$ 418,712
Instructional Material	-	40,000
Textbook Lending Program	-	45,000
Board of Directors Designated Scholarships	35,000	-
Board of Directors Designated Campus Support	16,250	-
FASA Grants	28,000	28,000
Total Board Designated Unrestricted Net Assets	\$ 470,524	\$ 531,712

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 10 - RESTRICTIONS ON NET ASSET BALANCES

Temporarily restricted net assets consist of the following at December 31,:

	<u>2013</u>	<u>2012</u>
Astronomy	\$ 4,302	\$ 13,302
Beneficiary Trust	14,576	17,380
Child Development Center	37,843	26,136
General Scholarships	2,200	197
Gentrain Scholarship	6,996	8,971
Other Departmental Funds	242,948	99,819
Library and Technology Center	42,821	41,644
Athletics	1,137	935
Women Supporting Women	55,941	46,757
Total Temporarily Restricted Net Assets	<u>\$ 408,764</u>	<u>\$ 255,141</u>

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Permanently restricted net assets consist of the following at December 31,:

	<u>2013</u>	<u>2012</u>
Alison Faul Memorial Scholarship Endowment	\$ 16,223	\$ 15,258
Bruce C. Gregor Memorial Scholarship Endowment	15,869	15,337
Peter J. Cutino Athlete of the Year Endowment	24,892	21,154
Donald L. Davidson, M.D. Memorial Scholarship Endowment	17,718	15,279
Dorothy D. Stevens Memorial Fund	157,818	142,500
George J. Faul Academic Excellence Endowment	110,486	101,999
John and Jeanne Logan Memorial Award Endowment	24,051	22,012
Jennifer Denmark Memorial Scholarship Endowment	14,301	13,302
Jon M. Lefstad Scholarship Endowment	10,641	9,723
Mary Lou Welch Endowed Scholarship	11,650	10,526
Mary Lou Stutzman Nursing Scholarship Endowment	17,547	16,753
Marilynn Dunn Gustafson Scholarship Endowment	13,289	11,900
Donald and Laura Newmark Scholarship Endowment	43,219	35,749
Operating Reserve Endowment	129,138	118,732
Rosabelle Hamann Memorial Scholarship Fund	404,801	376,749
William M. Shanner Memorial Award Endowment	14,453	12,594
Clyn Smith, M.D. Memorial Scholarship Endowment	20,620	19,815
Leon and Mary Lou Stutzman Choral Music Scholarship Endowment	18,778	16,935
Jim Tunney Scholar Athlete Award	26,740	24,385
Dr. Richard Kezirian Endowed Scholarship	43,628	33,839
Dr. Peggy Downs-Baskin Faculty Advancement Endowment	318,486	286,213
Total Permanently Restricted Net Assets	<u>\$ 1,454,348</u>	<u>\$ 1,320,754</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Foundation receives financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Foundation. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Foundation at December 31, 2013 and 2012.

MONTEREY PENINSULA COLLEGE FOUNDATION
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 12 - SPLIT-INTEREST AGREEMENT

The Foundation is the remainder beneficiary under the terms of three irrevocable charitable remainder trusts that are administered by a third party trustee (The Community College League of California). The beneficial interest from the remainder trust is recorded in the statement of financial position based on the present value of the future benefits expected to be received from the trusts. A corresponding amount is reflected in the statement of activities as a temporarily restricted contribution in the year the Foundation was notified of its irrevocable interest. At the end of the trust's terms, the remaining assets are available to the Foundation. Assets held in the charitable remainder trusts totaled \$14,576 and \$17,380 at December 31, 2013 and 2012, respectively, and are reported at fair value or cost, depending on the nature of the assets in the statement of financial position.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Foundation provides various levels of monetary support and service to the Monterey Peninsula Community College District. The Foundation received \$100,000 from Monterey Peninsula College for reimbursement of expenses for the years ended December 31, 2013 and 2012. This money is included on the statements of activities under public support and revenue from Monterey Peninsula College. The District provides office space and other support to the Foundation. These amounts are not recognized in the statements of activities as there is no basis for the noncash contributions.

NOTE 14 - TRANSFERS BETWEEN FUNDS

During the year ended December 31, 2012, various transfers were done as follows: administrative fee expenses from various contributions were transferred to the unrestricted fund for operating expenses.

NOTE 15 - SUBSEQUENT EVENTS

The Foundation's management has evaluated subsequent events for recognition and disclosure through August 21, 2014, which is the date the financial statements were available to be issued.



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

Board of Directors
Monterey Peninsula College Foundation
Monterey, 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 Monterey Peninsula College Foundation (a California nonprofit corporation) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Monterey Peninsula College Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monterey Peninsula College Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Monterey Peninsula College Foundation'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audits, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying management letter, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monterey Peninsula College Foundation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Vauvinez, Tine, Day & Co., LLP.

Rancho Cucamonga, California
August 21, 2014



To the Board of Directors and Management
Monterey Peninsula College Foundation
Monterey, California

In planning and performing our audit of the financial statements of Monterey Peninsula College Foundation (the Foundation) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the previous paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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.

We consider the following deficiencies in the Foundation's control structure to be significant deficiencies:

Business Office Functions

The Foundation's Business Office has limited staffing resources as is common with many nonprofit organizations. Whenever there are limited resources, segregation of duties issues can become more pronounced. Also, due to change over in staffing this year, updated written procedures were not properly identified, and proper segregation of duties could not be identified as noted below.

The following observations were noted that had no clear observable approval for proper segregation of duties:

1. Bank deposits, reconciliations, and posting to the general ledger.
2. Journal entries and corrections to the financial statements.
3. Payroll posting to the general ledger.
4. Approval for the Executive Director's credit card expenses.

Recommendation

The implementation of proper internal control over financial reporting must include a plan to allow the financial activity to be reviewed, reconciled, and reported in a timely manner even during times of staffing changes. The training and development of staff to perform tasks that will allow for proper segregation of duties must continue to be a high priority with the development of an accounting procedures handbook that provides guidance over the critical procedures within the Accounting Office. Documentation to support the financial activity and corrections posted by journal entries must be maintained, either in hard copy or electronic format, to allow for the review of activity at the time the financial statements are prepared.

Management Response

1. Bank deposits, reconciliations, and posting to the general ledger.

Currently, we have two accounting staff members who share these duties. One is responsible for bank deposits and posting, while the other conducts bank reconciliations. It is important to note that our development staff is now responsible for coding and processing income into Raiser's Edge, which was formerly also done by the accounting staff. This practice has added a layer of segregation of duties that did not exist in the previously audited year.

As of August 1, 2014, Monterey Peninsula Community College District Fiscal Services has taken over all Foundation bank reconciliations, which will provide a complete segregation of duties in this area.

2. Journal entries and corrections to the financial statements.

Moving forward, accounting staff will print journal entries at the end of the month and attach them to the bank reconciliation for the Executive Director's review and approval.

3. Payroll posting to the general ledger.

We have already begun an approvals practice whereby the Executive Director reviews and signs all payroll summary reports, compares them to timesheets, and reviews a general ledger report. This allows the Executive Director to check that the payroll amounts match timesheets and general ledger postings, at which point the Executive Director approves the payroll summary reports.

4. Approval for the Executive Director's credit card expenses.

Pursuant to the Foundation's Credit Card Policy, this item has already been addressed by ascertaining a second approval signature on the monthly credit card statements (which have accompanying back-up documentation attached). The second signatory may be any of the approved members from the Board of Directors – the President, College President, or College Vice President of Administrative Services.

This report is intended solely for the information and use of the Board of Directors, management, and others within Monterey Peninsula College Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Vauriney, Time, Day & Co., LLP.

Rancho Cucamonga, California
August 21, 2014



To the Board of Directors and Management
Monterey Peninsula College Foundation
Monterey, California

We have audited the financial statements of Monterey Peninsula College Foundation (the Foundation) for the year ended December 31, 2013, and have issued our report thereon dated August 21, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the cost of capital assets net of accumulated depreciation. Depreciation is the recognition of the use of the capital assets over time. Conditions may exist that result in assets having a longer or shorter useful life than is reflected within these statements. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to inform you that there were no adjustments noted, either individually or in the aggregate, that required adjustments to the financial statements. Additionally, there were no adjustments that did not meet the materiality threshold and were passed and not posted to the financial statements.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 21, 2014.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there was no such consultation with other accountants.

To the Board of Directors and Management
Monterey Peninsula College Foundation
Page 3

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Monterey Peninsula College Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Vauvinez, Tine, Day & Co., LLP.

Rancho Cucamonga, California
August 21, 2014

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

Board Meeting

Human Resources
College Area

New Business Agenda Item No. E

Proposal:

That the Governing Board approve the Memorandum of Understanding (MOU) of November 5, 2015 entitled "Effects of Layoffs Child Development Center (CDC)" in which the California School Employees Association Chapter #245 MPCEA/CSEA and the Monterey Peninsula Community College District (the Parties) agree to the effects of layoffs of the classification of Child Development Specialist, effective June 30, 2015.

Background:

On August 27, 2014 meeting, the Board of Trustees approved an MOU in which the Parties negotiated and agreed to the restructuring of the current Child Development Center to a lab school model that will support the Early Childhood Education Development (ECED) academic program and meet workforce development needs of the community. The restructuring of the CDC includes the layoff and elimination of the classification and positions of Child Development Specialists effective June 30, 2015.

The Parties have negotiated and agreed to the effects of layoffs of the Child Development Specialists. The MOU was ratified by the members of MPCEA, Chapter #245 on December 2, 2014 with a vote of 28 in favor and 5 opposed.

Budgetary Implications:

No budget implications are anticipated.

RESOLUTION: BE IT RESOLVED, that the Governing Board ratify the Memorandum of Understanding regarding the Effects of Layoff Child Development Center, dated November 5, 2014 between the California School Employees Association Chapter #245-MPCEA/CSEA and the Monterey Peninsula Community College District.

Recommended By: Laurence E Walker
Laurence E. Walker, Interim Vice President of Student Services

Prepared By: Susan Kitagawa
Susan Kitagawa, Associate Dean of Human Resources

Agenda Approval: Walter A Tribley
Dr. Walter Tribley, Superintendent/President

**Monterey Peninsula Community College District
And
Classified School Employees Association Chapter # 245
Memorandum of Understanding**

**EFFECTS OF LAYOFFS
Child Development Center (CDC)**

November 5, 2014

In anticipation of, the Board of Trustees of Monterey Peninsula Community College District (District) approving the layoff of the Child Development Specialists due to lack of funds, the District and the Classified School Employees Association Chapter # 245 (CSEA) have negotiated the effects of layoffs in the CDC and agree to the following:

1. With regard to the reduction/layoff in the CDC, the District shall identify and provide to CSEA information regarding savings to be achieved through reduction in bargaining unit force, and any savings achieved through effects negotiations and/or attrition. CSEA shall communicate to the District requests for information at any time.
2. The District shall only hire short-term project employees at the CDC on a case-by-case basis and substitute employees in accordance with California Education Code §88017 and §88003.
3. The District shall not contract out with any person, including, but not limited to independent contractors of other private or public entity to perform the duties of the classified service at the CDC.
4. The District shall not solicit for volunteers to do any work of the classified service at the CDC. If at any time the District sees that volunteers are performing work of the classified service as established in the California Education Code Section, including, but not limited to 45100 et. seq., the District shall immediately take action to assure that the efforts cease. This provision excludes the parents whose children attend the lab school and perform duties related to parent volunteer agreements.
5. Effective July 1, 2015 following the transition from the Child Development Center to the ECED Lab School, the District shall not transfer CDC work out of the bargaining unit to certificated, confidential, management, or supervisory employees.
6. Effective July 1, 2015 following the transition from the Child Development Center to the ECED Lab School, the District shall not transfer work from one

CSEA classification to another CSEA classification without negotiating the proposed transfer with CSEA.

7. The District shall conduct exit interviews with all laid off bargaining unit employees.
8. The District shall notify each laid off bargaining unit member on the 39 month rehire list of any available classified positions during the duration of his/her eligibility for rehire. The laid off bargaining unit member shall ensure the District has updated contact information.
9. Laid off employees who are rehired within 39 month shall have all contractual rights and benefits reinstated as of the date of rehire as though the employee had never been laid off. Contractual rights and benefits will not accrue during the layoff period. Contractual rights and benefits include, but are not limited to vacation accrual rate, longevity and step placement.
10. Laid off bargaining unit members affected by reductions in hours/work year shall be offered substitute positions not to exceed a total of 29 scheduled hours (including any regular assignments) worked per week which may become available subsequent to the execution of this agreement. Laid off bargaining unit members shall have priority over other persons on any existing "sub" list for which they apply and meet the education, experience, knowledge, and abilities requirements as stated in the job description.
11. Supervisors in areas affected by layoffs and/or reduction in hours shall review workload and set priorities and assignments accordingly to manage the reduction in force.
12. Supervisors, in areas affected by layoffs and/or reduction in hours, shall identify any work which will not be performed.
13. Employees designated for layoff and/or reduction in hours/work year shall be allowed up to two (2) days paid release time, to be prorated for part-time assignments, to seek employment. The release time shall be prorated based for part-time assignments.
14. The supervisor shall provide each affected bargaining unit member with a letter of recommendation upon request of the employee.
15. Any reduction in CalPERS service credit brought about by any reduction in hours shall be restored to protect classified school employees from loss service credit due to reductions as required by law.
16. CSEA may request, at any time, to meet and negotiate with the District about the District's budget, including expenses, funding and revenue.

17. Bargaining unit members with rehire rights employed in new classifications shall be subject to a six (6) month probationary period. If a person is reemployed in a new position and fails to complete the probationary period in the new position, he or she shall be returned to the reemployment list for the remainder of the 39-month period. The remaining time period shall be calculated as the time remaining in the 39-month period as of the date of reemployment in accordance with California Education Code § 88117 (a)(3).
18. All other provisions of Article XVI "Layoff Procedures" of the current collective bargaining agreement between the District and CSEA shall be in full force and effect.
19. Internal Recruitment for the Unit Office Manager and Lab Mentor positions:
 - a. The District shall accept applications from all current probationary and permanent classified employees of the District and those on the rehire list.
 - b. After considering the internal recruitment applications, the search committees shall recommend if the pool is adequate or if a need exists to open the position externally to increase the applicant pool. Human Resources shall provide oversight and approval for this process.
 - c. During the application screening process, employees affected by layoffs (directly or by bumping) shall be credited with 10% of the total points possible.
 - d. During the interview process, all applicants, whether internal or external, shall be given equal consideration based on job related qualifications.
 - e. The District shall provide to CSEA the cost savings associated with vacated positions that shall not be filled.
20. This MOU shall not be precedent setting and shall not constitute a past practice.
21. This Agreement shall sunset when all laid off employees are either rehired, or upon the expiration of reemployment list from the CDC 2015 layoffs.

The parties agree to the terms of this Memorandum of Understanding "EFFECTS OF LAYOFFS Child Development Center (CDC)" on the 5th day of November 2014.

For CSEA Chapter #245

J. Walsh (WASH)
[Signature]
[Signature]
[Signature] / LRR

For Monterey Peninsula
Community College District

Laurie Walker
Suzanne Kitagawa

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. F

Human Resources
College Area

Proposal:

That the Board approve a resolution to eliminate the Child Development Specialist job classification and associated positions in the Child Development Center due to lack of work or lack of funds and direct the Superintendent/President to notify affected employees in accordance with Education Codes Sections 88015, 88017, 88117, and 88127, effective June 30, 2015.

Background:

Due to recent changes in the California Community College mission and corresponding funding formulas, reduced apportionment from the State and overall declining FTES, the District must reduce expenses and services to balance the budget.

In an effort to reduce expenses to address deficit spending, the District and the California School Employees Association, Chapter #245 (the Parties) negotiated and agreed to the restructuring of the Child Development Center (CDC). In a Memorandum of Understanding (MOU) entitled "Child Development Center Restructuring, dated July 1, 2014, the Parties agreed to the layoff of the Child Development Specialist classification, effective June 30, 2015. Effective July 1, 2015, the CDC will transition to a lab school model that supports the Early Childhood Education Development program and addresses workforce demands in the community. This MOU was approved by the Board at the August 27, 2014 meeting.

The Parties then negotiated and agreed to an MOU entitled "Child Development Job Descriptions." dated September 12, 2014, in which three classified positions consisting of two Lab Mentors and one Unit Office Manager were established as part of the restructuring of the CDC. A tentative timeline for the CDC restructuring and the proposed layoff of the Child Development Specialist classification was also included as part of this MOU. The Board ratified the MOU at their October 22, 2014 meeting.

The parties further negotiated and agreed to an MOU entitled "Effects of Layoff Child Development Center," dated November 5, 2015, which the Board will consider for approval at the January 30, 2015 meeting.

This action would eliminate the Child Development Specialist classification and the associated classified positions would be laid off due to lack of funds and/lack of work, effective June 30, 2015. Employees shall be given notice and informed of their reemployment rights.

Budgetary Implications:

Possible budget savings of up to \$356,713.00 annually.

RESOLUTION: BE IT RESOLVED that the Governing Board adopt Resolution # 89 to reduce the classified service due to lack of funds and/or lack of work.

Recommended By:

Laurence E. Walker
Laurence E. Walker, Interim Vice President of Student Services

Prepared By:

Susan Kitagawa
Susan Kitagawa, Associate Dean of Human Resources

Agenda Approval:

Walter Tribble
Dr. Walter Tribble, Superintendent/President

BEFORE THE BOARD OF TRUSTEES
 OF THE MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
 OF MONTEREY COUNTY, CALIFORNIA

In the Matter Of:) RESOLUTION #
)
 The Reduction of)
 The Classified Service)
)
)
 _____)

WHEREAS, Education Code Sections 88014, 88017, 88117, and 88127 authorize the District to layoff classified employees for lack of work and/or lack of funds; and,

WHEREAS, due to lack of funds in this District for the 2015/2016 fiscal year, the Governing Board of the Monterey Peninsula Community College District hereby finds it necessary to eliminate the classified service as specified below:

JOB CLASSIFICATION	ASSIGNMENT	FTE REDUCTION
Child Development Specialist	40 hours per week; 10 month	83.33
Child Development Specialist	40 hours per week; 10 month	83.33
Child Development Specialist	40 hours per week; 10 month	83.33
Child Development Specialist	40 hours per week; 10 month	83.33
Child Development Specialist	18 hours per week; 10 months	37.50
Child Development Specialist	18 hours per week; 10 months	37.50

NOW, THEREFORE, BE IT RESOLVED that as of June 30, 2015, the classified positions of the District shall be discontinued to the extent hereinabove set forth; and

BE IT FURTHER RESOLVED that the Superintendent/President or his designee is authorized and directed to give notice of layoff to all affected employees and to the appropriate exclusive bargaining representative not later than 60 days prior to the effective date of layoff as set forth above.

Passed and Adopted by the Monterey Peninsula Community College District on January 30, 2015 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mr. Rick Johnson
Chair, Governing Board

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

Board Meeting

Human Resources

College Area

New Business Agenda Item No. G

Proposal:

That the Governing Board approve the Memorandum of Understanding (MOU) of December 16, 2015 entitled "ARTICLE V: RECLASSIFICATION" in which the California School Employees Association Chapter #245 MPCEA/CSEA and the Monterey Peninsula Community College District (the Parties) agree to modify the timeline for the reclassification process for 2015.

Background:

The Parties previously agreed to an eight (8) year review of all of the classifications within the bargaining unit. They further agreed to review 10 classifications each year following the process and timeline outlined in Article V: Reclassification of the Collective Bargaining Agreement. Many of the classifications are held by multiple employees. In consideration of time involved in reviewing and discussing the materials submitted by employees and their supervisors, the Reclassification Committee recommended a revision to the timeline to allow for a fair and consistent review.

The Parties negotiated and agreed to a revision in the timeline. The revised timeline extends the committee review from March 1 to April 17. The appeals process will be extended from April 30 and completed by May 25. The revised timeline does not change the board approval date of June 30.

The MOU was ratified by the members of MPCEA, Chapter #245 on January 20, 2015 with a vote of 27 in favor and 0 opposed.

Budgetary Implications:

No budget implications are anticipated.

RESOLUTION: BE IT RESOLVED, that the Governing Board ratify the Memorandum of Understanding entitled "ARTICLE V: RECLASSIFICATION", dated December 16, 2014 between the California School Employees Association Chapter #245-MPCEA/CSEA and the Monterey Peninsula Community College District.

Recommended By:

Laurence E Walker

Laurence E. Walker, Interim Vice President of Student Services

Prepared By:

Susan Kitagawa

Susan Kitagawa, Associate Dean of Human Resources

Agenda Approval:

Walter A. Tribley

Dr. Walter Tribley, Superintendent/President

**Monterey Peninsula Community College District
And
Classified School Employees Association Chapter # 245
Memorandum of Understanding
ARTICLE V: RECLASSIFICATION**

December 16, 2014

The Monterey Peninsula Community College District and the Classified School Employees Association Chapter # 245 (Parties) agreed to a wall-to-wall classification study that was completed and implemented in June 2008. **Article V Reclassification** of the 2011-2014 Collective Bargaining Agreement describes the reclassification process whereby all positions, upon the completion of the classification study, would be reviewed.

Currently, the review is in year 7 of the 8 year cycle with 30 remaining classifications which have not been reviewed. The majority of classifications are occupied by multiple unit members. **Section 5.2.4.2** states that ten (10) positions shall be reviewed each year. In order to provide time to consider materials submitted by unit members and supervisors in a fair and consistent manner, the Reclassification Committee modifications to the timeline as listed below.

Section 5.2.4.5 Initial Implementation Schedule

The first cycle of this process will begin after the ratification of the wall-to-wall job description update project currently underway. In the first eight-year cycle following that ratification, the following shall apply:

Years	Review
1-2	By request only
3-6	Systematic and by request
7-8	Systematic only

Section 5.2.6 Timeline

Deadline	Activity
November 1	Evaluations completed
November 15	Reclassification requests due in HR
December 10	Committee decision of which requests will be considered, including systematic
January 10	Questionnaires on systematic reviews due in

	HR
January 25	Supervisors review due in HR
March 1 April 17	Committee recommendations finalized; results released to employees and supervisors
March 15 May 1	Appeals due in Human Resources
March 30 May 11	Supervisors review of appeals due in HR
April 30 May 25	Final decision by District
June 10	Implementation negotiations finalized
June 30	Board approval
July 1	Implementation

The Reclassification Committee has forwarded the following list of classifications to be reviewed in 2015.

Administrative Assistant I
 Administrative Assistant II
 Administrative Assistant III
 Unit Office Manager, Facilities
 Unit Office Manager, Library
 Unit Office Manager, Marina Ed Center
 Division Office Manager
 Media Technician- Audio Visual
 Network Engineer
 Programmer Analyst

Listed below are the classifications that have not been reviewed by the Reclassification Committee.

Academic Curriculum Scheduling & Catalog Technician
 Administrative Assistants III - Faculty Contracts
 Athletic Trainer
 Campus Security Officer
 Categorical Services Coordinator
 College Receptionist/Dispatcher
 Instructional Specialist - Theater Master Carpenter
 Job Center Coordinator
 Matriculation Services Specialist
 Matriculation/Articulation Technician
 Program Coordinator - Business Skills Center
 Program Coordinator - International Student Program
 Program Coordinator - Reading Center

Reprographics Technician
Scheduling Technician
Student Financial Services Coordinator
Student Financial Services Outreach Advisor
Student Financial Services Outreach Coordinator
Theater Management Specialist
Tutorial Site Coordinator - TRIO/Upward Bound

The Parties are reviewing Article V: Reclassification during contract negotiations.

The Parties agree to the terms of this Memorandum of Understanding on the 16th day of ^{December} ~~2014~~ 2014.

This Memorandum of Understanding is subject to ratification by the Classified School Employees Association Chapter # 245 and approval by the Board of Trustees of the Monterey Peninsula Community College District.

For CSEA Chapter #245

J. Walsh (WALSH)
[Signature]
[Signature]
[Signature]

For Monterey Peninsula
Community College District

Susan Kitagawa
[Signature]

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. H

Human Resources
College Area

Proposal:

That the Governing Board approve a leave of absence without pay for Robynn Smith for five days from October 12- October 16, 2015 to attend the residence program for artists at Listhus in northern Iceland per Article 8.16 of the Agreement between the District and the Monterey Peninsula College Teachers Association (MPCTA).

Background:

Ms. Robynn Smith, full-time tenured Art faculty, will attend a three week residence program for artist at Listhus in northern Iceland from September 28, 2015 through October 16, 2015. Through participation in the program at Listhus, she will be exposed to the others' work, network with other artists working and teaching in institutions worldwide, and further her own artistic exploration.

While in residency at Listhus, Ms. Smith will be working on a project that includes drawing, photography, printmaking, video, and mixed media. She will be participating in a cultural exchange by presenting a slide presentation about her work as an artist and educator.

Additionally, Ms. Smith plans to work at the Icelandic Printmakers Association, a community press in the capital city. She will share techniques with Icelandic printmakers and initiate an exchange with the student club, MPC Printmakers.

Ms. Smith's studio exploration has resulted in the development of new courses, implementation of vital safety procedures and procurement of new equipment in the studio area. Such artistic activity keeps her current and sensitive in the classroom, allows her to serve as a role model for students and raises the profile of Monterey Peninsula College.

Ten of the fifteen day leave will be paid by personal necessity leave as provided by Article 8.3 of the Collective Bargaining Agreement. The remaining five days shall be unpaid according to Article 8.16.

Budgetary Implications:

The approximate cost to hire substitutes to teach Ms. Smith's classes is \$3,780.00.

RESOLUTION: BE IT RESOLVED, that the Governing Board approve a leave of absence without pay for Robynn Smith for five days from October 12- October 16, 2015 per Article 8.16 of the Agreement between the District and MPCTA.

Recommended By:

Walter A. Tribley
Dr. Walter Tribley, Superintendent/President

Prepared By:

Susan Kitagawa
Susan Kitagawa, Associate Dean of Human Resources

Agenda Approval:

Walter A. Tribley
Dr. Walter Tribley, Superintendent/President

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. I

Administrative Services
College Area

Proposal:

That the 2015-2016 nonresident tuition fee for the District be established in accordance with ECS 76140 at \$200 per semester unit, with no fee for capital outlay.

Background:

Education Code Section (ECS) 76140 requires each district board to establish the nonresident fee no later than February 1 of each year for the succeeding fiscal year. The code enumerates seven options for a district to choose from in determining its nonresident tuition fee:

1. **'Statewide average: \$200** per semester unit.
2. **'Computed district average: \$208** per semester unit.
3. **'Computed district average adjusted for noncredit':**

The computations in 1 and 2 include all credit and noncredit courses. The cost of noncredit courses is about half the cost of credit courses; therefore, districts having 10% or more noncredit FTES may complete a separate calculation to adjust for the cost difference between credit and noncredit courses.

4. **'No more than contiguous districts'** (amounts are the administration's recommendation).
5. **'No more than district, no less than statewide cost'**. The maximum amount is the district average cost, and the minimum amount is the statewide average cost.
6. **'Highest Years Statewide Average Tuition.'** (ECS 76140 (e)(1)(B)). The greater amount of the calculations of statewide nonresident tuition for the succeeding year, the current year or any of the four prior years' statewide average, which is \$200 per semester unit.
7. **'No more than 12 Comparable States Average Tuition'**. (ECS 76140(e)(1)(E)). No greater than the 2013-14 average nonresident tuition fee of public community colleges in a minimum of 12 states comparable to California in cost of living. This average is calculated to be \$380 per semester unit.

In addition to the nonresident tuition fee computed as specified above, ECS 76141 authorizes districts to charge nonresident students an amount based on capital outlay expenditures in the preceding year.


The District does not receive apportionment for nonresident students taking credit courses. As a result, the State allows the District to charge nonresident students a different tuition for credit courses.


Monterey Peninsula College is charging the statewide average of \$193.00 in this current year (2014-15). The District is again recommending that the current statewide average of \$200.00 (3.5% increase), be adopted as the nonresident fee for 2014-2015.

Budgetary Implications:

The nonresident tuition fee generates revenue and is intended to offset the cost of education of nonresident students taking credit courses.

RESOLUTION: BE IT RESOLVED, That the 2015-2016 nonresident tuition fee for the District be established in accordance with ECS 76140 at \$200.00 per semester unit.

Recommended By: 
C. Earl Davis, Vice President, Administrative Services

Prepared By: 
Suzanne Ammons, Administrative Assistant

Agenda Approval: 
Dr. Walter Tribley, Superintendent/President

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. J

President's Office
College Area

Proposal:

That the Governing Board appoint a member to the Citizens' Bond Oversight Committee.

Background:

In the November 5, 2002 election, the district conducted a bond election under Proposition 39 regulations and was successful in obtaining the requisite voter approval to issue general obligation bonds in the amount of \$145,000,000 for facility projects. Education Code 15278 requires the district to establish a citizen's oversight committee to satisfy the accountability requirements of Proposition 39.

At the February 2003 meeting, the Governing Board established the committee, consisting of a minimum of seven members representing the local business community, senior citizen's organization, taxpayers' organization, students, college support organization, and the community. Elected officials, employees of the district, and vendors, contractors, or consultants serving the district are prohibited by law from being members of the committee.

Sharon Larson is being recommended for appointment as the representative of the MPC Foundation. Ms. Larson has served on the Foundation Board of Directors for three terms and has been a member of the Executive Committee. She has experience in budget oversight as a senior project director at CTB/McGraw Hill and as a local business owner. Per the committee's Bylaws, the term of this appointment would extend to November, 2016.

Budgetary Implications:

None.

RESOLUTION: BE IT RESOLVED, That the appointment of Sharon Larson, as a member of the Citizens' Bond Oversight Committee, effective January 31, 2015, be approved.

Recommended By:

Walter A. Tribley
Walter Tribley, Superintendent/President

Prepared By:

Vicki Nakamura
Vicki Nakamura, Assistant to the President

Agenda Approval:

Walter A. Tribley
Walter Tribley, Superintendent/President

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

APPLICATION

FOR CITIZENS' BOND OVERSIGHT COMMITTEE

The information below will be used to comply with Proposition 39 and related legislation concerning committee membership and accountability. Specific duties of the committee are contained in the attached bylaws.

PLEASE NOTE: Elected officials and employees, vendors, contractors and consultants of the Monterey Peninsula Community College District are prohibited by law from being members of the committee.

Name Sharon Larson Date 1/4/2015

Membership position that the applicant is qualified to fill – check all that apply:

- Active in a business organization representing the business community within the MPC district (please specify) _____
- Active member of a senior citizen's organization (please specify) _____
- Active member in a bona-fide taxpayers association (please specify) _____
- An enrolled student active in a community college group, such as student government (please specify) _____
- Active member of a college support organization (please specify) Monterey Peninsula College Foundation
- Citizen at large
- Other (please specify) Business Owner within MPC District

Circle response

1. Are you an employee of the Monterey Peninsula Community College District? Yes No
2. Are you a vendor, contractor or consultant with the Monterey Peninsula Community College District? Yes No
3. Are you able to complete at least one two-year term as a member of the committee and refrain from becoming an employee, vendor, contractor or consultant of the District for an additional two years? Yes No
4. Are you, to the best of your knowledge, able to maintain your qualification in the membership position previously checked? Yes No
- Members of the committee will be required to abide by an ethics policy. Are you willing to adhere to the provisions of this policy? Yes No

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

Application for Citizen's Bond Oversight Committee

Please describe any additional qualifications, experience, or expertise that qualifies you for membership on this committee.

I served on the committee to secure funding and approval of the College Bond in 2002 and have served on the Monterey College Foundation Board 3 terms, including on the executive committee.

Additionally, I am an alumni of Monterey Peninsula College and strong supporter of the school.

Professionally, I had a career as Senior Project Director for CTB/McGraw-Hill where I was responsible for monitoring budgets of state educational contracts worth millions of dollars.

My community involvement includes past owner and operation of local restaurant business in Monterey, chamber involvement and current partner in four businesses in Sand City and Carmel.

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. K

Academic Affairs
College Area

Proposal:

To approve these courses and programs which have proceeded through the institutional curriculum development process to the point of recommendation to the Board.

Background:

The courses and programs listed below are recommended by the Curriculum Advisory Committee and endorsed by the MPC administration.

Budgetary Implications:

When offered, related courses and programs generate instructor and support costs, which are offset by student attendance driven income.

RESOLUTION: BE IT RESOLVED, that the following course revisions, new courses and new programs be approved:

Course Revisions:

GEOL 2LA Physical Geology Laboratory
LETP 146 Basic Police Requalification Course
LETP 231.93 Radar Training
PHIL 6 Introduction to Logic
SPCH 1 Public Speaking

New Courses:

GEOL 2LB Physical Geology Laboratory
GEOL 2LC Physical Geology Laboratory
LETP 223 Driver Training Instructor
LETP 224 Driver Awareness Instructor
PHED 22C Intermediate/Advanced Basketball
PHED 22D Advanced Basketball
WRLD 199.2 Travel Study: Live Theatre at Ashland Shakespeare Festival 2015

New Programs:

Business - Fast Track: Entrepreneurship (Certificate of Training)
Linguistics AA Transfer Preparation Degree (Associate in Arts for Transfer)

Recommended By: 
Michael Gilmartin, Interim Vice President of Academic Affairs

Prepared By: 
Kim Kingswold, Academic Technician

Agenda Approval: 
Dr. Walter Tribley, Superintendent/President

COURSE REVISIONS

GEOL 2LA, Physical Geology Laboratory

1 unit
3 hours lab

Justification:

Due to new procedures, the Chancellor's Office is requesting that this course revision be re-approved by the Governing Board because the original approval date was more than two years ago.

Description:

This course is the laboratory component to GEOL 2. It covers identification of rocks and minerals and includes topographic and geologic map exercises demonstrating the work of water, wind, ice, and gravity and the effects of tectonic activity.

LETP 146, Basic Police Requalification Course

3.5 units
2.22 hours lecture, 5 hours lab

Justification:

Due to new procedures, the Chancellor's Office is requesting that this course revision be re-approved by the Governing Board because the original approval date was more than two years ago.

Description:

This 136-hour course reiterates and expands upon fundamental principles, procedures, and techniques of law enforcement. It is required for individuals who have successfully completed the Regular Basic Course (e.g. Basic Course, Basic Academy Modular, or the State Investigators Basic course) and have not been hired or have experienced a three-year break in service. The course is also required for applicants seeking appointment or reappointment who meet the minimum criteria. The course is certified by the Commission on Peace Officer Standards and Training (P.O.S.T.) guidelines for Regular Basic course re-qualification requirements.

LETP 231.93, Radar Training

.5 unit
.23 hour lecture, 1.23 hours lab

Justification:

Due to new procedures, the Chancellor's Office is requesting that this course revision be re-approved by the Governing Board because the original approval date was more than two years ago.

Description:

The course is designed to improve speed enforcement through the proper and efficient use of RADAR (Radio Detection and Ranging)/LIDAR (Light Detection and Ranging) speed-measuring devices. Topics include history and theory of RADAR, LIDAR, vehicle code, basic speed law, and use of stationary radar operation and video.

PHIL 6, Introduction to Logic

3 units

3 hours lecture

Justification:

Due to new procedures, the Chancellor's Office is requesting that this course revision be re-approved by the Governing Board because the original approval date was more than two years ago.

Description:

This course introduces principles of valid reasoning with emphasis on deductive logic. The course includes a study of formal techniques of sentential logic and a treatment of inductive reasoning, language, and fallacies.

SPCH 1, Public Speaking

3 units

3 hours lecture

Justification:

Due to new procedures, the Chancellor's Office is requesting that this course revision be re-approved by the Governing Board because the original approval date was more than two years ago.

Description:

This course focuses on the theory and techniques of public speaking in a democratic society. Emphasis is placed on discovery, development, and criticism of ideas in public discourse through research, reasoning, organization, composition, presentation, and evaluation of various types of speeches, including informative and persuasive speeches.

NEW COURSES

GEOL 2LB, Physical Geology Laboratory

1 unit

2.5 hours lab, .5 hour lab TBA

Justification:

Field trips providing field experience are an integral part of GEOL 2L--always has been and always will be. We want flexibility on *when* we offer these field trips. We want three different GEOL 2L classes:

GEOL 2LA: 3 hours/week of lab class

GEOL 2LB: 2.5 hours/week of lab class and one 8-hour weekend field trip

GEOL 2LC: 2 hours/week of lab class and two 8-hour weekend field trips

Description:

The laboratory component to Physical Geology. Identification of rocks and minerals, topographic and geologic map exercises demonstrating the work of water, wind, ice and gravity and effects of tectonic activity. One 8-hour weekend fieldtrip required.

GEOL 2LC, Physical Geology Laboratory

1 unit

2 hours lab, 1 hour lab TBA

Justification:

Field trips providing field experience are an integral part of GEOL 2L--always has been and always will be. We want flexibility on *when* we offer these field trips. We want three different GEOL 2L classes:

GEOL 2LA: 3 hours/week of lab class

GEOL 2LB: 2.5 hours/week of lab class and one 8-hour weekend field trip

GEOL 2LC: 2 hours/week of lab class and two 8-hour weekend field trips

Description:

The laboratory component to Physical Geology. Identification of rocks and minerals, topographic and geologic map exercises demonstrating the work of water, wind, ice and gravity and effects of tectonic activity. Requires two 8-hour field weekend field trips.

LETP 223, Driver Training Instructor

1 unit

.58 hour lecture, 1.76 hours lab

Justification:

California Peace Officers need qualified instructors for training and instruction in Drivers Training.

Description:

This course teaches Peace Officers to train other officers as drivers. The course includes instruction in positive driving attributes in routing, code, and pursuit driving using driving demonstrations, hands-on practice, exercises, evaluation, and testing.

LETP 224, Driver Awareness Instructor

.5 unit

.41 hour lecture, 1.52 hours lab

Justification:

Commissions on Peace Officers Standards and Training requires Drivers Awareness Instructors to be certified under POST.

Description:

This course teaches Peace Officers to train other officers in Driver Awareness. It covers communications skills needed to deliver effective verbal and nonverbal training, teaching training styles, presentation skills, and basic driving principles.

PHED 22C, Intermediate/Advanced Basketball

.5 unit

2 hours lab

Justification:

To keep current with student's interests. We have a need through student requests for access to opportunities in the development of basketball skills. To reach an intermediate/advanced level it takes continual practice and continual exercise or the student will lose the effects from training.

Description:

Students are introduced to the intermediate/advanced level of development of individual and team skills and knowledge. A special emphasis is placed on intermediate/advanced fundamental skill sets of offense and defense.

PHED 22D, Advanced Basketball

.5 unit

2 hours lab

Justification:

To keep current with students interests. We have a need through student requests for access to opportunities in the development of basketball skills. To reach an advanced level it takes continual practice and continual exercise or the student will lose the effects from training.

Description:

Students are introduced to the advanced level of development of individual and team skills and knowledge. A special emphasis is placed on advanced fundamentals of offense and defense.

WRLD 199.2, Travel Study: Live Theatre at Ashland Shakespeare Festival 2015

.5 unit

2 hours lab

Justification:

This course aligns with the new plays to be presented by the Oregon Shakespeare Festival (OSF) in Ashland, Oregon, one of the premier theatres on the West coast. Each year OSF presents new plays. Since the content matter for the course is built around the plays at ASF, a new course is required to reflect the new content. Students read and are introduced to key themes in the seven plays, which are then seen as part of a field-trip experience, and discussed. The reading content is different each year (different scripts and the themes discussed are different as different plays pose different thematic questions).

Description:

This is a travel-study tour to Ashland, Oregon, to see productions of three Shakespeare plays and four plays by other playwrights. The course includes pre-trip lectures as an introduction to the plays, and post-play discussions.

NEW PROGRAMS

Business – Fast Track: Entrepreneurship (Certificate of Training)

Justification:

Program review: Formatting business ready-to-work programs to focus more on their specialty area of study rather than a broader education. The old approach maximized required units and produced immediate employment programs that were nearly identical to the transfer programs. These new concentrated programs avoid that duplicity, and offer a quicker path to the core skills required by an occupational change, career growth, or immediate placement into an entry level position.

Description:

The Business Fast Track-Entrepreneurship Certificate of Training program is designed for students who seek the core skills required for an entrepreneurial venture. This program is designed for students who want to add entrepreneurial abilities to their current skill set without the additional coursework of a broader education. For further studies, consider the business administration Associates degree with an emphasis in entrepreneurship. Students planning to transfer to a university to earn a bachelor's degree should consider the Business Administration Associate of Science for Transfer degree.

Linguistics AA Transfer Preparation Degree (Associate in Arts for Transfer)

Justification:

Since 2008, more and more students have been expressing an interest in receiving an AA in Linguistics at MPC, but this has not been possible and currently those students must wait until they transfer to a four year institution to be able to major in Linguistics. However, today, there is a great deal of interest in a Linguistics AA because it can lead to successful careers in English language and other world language teaching and education positions both in the US and abroad. Linguistics also prepares individuals for careers in the computer industry, work in education, work in publishing and the media, advertising and government. MPC currently has a wide range of linguistics classes that can comprise a well-rounded AA degree and such a degree program also prepares students to transfer for a Linguistics BA if they choose.

Description:

The Associate in Arts in Linguistics degree offers nine linguistics courses. Three courses (nine units) are necessary to fulfill the degree requirements, but students are encouraged to choose additional linguistics courses to satisfy their General Education requirements. An AA in linguistics prepares students for successful careers in language and other educational positions both in the US and abroad. Linguistics also prepares individuals for careers in the computer industry, publishing and the media, and advertising and government.

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. L

Academic Affairs
College Area

Proposal:

To change the previous Board approved 2015–2016 College Academic Calendar.

Background:

The attached 2015-2016 Academic Calendar has recommended changes from the previously approved 2015-2016 Academic Calendar. It conforms to the legal and contractual obligations of the District.

The changes to the 2015-2016 Academic Calendar are being proposed in order to adjust the Veteran's Day observance to November 11th, change the spring semester final exam schedule, and adjust one scheduled faculty flex day.

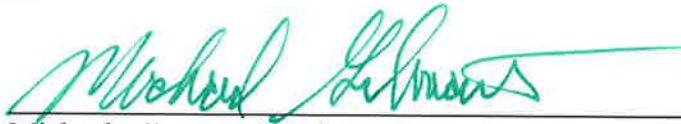
The calendar changes have been developed in consultation with the Calendar Committee, which consist of the Vice President of Academic Affairs and representatives from the Monterey Peninsula College Teachers Association (as per Article 11.4 of the MPCCD and MPCTA/CTA/NEA agreement), Monterey Peninsula College Employees Association (MPCEA, CSEA #245), the Academic Senate, and Associated Students, Monterey Peninsula College (ASMPC).

Budgetary Implications:

None.

RESOLUTION: BE IT RESOLVED, that the changes to the 2015-2016 College Academic Calendar be approved as proposed.

Recommended By:



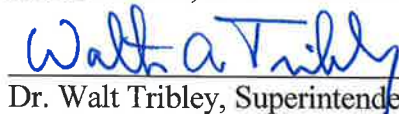
Michael Gilmartin, Interim Vice President, Academic Affairs

Prepared By:



Leslie Procive, Administrative Assistant IV, VP, Academic Affairs

Agenda Approval:



Dr. Walt Tribley, Superintendent/President

FALL SEMESTER – August 24, 2015 through December 17, 2015

August 20 and 21	Scheduled Flex Days for Faculty
August 24	Semester Begins
August 24 – September 5	Late Registration and Program Changes
September 7	Labor Day
September 8	Census
November 11	Veterans' Day Observance
November 18	Last Day Student May Withdraw from Classes
November 26, 27 and 28	Thanksgiving Holiday
December 14 – 17	Final Exams
December 17	Semester Ends
December 18	Scheduled Flex Day for Faculty
December 24	Christmas Eve Observance
December 25	Christmas Day
December 28	In lieu of Cesar Chavez Day
December 29	Admission Day Alternate Holiday for Classified
December 30	Periodic Holiday
December 31	New Year's Eve ½ Day and Spring Holiday ½ Day Observance
January 1	New Year's Day

EARLY SPRING – January 4, 2016 through January 26, 2016

January 4	Session Begins
January 18	Martin Luther King, Jr. Day
January 26	Session Ends

SPRING SEMESTER – February 1, 2016 through June 2, 2016

January 27, 28 and 29	Scheduled Flex Days for Faculty
February 1	Semester Begins
February 1 – 13	Late Registration and Program Changes
February 12	Lincoln's Day
February 15	Washington's Day
February 16	Census
March 27 through April 2	Spring Recess
April 28	Scheduled Flex Day for Faculty
May 4	Last Day Student May Withdraw from Classes
May 30	Memorial Day
May 31 – June 3	Final Exams
June 3	Semester Ends
June 4	Commencement

SUMMER SESSION – June 13, 2016 through July 22, 2016 (Six-Week Session)**June 13, 2016 through August 5, 2016 (Eight-Week Session)**

June 13	Session Begins
June 13 – 15	Late Registration and Program Changes
July 4	Independence Day
July 22	End of Six-Week Session
August 5	End of Eight-Week Session

Faculty is required to be on duty a total of 175.5 days. This calendar has 161 teaching days, 7 scheduled flex days, and .5 day of commencement. Each full-time contractual faculty member teaching census week classes must contract individually for another 7 days of flex time.

Board Adopted _____

Monterey Peninsula Community College District Calendar 2015-2016

Wk. #	Month	S	M	T	W	Th	F	S	Teaching Days Per Month
FALL SEMESTER – August 24, 2015 through December 17, 2015									
AUGUST									
		2	3	4	5	6	7	8	
		9	10	11	12	13	14	15	
		16	17	18	19	(20)	(21)	22	Scheduled Flex Days – August 20 and 21
1		23	24	25	26	27	28	29	Semester begins August 24
2		30	31						
2	SEPTEMBER			1	2	3	4	5	6
3		6	7*	8	9	10	11	12	Labor Day – September 7
4		13	14	15	16	17	18	19	
5		20	21	22	23	24	25**	26	Native American Day Commemoration
6		27	28	29	30				21
6	OCTOBER					1	2	3	
7		4	5	6	7	8	9	10	
8		11	12	13	14	15	16	17	
9		18	19	20	21	22	23	24	
10		25	26	27	28	29	30	31	22
11	NOVEMBER	1	2	3	4	5	6	7	
12		8	9	10	11	12	13*	14	Veteran's Day Observance– November 13
13		15	16	17	18	19	20	21	
14		22	23	24	25	26*	27*	28	Thanksgiving Holiday – November 26 and 27
15		29	30						18
15	DECEMBER			1	2	3	4	5	
16		6	7	8	9	10	11	12	
17		13	14	15	16	17	(18)	19	Semester ends December 17; Scheduled Flex Day-December 18
		20	21	22	23	24*	25*	26	13
		27	28*	29*	30*	31*			TOTAL 80
EARLY SPRING SESSION – January 4, 2016 through January 26, 2016									
JANUARY									
							1*	2	
		3	4	5	6	7	8	9	Early Spring Session begins January 4
		10	11	12	13	14	15	16	
		17	18*	19	20	21	22	23	Martin Luther King Day – January 18
		24	25	26	(27)	(28)	(29)	30	Session ends January 26; Scheduled Flex Days January 27, 28 & 29
		31							
SPRING SEMESTER – February 1, 2016 through June 2, 2016									
1	FEBRUARY		1	2	3	4	5	6	Semester begins February 1
2		7	8	9	10	11	12*	13	Lincoln Day – February 12
3		14	15*	16	17	18	19	20	Washington Day – February 15
4		21	22	23	24	25	26	27	
5		28	29						19
5	MARCH			1	2	3	4	5	
6		6	7	8	9	10	11	12	
7		13	14	15	16	17	18	19	
8		20	21	22	23	24	25	26	
		27	28	29	30	31**			March 31 – Cesar Chavez Day
	APRIL						1	2	Spring Recess March 27 to April 2
9		3	4	5	6	7	8	9	
10		10	11	12	13	14	15	16	
11		17	18	19	20	21	22	23	
12		24	25	26	27	28	29	30	20
12	MAY	1	2	3	4	5	6	7	
13		8	9	10	11	12	13	14	
14		15	16	17	18	19	20	21	
15		22	23	24	25	26	27	28	
16		29	30*	31					Memorial Day – May 30
17	JUNE				1	2	(3)	4	Semester ends June 2; Scheduled Flex Day June 3;
17		5	6	7	8	9	10	11	Commencement June 4
SUMMER SESSION – June 13, 2016 through July 22, 2016 (6-week session) June 13, 2016 through August 5, 2016 (8-week session)									
1		12	13	14	15	16	17	18	Summer session begins June 13
2		19	20	21	22	23	24	25	
3		26	27	28	29	30			
3	JULY						1	2	
4		3	4*	5	6	7	8	9	Independence Day – July 4
5		10	11	12	13	14	15	16	
6		17	18	19	20	21	22	23	End of Six-Week Session – July 22
7		24	25	26	27	28	29	30	
8		31							
8	AUGUST		1	2	3	4	5	6	End of Eight-Week Session – August 5

* Holidays for Classified Staff and Administrators
 ** Native American Day/Cesar Chavez Commemoration

Non-Teaching Days within Session () Scheduled Flex Days for Faculty

FALL SEMESTER – August 24, 2015 through December 17, 2015

August 20 and 21	Scheduled Flex Days for Faculty
August 24	Semester Begins
September 7	Labor Day
September 8	Census
November 13	Veterans' Day Observance
November 26, 27 and 28	Thanksgiving Holiday
December 17	Semester Ends
December 18	Scheduled Flex Day for Faculty
December 24	Christmas Eve Observance
December 25	Christmas Day
December 28	In lieu of Cesar Chavez Day
December 29	Admission Day Alternate Holiday for Classified
December 30	Periodic Holiday
December 31	New Year's Eve ½ Day and Spring Holiday ½ Day Observance
January 1	New Year's Day

EARLY SPRING – January 4, 2016 through January 26, 2016

January 4	Session Begins
January 18	Martin Luther King, Jr. Day
January 26	Session Ends

SPRING SEMESTER – February 1, 2016 through June 2, 2016

January 27, 28 and 29	Scheduled Flex Days for Faculty
February 1	Semester Begins
February 12	Lincoln's Day
February 15	Washington's Day
February 16	Census
March 27 through April 2	Spring Recess
May 30	Memorial Day
June 2	Semester Ends
June 3	Scheduled Flex Day for Faculty
June 4	Commencement

SUMMER SESSION – June 13, 2016 through July 22, 2016 (Six-Week Session)

June 13, 2016 through August 5, 2016 (Eight-Week Session)

June 13	Session Begins
July 4	Independence Day
July 22	End of Six-Week Session
August 5	End of Eight-Week Session

Faculty is required to be on duty a total of 175.5 days. This calendar has 161 teaching days, 7 scheduled flex days, and .5 day of commencement. Each full-time contractual faculty member teaching census week classes must contract individually for another 7 days of flex time.

Board Adopted 12/11/13

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

Superintendent/President
Office

New Business Agenda Item No. M

Proposal:

That the Governing Board considers nominating a candidate for the California Community College Trustees (CCCT) Board of the Community College League of California.

Background:

The California Community College Trustees (CCCT) Board serves a major role within the Community College League of California. Meeting five times a year, the twenty-one member board provides leadership and direction to ensure a strong voice for locally elected governing board members.

From January 1 through February 15, 2015, nominations for membership on the CCCT Board will be accepted in the League office. Nominations are to be made by a member district board of trustees. Each district may nominate only members of its Board. Each nominee must be a local community college district trustee, other than the student trustee, and must have consented to be nominated. Only one trustee per district may serve on the Board. An official Biographical Sketch Form and Statement of Candidacy must accompany the Nominating Form.

The election of members of the CCCT board will take place between March 10 and April 25. CCCT board members are elected by the institutional member governing boards for three-year terms. No CCCT board member shall serve more than three (3) terms consecutively. Election results will be announced at the CCCT annual conference. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference, May 3, 2015 and the President of the CCCT board will administer the Oath of Office at the June 19-20 meeting in Sacramento.

Budgetary Implications:

No direct budgetary impact is anticipated.

RESOLUTION: BE IT RESOLVED, that the Governing Board nominates _____
to be a candidate for the California Community College Trustees (CCCT) Board.

Recommended By: Walter A. Tribley
Dr. Walter Tribley, Superintendent/President

Prepared By: Shawn Anderson
Shawn Anderson, Executive Assistant to Superintendent/President & Governing Board

Agenda Approval: Walter A. Tribley
Dr. Walter Tribley, Superintendent/President



COMMUNITY COLLEGE LEAGUE
OF CALIFORNIA

Date: December 15, 2014
To: California Community College Trustees
California Community College Chancellors/Superintendents
From: Kimi Shigetani, Vice President, Community College League of California
Subject: CCCT Board Election - 2015

The California Community College Trustees (CCCT) board serves a major role within the Community College League of California. Meeting five times a year, the twenty-one member board provides leadership and direction to ensure a strong voice for locally elected governing board members.

From January 1 through February 15, nominations for membership on the CCCT board will be accepted in the League office. Nominations are to be made by member district board of trustees; and each district may nominate only members of its board.

Each nominee must be a local community college district trustee, other than the student trustee, and must have consented to be nominated. Only one trustee per district may serve on the board.

An official Biographical Sketch Form and Statement of Candidacy **must** accompany the Nomination Form mailed to the League office, and *please use only these forms*. Although not required, it is recommended that nomination materials be sent via certified mail, return receipt requested. Faxed materials will **not** be accepted due to the quality of transmission.

The election of members of the CCCT board will take place between March 10 and April 25. Each member district board of trustees will have one vote for each open seat on the CCCT board. CCCT board members are elected by the institutional member governing boards for three-year terms. No CCCT board member shall serve more than three (3) terms consecutively. This year nine persons will be elected to the board. Of those nine seats, one will be open due to a board member who has opted to not run for re-election to the CCCT board. A second seat is being vacated by a board member that did not win re-election at the district level in November. That seat will be filled by the trustee that receives the least number of votes among the top nine vote getters. Pursuant to the CCCT Governing Policies, that person will complete the term of the vacated seat, which expires in 2016 and will be eligible to run again in the next regular election cycle.

Election results will be announced at the CCCT annual conference. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference, May 3, 2015 and the President of the CCCT board will administer the Oath of Office at the June 19-20, 2015 meeting in Sacramento.

If you have any questions about the CCCT board election process, please contact Judy Centlivre (916-444-8641 or jcentlivre@cclleague.org) at the League office.

Attachments: (mailed only to CCC Chancellors/Superintendents)
Official Nominating Form
Official Biographical Sketch Form
Official Statement of Candidacy
CCCT Board Roster



CCCT BOARD
NOMINATION FORM
2015

Must be returned to the League office **postmarked no later than February 15, 2015**, along with the statement of candidacy and biographic sketch form. **Faxed material will not be accepted.**

Mail to:
CCCT Board Nominations
Community College League of California
2017 "O" Street
Sacramento, CA 95811

The governing board of the _____ Community
College District nominates _____ to be a
candidate for the CCCT Board.

This nominee is a member of the _____ Community
College District governing board, which is a member in good standing of the Community College League of
California. The nominee has been contacted and has given permission to be placed into nomination.
Enclosed are the Statement of Candidacy and the CCCT Biographical Sketch Form for our nominee.

Signature of Clerk or Secretary of Governing Board

CCCT BOARD BIOGRAPHIC SKETCH FORM

Must be returned to the League office **postmarked no later than February 15, 2015**, along with the nomination form and statement of candidacy. **Faxed material will not be accepted.**

PERSONAL

Name: _____ Date: _____

Address: _____

City: _____ Zip: _____

Phone: _____ (home) _____ (office)

E-Mail: _____

EDUCATION

Certificates/Degrees: _____

PROFESSIONAL EXPERIENCE

Present Occupation: _____

Other: _____

COMMUNITY COLLEGE ACTIVITIES

College District Where Board Member: _____

Years of Service on Local Board: _____

Offices and Committee Memberships Held on Local Board: _____

State Activities (*CCCT and other organizations boards, committees, workshop presenter; Chancellor's Committees, etc*) _____

National Activities (*ACCT and other organizations, boards, committees, etc.*): _____

CIVIC AND COMMUNITY ACTIVITIES

OTHER



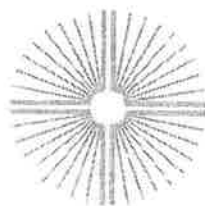
CCCT BOARD
STATEMENT OF CANDIDACY

Must be returned to the League office **postmarked no later than February 15, 2015** along with the nomination form and biographic sketch form. **Faxed material will not be accepted.**

CANDIDATE'S NAME: _____ DATE: _____

What do you see as the major issues and activities that should be considered by CCCT and the League in the next two years? **(50 words or less; any portion of the statement beyond this limit will not be included.)**

What do you feel you can contribute in these areas? **(50 words or less; any portion of the statement beyond this limit will not be included.)**



**CALIFORNIA COMMUNITY COLLEGE TRUSTEES
2014-15 BOARD ROSTER**

ISABEL BARRERAS
State Center CCD

SALLY BIGGIN
Redwoods CCD

STEPHEN BLUM
Ventura County CCD

LAURA CASAS
Foothill DeAnza CCD

STEPHAN CASTELLANOS
San Joaquin Delta CCD

NANCY CHADWICK
Palomar CCD

JANET CHANIOT
1st Vice President
Mendocino-Lake CCD

PAUL GOMEZ
2nd Vice President
Chaffey CCD

ADRIENNE GREY
West Valley-Mission CCD

CY GULASSA
Peralta CCD

JERRY HART
Imperial CCD

PAMELA HAYNES
Los Rios CCD

LOUISE JAFFE
President
Santa Monica CCD

BERNARD "BEE JAY" JONES
Allan Hancock Joint CCD

SUSAN KEITH
Citrus CCD

JIM MORENO
Coast CCD

JOANNA NAVARRO
Compton CCD

MANNY ONTIVEROS
Immediate Past-President
North Orange County CCD

DOUGLAS OTTO
Long Beach CCD

ANN RANSFORD
Glendale CA

LINDA WAH
Pasadena CCD

MARCIA ZABLECKIS
Barstow CCD

Monterey Peninsula Community College District

Governing Board Agenda

January 30, 2015

New Business Agenda Item No. N

Superintendent/President
College Area

Proposal:

To review the attached Calendar of Events.

Background:

The Trustees request that the Calendar of Events be placed on each regular Governing Board meeting agenda for review and that volunteer assignments be made so that the Trustees become more visible on campus.

Trustees will attend meetings as observers and will not represent the Board's view on issues/topics.

Budgetary Implications:

None.

INFORMATION: Calendar of Events.

Recommended By: Dr. Walter Tribley, Superintendent/President

Prepared By:

Shawn Anderson

Shawn Anderson, Executive Assistant to Superintendent/President and Governing Board

Agenda Approval:

Walt A. Tribley

Dr. Walter Tribley, Superintendent/President

MPC Governing Board 2014-2015 Calendar of Events

JANUARY 2015

Friday, January 23 Board Retreat: 9:30 a.m., CSUMB Alumni & Visitors Center Boardroom
Tuesday, January 27 Early Spring Session Ends
Friday, January 30 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)
Wednesday, January 28 to Spring Flex Day Program
Thursday, January 29

FEBRUARY 2015

Monday, February 2 Spring Semester Begins
Friday, February 13 Lincoln Day Holiday (Observed)
Monday, February 16 Washington Day Holiday
Monday, February 23 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)

MARCH 2015

March Date 7 Lobo Hall of Fame: 6:00 p.m., Monterey Marriott
Saturday, March 21 CCLC Trustee Training: 10:00 a.m., Sam Karas Room
Wednesday, March 25 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)
Sunday, March 29 to Spring Recess
Friday, April 3

APRIL 2015

Wed-Fri, April 1-3 Spring Recess (March 29-April 3)
Wednesday, April 22 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)

MAY 2015

May Date TBD MPC Scholarship Awards Ceremony
Friday, May 1 President's Address to the Community, Time TBA, Monterey Conf. Center
Monday, May 25 Memorial Day Holiday
Wednesday, May 27 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)

JUNE 2015

June Date TBA Fire Academy Ceremony
Thursday, June 4 Spring Semester Ends
Thursday, June 4 Latino Ceremony: 6:00 p.m., LF 103 (to be confirmed)

JUNE 2015 (continued)

Thursday, June 4 Asian Student Assn Ceremony: 6:00 p.m., Sakura Buffet (to be confirmed)
Friday, June 6 Kente Ceremony: 7:00 p.m., MU 101 (to be confirmed)
Saturday, June 6 Faculty Retirement Breakfast, 8:30am (to be confirmed)
Saturday, June 6 Commencement: 12:00 p.m., Amphitheatre (Line-up at 11:30 a.m. in Gym)
Saturday, June 6 Nurse Pinning Ceremony: 3:00 p.m., Amphitheatre
Monday, June 15 Summer Session Begins
Wednesday, June 24 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)

MPC Governing Board 2014-2015 Calendar of Events

JULY 2015

Friday, July 3 Independence Day Holiday (Observed)
Wednesday, July 22 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)
Friday, July 24 End of Six-Week Summer Session

AUGUST 2015

Wednesday, August 26 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)

SEPTEMBER 2015

Wednesday, September 23 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)

OCTOBER 2015

Wednesday, October 28 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)

NOVEMBER 2015

Wednesday, November 18 or November 25 Regular Board Meeting: 1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)
(Date to be determined at Dec. 10, 2014 Organizational Board Meeting)

DECEMBER 2015

Wednesday, December 16 Annual Organizational Board Meeting and Swearing-in Ceremony:
1:30 p.m. (Closed Session), 3:00 p.m. (Open Session)