

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
GOVERNING BOARD OF TRUSTEES**

**REGULAR MEETING
FRIDAY, JANUARY 22, 2016**

NEW BUSINESS

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. A

Administrative Services
College Area

Proposal:

That the Governing Board accept the District's Financial Audit Report for the fiscal year ended June 30, 2015.

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 2014-2015 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, 2015.

Recommended By:



Steven L. Crow, Ed.D., Vice President of 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, 2015

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, and the aggregate remaining fund information of Monterey Peninsula Community College District (the District) as of and for the year ended June 30, 2015, 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 respective financial position of the business-type activities, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof 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 Notes 2 and 15 to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 59, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 60, and the Schedule of District Contributions on page 61 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.

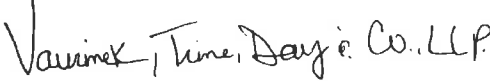
Other Information

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 15, 2015, 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.



Rancho Cucamonga, California
December 15, 2015



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, 2015. 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 \$1.4 million, or 0.7 percent, to \$204.8 million, and total liabilities decreased by \$9.9 million, or 5.1 percent, to \$181.8 million. This results in net position being decreased by \$297 thousand, or 1.4 percent, to \$20.3 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 \$9.8 million remains outstanding.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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)

	2015	2014 as restated
ASSETS		
Current Assets		
Cash and investments	\$ 35,609	\$ 30,935
Accounts receivable	2,183	6,013
Other current assets	34	215
Total Current Assets	<u>37,826</u>	<u>37,163</u>
Noncurrent Assets		
Capital assets (net)	166,987	169,028
Total Assets	<u>204,813</u>	<u>206,191</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	2,896	3,983
Current year pension contribution	2,237	2,151
Total Deferred Outflows of Resources	<u>5,133</u>	<u>6,134</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,699	\$ 7,639
Unearned revenue	2,934	2,184
Current portion of long-term obligations	5,403	5,011
Total Current Liabilities	<u>14,036</u>	<u>14,834</u>
Noncurrent portion of long-term obligations	167,811	176,868
Total Liabilities	<u>181,847</u>	<u>191,702</u>
DEFERRED INFLOWS OF RESOURCES		
Difference between projected and actual earnings on pension plan investments	7,773	-
NET POSITION		
Net investment in capital assets	61,436	62,234
Restricted	7,112	4,610
Unrestricted	(48,222)	(46,221)
Total Net Position	<u>\$ 20,326</u>	<u>\$ 20,623</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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.

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>2015</u>	<u>2014</u>
Operating Revenues		
Tuition and fees, net	\$ 4,587	\$ 5,020
Operating Expenses		
Salaries and benefits	30,061	36,773
Supplies, maintenance, equipment, and other expenses	22,922	16,273
Depreciation	3,617	3,706
Total Operating Expenses	<u>56,600</u>	<u>56,752</u>
Loss on Operations	<u>(52,013)</u>	<u>(51,732)</u>
Nonoperating Revenues		
State apportionments	14,441	15,154
Grants and contracts	14,460	12,777
Property taxes	26,451	20,437
State revenues	1,736	1,347
Net interest expense	(6,353)	(6,213)
Other nonoperating revenues	504	1,643
Total Nonoperating Revenue	<u>51,239</u>	<u>45,145</u>
Other Revenues and Losses		
State and local capital income and losses	<u>477</u>	<u>539</u>
Net Change in Net Position	<u>\$ (297)</u>	<u>\$ (6,048)</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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	\$ 14,239	\$ 800	\$ 3,704	\$ -	\$ -	\$ 18,743
Academic support	616	67	31	-	-	714
Instructional support services	3,109	2,939	7,764	-	-	13,812
Student services	3,478	533	755	-	-	4,766
Plant operations and maintenance	1,130	164	1,224	-	-	2,518
Ancillary services & auxiliary operations	2,529	457	932	-	-	3,918
Student aid	-	-	-	6,707	-	6,707
Physical property and related acquisitions	-	-	1,805	-	-	1,805
Depreciation	-	-	-	-	3,617	3,617
Total	<u>\$ 25,101</u>	<u>\$ 4,960</u>	<u>\$ 16,215</u>	<u>\$ 6,707</u>	<u>\$ 3,617</u>	<u>\$ 56,600</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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)

	2015	2014
Cash Provided by (Used in)		
Operating activities	\$ (47,203)	\$ (47,314)
Noncapital financing activities	51,734	47,505
Capital financing activities	26	(16,847)
Investing activities	117	198
Net Change in Cash	4,674	(16,458)
Cash, Beginning of Year	30,935	47,393
Cash, End of Year	<u>\$ 35,609</u>	<u>\$ 30,935</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had \$167.0 million in a broad range of capital assets including land, buildings, and furniture and equipment. At June 30, 2014, our net capital assets were \$169.0 million.

CAPITAL ASSETS

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Land and construction in progress	\$ 70,306	\$ 1,467	\$ 45,906	\$ 25,867
Buildings and improvements	127,090	45,912	-	173,002
Furniture and equipment	7,648	108	8	7,748
Subtotal	205,044	47,487	45,914	206,617
Accumulated depreciation	36,016	3,617	3	39,630
	<u>\$ 169,028</u>	<u>\$ 43,870</u>	<u>\$ 45,911</u>	<u>\$ 166,987</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, 2015

Obligations

At the end of the 2014-2015 fiscal year, the District had \$141.7 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, compensated absences, early retirement, net OPEB obligation, and the aggregate net pension obligation.

LONG-TERM OBLIGATIONS

(Amounts in thousands)

	Balance Beginning of Year as restated	Additions	Deductions	Balance End of Year
General obligation bonds	\$ 143,015	\$ 4,022	\$ 5,388	\$ 141,649
Lease revenue bonds	95	-	15	80
Compensated absences	954	-	32	922
Early retirement	86	85	112	59
Net OPEB obligation	2,326	1,156	895	2,587
Net pension liability	35,403	-	7,486	27,917
Total Long-Term Obligations	<u>\$ 181,879</u>	<u>\$ 5,263</u>	<u>\$ 13,928</u>	<u>\$ 173,214</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

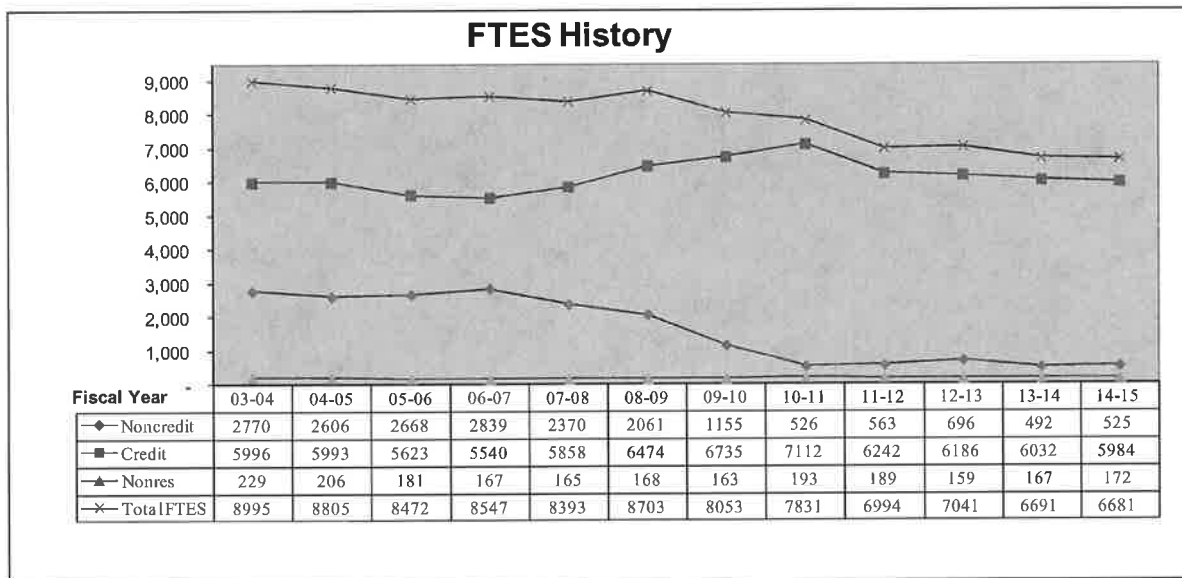
Financial information is maintained by the District in ten (10) governmental funds. All funds show positive ending balances, and the District's designated Unrestricted General Fund reserve is ten percent (10%) of the Unrestricted General Fund budget.

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, 2015

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, improve and enhance enrollment and retention rates, increase outreach, advertising and marketing, and create partner with public and private organizations.

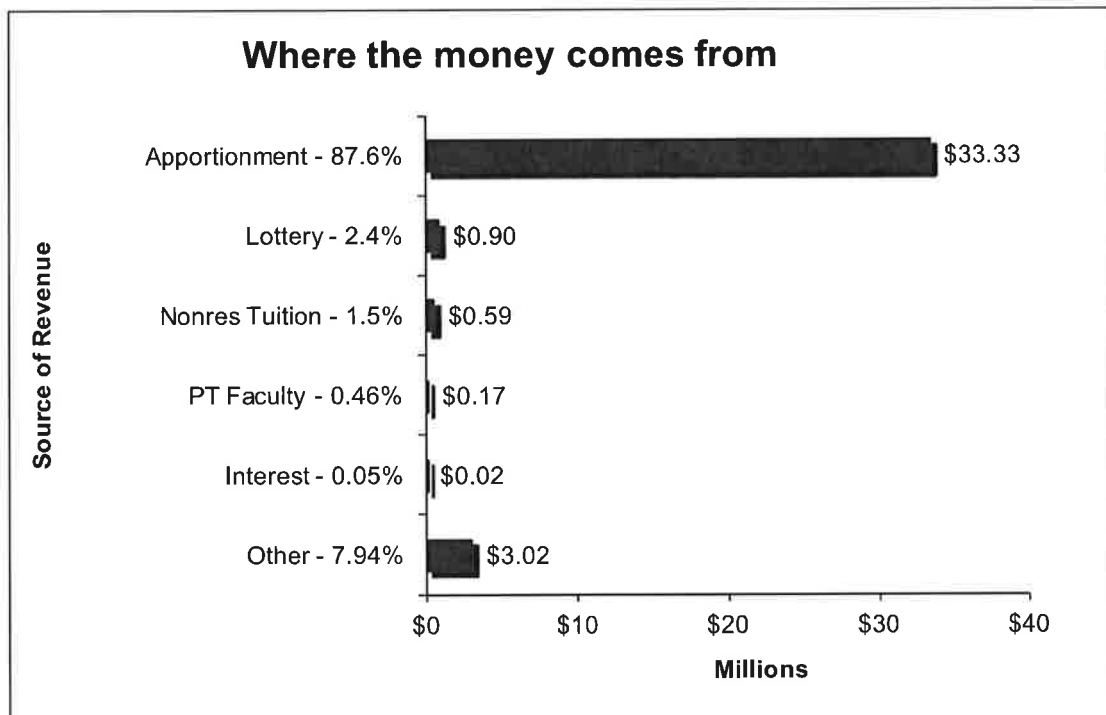


The national and State economies continue to suffer from the repercussions of the "great recession" that started in 2007. High unemployment, declining property values, and the financial sector meltdown have resulted in shrinking revenues at the Federal and State level. The State of California's three 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, 2015

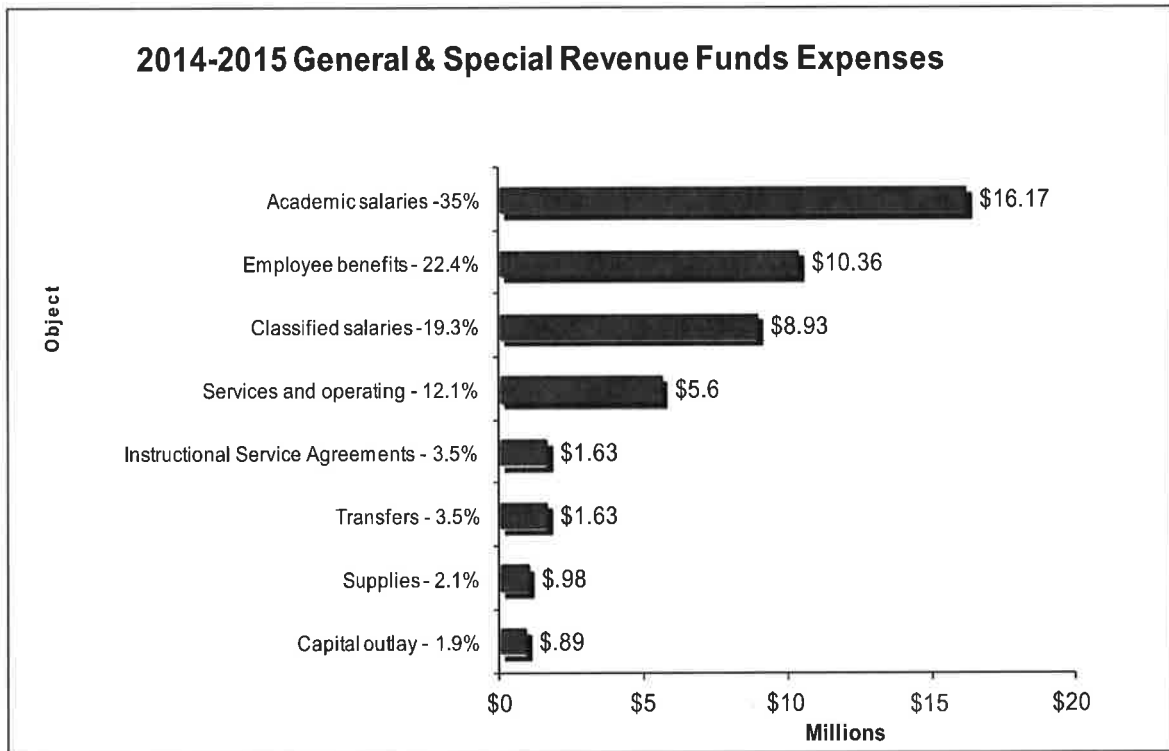
In looking at MPC's general and special funds revenues, apportionment revenues (State, student fees, and local property taxes) make up the majority share of revenues. Approximately \$3.3 million of State funding was cut in 2009-2010 and another \$2.9 million was cut in 2011-2012. Over the same period, 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 2015-2016, the State will reduce debt of \$1.2 billion on paying off loans from special funds and past liabilities, the State will repay the remaining \$1 billion in deferrals to schools and community colleges, and the last payment of \$15 billion on Economic Recovery bonds that was borrowed to cover budget deficits as far back as 2002 will be paid.



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Costs for employees represent 76.7 percent of total expenses in the General and Special Revenue Funds. These expenses include academic and classified salaries, and employee benefits.

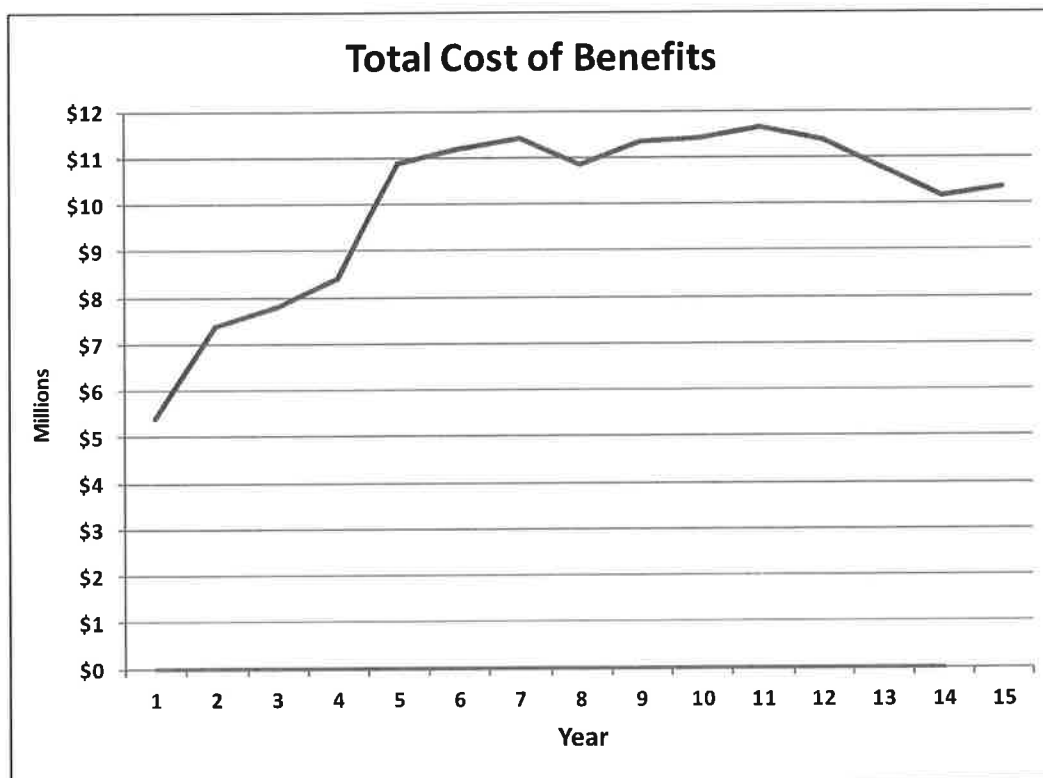


There were no changes negotiated for step and column increases in fiscal year 2014-2015.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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 \$3.8 million. The Other Postemployment Benefits (OPEB) Fund ended with a current fund balance of \$4.0 million and Workers' Compensation Fund, ended with a current fund balance of \$124 thousand.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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, 2015**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 541,388
Investments	17,380,271
Investments - restricted	17,686,921
Accounts receivable	2,109,108
Student loans receivable	74,537
Due from fiduciary funds	33,648
Total Current Assets	<u>37,825,873</u>

NONCURRENT ASSETS

Nondepreciable capital assets	25,866,781
Depreciable capital assets, net of depreciation	141,119,964
Total Noncurrent Assets	<u>166,986,745</u>
TOTAL ASSETS	<u>204,812,618</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	2,896,583
Current year pension contribution	2,236,702
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>5,133,285</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	4,626,245
Accrued interest payable	934,313
Due to fiduciary funds	138,327
Unearned revenue	2,934,042
Current portion of long-term obligations	5,402,797
Total Current Liabilities	<u>14,035,724</u>

NONCURRENT LIABILITIES

Aggregate net pension obligation	27,917,330
Noncurrent portion of long-term obligations	139,894,330
Total Noncurrent Liabilities	<u>167,811,660</u>
TOTAL LIABILITIES	<u>181,847,384</u>

DEFERRED INFLOWS OF RESOURCES

Difference between projected and actual earnings on pension plan investments	7,772,804
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NET POSITION

Net investment in capital assets	61,436,175
Restricted for:	
Debt service	5,997,142
Capital projects	60,953
Other activities	1,054,038
Unrestricted	(48,222,593)
TOTAL NET POSITION	<u>\$ 20,325,715</u>

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, 2015**

OPERATING REVENUES	
Student Tuition and Fees	\$ 7,689,313
Less: Scholarship discounts and allowances	(3,102,355)
TOTAL OPERATING REVENUES	<u>4,586,958</u>
OPERATING EXPENSES	
Salaries	25,100,799
Employee benefits	4,959,873
Supplies, materials, and other operating expenses and services	15,673,750
Student financial aid	6,706,968
Equipment, maintenance, and repairs	541,749
Depreciation	3,616,986
TOTAL OPERATING EXPENSES	<u>56,600,125</u>
OPERATING LOSS	<u>(52,013,167)</u>
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	14,441,246
Grants and contracts, noncapital:	
Federal	9,109,082
State	5,351,158
Local property taxes, levied for general purposes	16,801,680
Taxes levied for other specific purposes	9,649,677
State taxes and other revenues	1,736,242
Investment income	126,890
Interest expense on capital related debt	(6,487,170)
Investment income on capital asset-related debt	6,815
Transfer from agency fund	29,676
Transfer to agency fund	(72,311)
Other nonoperating revenue	546,044
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>51,239,029</u>
LOSS BEFORE OTHER REVENUES AND LOSSES	<u>(774,138)</u>
OTHER REVENUES AND LOSSES	
State revenues, capital	431,577
Local revenues, capital	49,807
Loss on disposal of capital assets	(4,687)
TOTAL OTHER REVENUES AND LOSSES	<u>476,697</u>
CHANGE IN NET POSITION	<u>(297,441)</u>
NET POSITION, BEGINNING OF YEAR AS RESTATED	20,623,156
NET POSITION, END OF YEAR	<u><u>\$ 20,325,715</u></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, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 4,553,580
Payments to scholarships and grants	(6,706,968)
Payments to vendors for supplies and services	(14,819,893)
Payments to or on behalf of employees	(30,229,901)
Net Cash Flows From Operating Activities	<u>(47,203,182)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	18,809,913
Grants and contracts	14,460,240
Property taxes - nondebt related	16,801,680
State taxes and other apportionments	1,810,025
Other nonoperating	(147,818)
Net Cash Flows From Noncapital Financing Activities	<u>51,734,040</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(3,330,402)
Proceeds from capital debt	4,022,446
State revenue, capital projects	431,577
Local revenue, capital projects	49,807
Property taxes - related to capital debt	9,649,677
Principal paid on capital debt	(5,403,076)
Interest paid on capital debt	(6,487,170)
Interest received on capital asset-related debt	6,815
Deferred charges on refunding	1,086,219
Net Cash Flows From Capital Financing Activities	<u>25,893</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	<u>116,620</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	30,935,209
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 35,608,580</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, 2015**

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

Operating Loss	<u>\$ (52,013,167)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows	
From Operating Activities:	
Depreciation expense	3,616,986
Changes in Operating Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
Receivables, net	48,280
Prepaid expenses	181,421
Accounts payable and accrued liabilities	538,600
Accrued interest payable	(331,478)
Deferred compensation	(397,457)
Unearned revenue	750,221
Compensated absences	(32,280)
Early retirement incentive	(26,160)
Other postemployment benefits	260,208
Current year pension contributions	(85,258)
Deferred inflow of resources related to the net pension liability	7,772,804
Aggregate net pension liability	(7,485,902)
Total Adjustments	<u>4,809,985</u>
Net Cash Flows From Operating Activities	<u><u>\$ (47,203,182)</u></u>

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

Cash in banks	\$ 541,388
Investment in county treasury	35,067,192
Total Cash and Cash Equivalents	<u><u>\$ 35,608,580</u></u>

NON CASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 769,390</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, 2015**

	<u>Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 464,691	\$ 403,152
Investments	64,176	-
Accounts receivable	17,261	69,613
Due from primary government	-	138,327
Total Assets	<u>546,128</u>	<u>\$ 611,092</u>
LIABILITIES		
Accounts payable	21,005	\$ 19,882
Due to primary government	-	33,648
Unearned revenue	1,043	-
Due to student groups	373,322	557,562
Total Liabilities	<u>395,370</u>	<u>\$ 611,092</u>
NET POSITION		
Unreserved	150,758	
Total Net Position	<u>\$ 150,758</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, 2015**

	Trust
ADDITIONS	
State revenues	\$ 445,681
Local revenues	675,347
Total Additions	<u>1,121,028</u>
DEDUCTIONS	
Services and operating expenditures	<u>1,074,717</u>
Change in Net Position	46,311
Net Position - Beginning	<u>104,447</u>
Net Position - Ending	<u>\$ 150,758</u>

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, No. 38, and No. 39. 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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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, 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.

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2015, 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.

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the deferred charges on the refunding of general obligation bonds and current year pension contributions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

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.

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, early retirement plan, net OPEB obligations, and the aggregate net pension obligation 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 \$7,112,133 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.

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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*.

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.

Interfund Activity

Interfund transfers and interfund receivables and payables for governmental activities are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

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, 2015

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 nonemployer 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, nonemployer 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 and 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, 2015

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 nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

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 District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$33,251,788. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

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

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB 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 all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to 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 defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, consist of the following:

	Reported Value
Primary government	\$ 35,608,580
Fiduciary funds	932,019
Total Deposits and Investments	<u>\$ 36,540,599</u>
Cash on hand and in banks	\$ 1,384,231
Cash in revolving	25,000
Investments	35,131,368
Total Deposits and Investments	<u>\$ 36,540,599</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	\$ 35,066,071	422
Mutual Funds	64,176	N/A
Total	<u>\$ 35,130,247</u>	

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 Monterey County Investment Pool and the mutual funds are not required to be rated, nor have been rated as of June 30, 2015.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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, 2015, the District's bank balance of \$1,181,940 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.

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	\$ 828,760
State Government	
Categorical aid	55,413
Lottery	591,391
Local Sources	
Interest	44,668
Other local sources	588,876
Total	<u>\$ 2,109,108</u>
Student receivables	<u>\$ 74,537</u>
	<u>Fiduciary Funds</u>
Other local sources	<u>\$ 86,874</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, 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	60,405,574	1,466,788	45,905,581	15,966,781
Total Capital Assets Not Being Depreciated	<u>70,305,574</u>	<u>1,466,788</u>	<u>45,905,581</u>	<u>25,866,781</u>
Capital Assets Being Depreciated				
Land improvements	29,021,320	-	-	29,021,320
Buildings and improvements	98,068,609	45,911,513	-	143,980,122
Furniture and equipment	7,647,988	108,052	7,500	7,748,540
Total Capital Assets Being Depreciated	<u>134,737,917</u>	<u>46,019,565</u>	<u>7,500</u>	<u>180,749,982</u>
Total Capital Assets	<u>205,043,491</u>	<u>47,486,353</u>	<u>45,913,081</u>	<u>206,616,763</u>
Less Accumulated Depreciation				
Land improvements	9,453,809	1,328,750	-	10,782,559
Buildings and improvements	20,597,102	1,884,711	-	22,481,813
Furniture and equipment	5,964,934	403,525	2,813	6,365,646
Total Accumulated Depreciation	<u>36,015,845</u>	<u>3,616,986</u>	<u>2,813</u>	<u>39,630,018</u>
Net Capital Assets	<u>\$ 169,027,646</u>	<u>\$ 43,869,367</u>	<u>\$ 45,910,268</u>	<u>\$ 166,986,745</u>

Depreciation expense for the year was \$3,616,986.

Interest expense on capital related debt for the year ended June 30, 2015, was \$6,551,369. Of this amount, \$64,199 was capitalized.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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	\$ 434,483
Apportionment	2,225,525
Student financial aid grants	74,781
Construction	1,309
Community Hospital of Monterey Peninsula	568,127
Other vendor payables	1,322,020
Total	<u>\$ 4,626,245</u>
	<u>Fiduciary Funds</u>
Student financial aid grants	\$ 17,662
Other vendor payables	23,225
Total	<u>\$ 40,887</u>

NOTE 7 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

	<u>Primary Government</u>
Federal categorical	\$ 118,738
State categorical	1,127,512
Student fees	664,797
Other local	1,022,995
Total	<u>\$ 2,934,042</u>
	<u>Fiduciary Funds</u>
Other local	\$ 1,043

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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, 2015, the amounts owed between the primary government and the fiduciary funds were \$33,648 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. During the 2015 fiscal year, the amount transferred to the primary government from the fiduciary funds amounted to \$29,676. The amount transferred to the fiduciary funds from the primary government amount to \$72,311.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2015 fiscal year consisted of the following:

	Balance Beginning of Year as restated	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
2005 General obligation refunding bonds	\$ 4,733,865	\$ 425,835	\$ 2,655,000	\$ 2,504,700	\$ 2,655,000
2002 General obligation bonds, Series B	2,907,200	70,490	1,815,000	1,162,690	1,000,000
2002 General obligation bonds, Series C	96,557,347	3,526,121	-	100,083,468	1,220,000
Unamortized premium	2,822,732	-	134,416	2,688,316	-
2013 General obligation refunding bonds, Series A	18,950,000	-	95,000	18,855,000	95,000
Unamortized premium	2,713,730	-	378,660	2,335,070	-
2013 General obligation refunding bonds, Series B	14,330,000	-	310,000	14,020,000	315,000
Lease revenue bonds	95,000	-	15,000	80,000	20,000
Total Bonds and Notes Payable	143,109,874	4,022,446	5,403,076	141,729,244	5,305,000
Other Liabilities					
Compensated absences	954,251	-	32,280	921,971	50,000
Early retirement plan	85,396	85,792	111,952	59,236	47,797
Net OPEB obligation	2,326,468	1,155,968	895,760	2,586,676	-
Aggregate net pension obligation	35,403,232	-	7,485,902	27,917,330	-
Total Other Liabilities	38,769,347	1,241,760	8,525,894	31,485,213	97,797
Total Long-Term Obligations	\$ 181,879,221	\$ 5,264,206	\$ 13,928,970	\$ 173,214,457	\$ 5,402,797

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 and aggregate net pension obligation 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, 2015

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, 2015, the principal balance outstanding (including accreted interest to date) was \$2,504,700.

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, 2015, the principal balance outstanding (including accreted interest to date) was \$101,246,158. Unamortized premium received on issuance of the bonds amounted to \$2,688,316 as of June 30, 2015.

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, 2015, the principal balance outstanding was \$32,875,000. Unamortized premium received on issuance of the bonds amounted to \$2,335,070 as of June 30, 2015.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds Outstanding June 30, 2015
				Outstanding July 1, 2014	Issued	Additions	Redeemed	
2005	08/01/2015	3.25%-5.00%	\$ 33,304,385	\$ 4,733,865	\$ -	\$ 425,835	\$ 2,655,000	\$ 2,504,700
2008	08/01/2021	3.80%-5.35%	9,004,530	2,907,200	-	70,490	1,815,000	1,162,690
2008	08/01/2034	3.50%-5.00%	95,994,770	96,557,347	-	3,526,121	-	100,083,468
2013	08/01/2021	1.50%-4.00%	19,235,000	18,950,000	-	-	95,000	18,855,000
2013	08/01/2020	0.335%-2.289%	14,585,000	14,330,000	-	-	310,000	14,020,000
				<u>\$ 137,478,412</u>	<u>\$ -</u>	<u>\$ 4,022,446</u>	<u>\$ 4,875,000</u>	<u>\$ 136,625,858</u>

The general obligation bonds mature through 2016 as follows:

Year Ending June 30, 2016	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
	<u>\$ 2,504,700</u>	<u>\$ 150,300</u>	<u>\$ 2,655,000</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
2016	\$ 962,690	\$ 37,310	\$ 10,700	\$ 1,010,700
2017	-	-	10,700	10,700
2018	-	-	10,700	10,700
2019	-	-	10,700	10,700
2020	-	-	10,700	10,700
2021-2022	200,000	-	16,050	216,050
Total	<u>\$ 1,162,690</u>	<u>\$ 37,310</u>	<u>\$ 69,550</u>	<u>\$ 1,269,550</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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
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	-	-	842,250	842,250
2021-2025	19,386,516	9,703,484	4,211,250	33,301,250
2026-2030	30,808,484	26,686,516	4,211,250	61,706,250
2031-2035	39,643,468	31,296,532	3,720,125	74,660,125
Total	<u>\$ 100,083,468</u>	<u>\$ 67,686,532</u>	<u>\$ 17,436,525</u>	<u>\$ 185,206,525</u>

The general obligation bonds mature through 2022 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2016	\$ 95,000	\$ 708,900	\$ 803,900
2017	400,000	699,475	1,099,475
2018	420,000	685,175	1,105,175
2019	425,000	675,688	1,100,688
2020	4,405,000	598,450	5,003,450
2021-2022	13,110,000	589,800	13,699,800
Total	<u>\$ 18,855,000</u>	<u>\$ 3,957,488</u>	<u>\$ 22,812,488</u>

The general obligation bonds mature through 2021 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
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	2,780,000	93,120	2,873,120
2021	2,830,000	32,389	2,862,389
Total	<u>\$ 14,020,000</u>	<u>\$ 907,099</u>	<u>\$ 14,927,099</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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, 2015, was \$80,000.

Revenue bonds mature as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
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>\$ 80,000</u>	<u>\$ 4,800</u>	<u>\$ 84,800</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 \$59,236 on behalf of retirees over the next two years in accordance with the following schedule:

Year Ending June 30,	Principal
2016	\$ 47,797
2017	11,439
Total	<u>\$ 59,236</u>

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2015, amounted to \$921,971.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2015, was \$1,160,728, and contributions made by the District during the year were \$895,760. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$104,691 and \$(109,451), respectively, which resulted in an increase to the net OPEB obligation of \$260,208. As of June 30, 2015, the net OPEB obligation was \$2,586,676. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Aggregate Net Pension Obligation

As of June 30, 2015, the aggregate net pension obligation was \$27,917,330. See Note 11 for additional information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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.

Contribution Information

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 2014-2015, the District contributed \$895,760 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	104,691
Adjustment to annual required contribution	<u>(109,451)</u>
Annual OPEB cost (expense)	1,155,968
Contributions made	<u>(895,760)</u>
Increase in net OPEB obligation	260,208
Net OPEB obligation, beginning of year	<u>2,326,468</u>
Net OPEB obligation, end of year	<u><u>\$ 2,586,676</u></u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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
2013	\$ 1,065,590	\$ 671,851	63%	\$ 1,431,209
2014	1,161,377	266,118	23%	2,326,468
2015	1,155,968	895,760	77%	2,586,676

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, 2015**

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, 2015, was 24 years. The actuarial value of assets was not determined in this actuarial valuation as there were none.

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Proportionate Share of Deferred Inflows of Resources</u>	<u>Proportionate Share of Pension Expense</u>
CalSTRS	\$ 18,691,915	\$ 1,288,241	\$ 4,602,848	\$ 1,613,716
CalPERS	9,225,415	948,461	3,169,956	819,951
Total	<u>\$ 27,917,330</u>	<u>\$ 2,236,702</u>	<u>\$ 7,772,804</u>	<u>\$ 2,433,667</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required State contribution rate	5.95%	5.95%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were \$1,288,241.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	\$ 18,691,915
State's proportionate share of net pension liability associated with the District	11,286,985
Total	<u>\$ 29,978,900</u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0320 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,613,716. In addition, the District recognized revenue and pension expense of \$974,431 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,288,241	\$ -
Difference between projected and actual earnings on pension plan investments	-	4,602,848
Total	<u>\$ 1,288,241</u>	<u>\$ 4,602,848</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 1,150,712
2017	1,150,712
2018	1,150,712
2019	1,150,712
Total	<u>\$ 4,602,848</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 29,135,807
Current discount rate (7.60%)	18,691,915
1% increase (8.60%)	9,983,607

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the total District contributions were \$948,461.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$9,225,415. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0813 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$819,951. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 948,461	\$ -
Difference between projected and actual earnings on pension plan investments	-	3,169,956
Total	<u>\$ 948,461</u>	<u>\$ 3,169,956</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 792,489
2017	792,489
2018	792,489
2019	792,489
Total	<u>\$ 3,169,956</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 16,183,483
Current discount rate (7.50%)	9,225,415
1% increase (8.50%)	3,411,247

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 year ended June 30, 2015, which amounted to \$769,390 (5.679 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 year ended June 30, 2015. 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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 - 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, 2015, 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 2014-2015, 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

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

During the year ended June 30, 2015, the District made payments of \$3,360, \$264,613, and \$362,922, to BACCD, NCCCP, and ACSIG, respectively.

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, 2015.

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, 2015.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	\$ 53,874,944
Inclusion of net pension liability from the adoption of GASB Statement No. 68	(35,403,232)
Inclusion of deferred outflows of resources from the adoption of GASB Statement No. 68	2,151,444
Net Position - Beginning, as restated	<u>\$ 20,623,156</u>

REQUIRED SUPPLEMENTARY INFORMATION

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

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

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015**

CalSTRS

District's proportion of the net pension liability	<u>0.0320%</u>
District's proportionate share of the net pension liability	\$ 18,691,915
State's proportionate share of the net pension liability associated with the District	<u>11,286,985</u>
Total	<u><u>\$ 29,978,900</u></u>
District's covered - employee payroll	<u>\$ 14,503,338</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>128.88%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>

CalPERS

District's proportion of the net pension liability	<u>0.0813%</u>
District's proportionate share of the net pension liability	<u>\$ 9,225,415</u>
District's covered - employee payroll	<u>\$ 8,531,836</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>108.13%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

Note : In the future, as data become available, ten years of information will be presented.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

CalSTRS

Contractually required contribution	\$ 1,288,241
Contributions in relation to the contractually required contribution	<u>1,288,241</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 14,514,036</u>
Contributions as a percentage of covered - employee payroll	<u>8.88%</u>

CalPERS

Contractually required contribution	\$ 948,461
Contributions in relation to the contractually required contribution	<u>948,461</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 8,057,640</u>
Contributions as a percentage of covered - employee payroll	<u>11.77%</u>

Note: In the future, as data become available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2015

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. Rick Johnson	Chair	2017
Dr. Loren Steck	Vice Chair	2015
Dr. Margaret-Anne Coppemoll	Member	2017
Ms. Marilyn Dunn Gustafson	Member	2015
Mr. Charles Brown	Member	2015
Mr. Stephen Lambert	Student Trustee	2016

ADMINISTRATION

Dr. Walter Tribley	Superintendent/President
Vacant	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, 2015**

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 Supplemental Education Opportunity Grant (FSEOG)	84.007		\$ 103,305
Federal Work Study Program (FWS)	84.033		133,006
Federal Pell Grants	84.063		5,580,378
Federal Pell Administrative	84.063		7,625
Federal Direct Student Loans	84.268		1,020,395
Subtotal Student Financial Assistance Cluster			<u>6,844,709</u>
TRIO Cluster			
Student Support Services Program	84.042A		285,895
Upward Bound Program	84.047A		336,177
Upward Bound - Math and Science	84.047M		350,172
Subtotal TRIO Cluster			<u>972,244</u>
Passed through from California Community Colleges Chancellor's Office:			
Career and Technical Education, Title I-C	84.048	14-C01-033	130,072
CTE Transitions	84.048A	14-112-460	42,460
Total U.S. Department of Education			<u>7,989,485</u>
U.S. DEPARTMENT OF AGRICULTURE			
Forest Reserve	10.665		2,169
Passed through from California Department of Education (CDE):			
Child and Adult Care Food Program	10.558	04130-CACFP -27-CC-IC	28,403
Total U.S. Department of Agriculture			<u>30,572</u>
NATIONAL SCIENCE FOUNDATION			
Marine Technology Mentoring and Internship Program on Oceanographic Research Vessels **			
	47.076		82,922
Marine Advanced Technology Education Resource Center (MATE) **			
	47.076		406,051
MATE ROV Competitions: Providing Pathways to the Ocean STEM Workforce **			
	47.076		478,005
I-CORP: A Comprehensive Underwater Robotics Learning Package **			
	47.076		50,000
Passed through from San Mateo Community College District Creating Alternative Learning Strategies for Transfer Engineering Programs **			
	47.076	1430789	24,427
Total National Science Foundation			<u>1,041,405</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, 2015**

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	64.116		\$ 2,637
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	*	29,986
Passed through from Yosemite Community College District, Child Development Training Consortium			
Child Development Training Consortium	93.575	14-15-3969	10,817
Passed through from Chabot-Las Positas Community College District California Early Childhood Mentor Program	93.575	CN140097	4,141
Passed through from California Department of Education (CDE): Child Development - California State Preschool Program	93.575	15136	36,031
Passed through from Regents of the University of California Baccalaureate Bridge to the Biomedical Sciences Program **	93.859	S0184268	5,257
Total U.S. Department of Health and Human Services			<u>86,232</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 9,150,331</u></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, 2015**

PROGRAM	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE CATEGORICAL AID PROGRAMS			
Assessment, Remediation, and Retention for Associate Degree Nursing	\$ 57,000	\$ -	\$ 57,000
Basic Skills	90,000	172,995	262,995
Block Grant - 1515/69	-	61,575	61,575
Block Grant - Student Services	65,164	13,731	78,895
Board Financial Assistance Program (BFAP) (SFAA)	251,293	-	251,293
CalWORKS	168,856	-	168,856
CARE	91,413	-	91,413
Children's Center	177,436	-	177,436
CTE Enhancement Fund	237,735	-	237,735
Disabled Student Programs and Service (DSPS)	626,661	-	626,661
Enrollment Growth	135,287	-	135,287
Extended Opportunity Programs and Service (EOPS)	662,633	-	662,633
First 5 Workforce Development Incentive Project	109,486	-	109,486
Instructional Equipment	268,507	-	268,507
Instructional Materials - One-Time Fund	-	7,951	7,951
Library Instructional Materials Block Grant	68,000	1,927	69,927
Song-Brown Nursing Education	40,000	-	40,000
Staff Diversity	5,111	316	5,427
Student Support & Success Program - Credit	1,359,896	267,014	1,626,910
Student Support & Success Program - Equity	330,590	-	330,590
Student Support & Success Program - Non-credit	60,573	-	60,573
Workforce Ecom AB 86 Adult Ed	184,270	92,135	276,405

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 57,000	\$ -	\$ -	\$ 57,000	\$ 57,000
262,995	-	90,000	172,995	172,995
61,575	-	8,944	52,631	52,631
72,672	-	441	72,231	72,231
251,293	-	-	251,293	251,293
168,856	-	-	168,856	168,856
91,413	-	-	91,413	91,413
166,704	10,732	-	177,436	177,436
95,094	-	70,975	24,119	24,119
626,661	-	-	626,661	626,661
135,287	-	-	135,287	135,287
662,633	-	-	662,633	662,633
70,347	34,681	-	105,028	105,028
268,507	-	-	268,507	268,507
7,951	-	4,556	3,395	3,395
69,926	-	-	69,926	69,926
30,000	10,000	-	40,000	40,000
5,426	-	1,321	4,105	4,105
1,626,910	-	594,553	1,032,357	1,032,357
330,590	-	322,820	7,770	7,770
60,573	-	1,296	59,277	59,277
165,843	-	32,606	133,237	133,237
<u>\$ 5,288,256</u>	<u>\$ 55,413</u>	<u>\$ 1,127,512</u>	<u>\$ 4,216,157</u>	<u>\$ 4,216,157</u>

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2015**

CATEGORIES	** (Revised)/ Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2014 only)			
1. Noncredit*	54.63	-	54.63
2. Credit	195.02	-	195.02
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit*	-	-	-
2. Credit	314.91	-	314.91
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,637.50	-	3,637.50
(b) Daily Census Contact Hours	203.51	-	203.51
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	470.29	-	470.29
(b) Credit	1,097.57	-	1,097.57
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	429.18	-	429.18
(b) Daily Census Contact Hours	106.18	-	106.18
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	6,508.79	-	6,508.79
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	246.62	-	246.62
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	227.12	-	227.12
2. Credit	246.13	-	246.13
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	128.14	-	128.14
Centers FTES			
1. Noncredit*	46.25	-	46.25
2. Credit	510.71	-	510.71

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

** Annual report revised as of November 4, 2015.

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, 2015**

	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	\$ 6,417,857	\$ -	\$ 6,417,857	\$ 6,421,109	\$ -	\$ 6,421,109
Other	1300	4,993,752	-	4,993,752	5,035,486	-	5,035,486
Total Instructional Salaries		11,411,609	-	11,411,609	11,456,595	-	11,456,595
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,399,107	-	2,399,107
Other	1400	-	-	-	206,910	-	206,910
Total Noninstructional Salaries		-	-	-	2,606,017	-	2,606,017
Total Academic Salaries		11,411,609	-	11,411,609	14,062,612	-	14,062,612
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	5,301,121	-	5,301,121
Other	2300	-	-	-	320,170	-	320,170
Total Noninstructional Salaries		-	-	-	5,621,291	-	5,621,291
Instructional Aides							
Regular Status	2200	626,187	-	626,187	746,128	-	746,128
Other	2400	446,876	-	446,876	486,844	-	486,844
Total Instructional Aides		1,073,063	-	1,073,063	1,232,972	-	1,232,972
Total Classified Salaries		1,073,063	-	1,073,063	6,854,263	-	6,854,263
Employee Benefits	3000	1,672,359	-	1,672,359	3,631,183	-	3,631,183
Supplies and Material	4000	-	-	-	340,705	-	340,705
Other Operating Expenses	5000	2,192,721	-	2,192,721	4,992,841	-	4,992,841
Equipment Replacement	6420	-	-	-	11,106	-	11,106
Total Expenditures							
Prior to Exclusions		16,349,752	-	16,349,752	29,892,710	-	29,892,710

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, 2015**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	-	-	-	607,158	-	607,158
Lottery Expenditures							
Academic Salaries	1000	598,106	-	598,106	598,106	-	598,106
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, 2015**

	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	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		598,106	-	598,106	1,405,264	-	1,405,264
Total for ECS 84362, 50 Percent Law		\$ 15,751,646	\$ -	\$ 15,751,646	\$ 28,487,446	\$ -	\$ 28,487,446
Percent of CEE (Instructional Salary Cost/Total CEE)		55.29%		55.29%	100.00%		100.00%
50% of Current Expense of Education					\$ 14,243,723		\$ 14,243,723

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, 2015**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2015.

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, 2015**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 5,807,566
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 5,807,566	-	-	\$ 5,807,566
Total Expenditures for EPA		\$ 5,807,566	-	-	\$ 5,807,566
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, 2015

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

Total Fund Balances and Retained Earnings

General Fund	\$ 4,212,954	
Special Revenue Funds	1,054,038	
Debt Service Fund	6,931,455	
Capital Projects Fund	9,881,637	
Self Insurance Fund	8,027,546	
Student Financial Aid Fund	19,629	
	<u> </u>	
Total Fund Balances and Retained Earnings		\$ 30,127,259

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:	206,616,763	
Accumulated depreciation is:	<u>(39,630,018)</u>	166,986,745

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:		2,896,583
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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.

(934,313)

Difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.

(7,772,804)

Contributions to pension plans made subsequent to the measurement date were recognized as expenditures on the modified accrual basis, but are not recognized on the accrual basis.

2,236,702

Long-term obligations at year-end consist of:

General obligation and lease revenue bonds	118,267,837
Early retirement	59,236
Other postemployment benefits (OPEB)	2,586,676
Compensated absences (vacations)	921,971
Aggregate net pension obligation	27,917,330

In addition, the District issued "capital appreciation" general obligation bonds. The accretion of interest on those bonds to date is the following:

<u>23,461,407</u>	<u>(173,214,457)</u>
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Total Net Position

\$ 20,325,715

See accompanying note to supplementary information.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

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	47.076	\$ 35,944

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.

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.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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:		\$ 9,109,082
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007	17,940
Federal Pell Grants	84.063	34,865
Federal Direct Student Loans	84.268	(2,113)
Temporary Assistance for Needy Families (TANF)	93.558	(9,443)
Total Schedule of Expenditures of Federal Awards		<u>\$ 9,150,331</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, and the aggregate remaining fund information of Monterey Peninsula Community College District (the District) as of and for the year ended June 30, 2015, 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 15, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 2 and 15 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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.

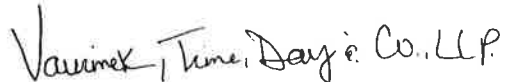
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

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.



Rancho Cucamonga, California
December 15, 2015



**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 the 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, 2015. 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001. Our opinion on each major Federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Vauvex, Time, Day & Co., LLP

Rancho Cucamonga, California

December 15, 2015



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 August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

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 August 2014.

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, 2015.

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 440	Intersession Extension Programs
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 did not receive funding for Proposition 39 Clean Energy Projects; therefore, the compliance tests within this section were not applicable.

The District does not offer an Intersession Extension Program; therefore, the compliance tests within this section were not applicable.

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

The District did not receive any funding for Proposition 1D State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vaunex, Tunc, Day & Co., LLP

Rancho Cucamonga, California

December 15, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

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>Yes</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>Yes</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	<u>Student Financial Assistance Cluster</u>
47.076	<u>Marine Technology Mentoring and Internship Program on Oceanographic Research Vessels; Marine Advanced Technology Education Resource Center (MATE); MATE ROV Competitions: Providing Pathways to the Ocean STEM Workforce; I-CORP: A Comprehensive Underwater Robotics Learning Package; Creating Alternative Learning Strategies for Transfer Engineering Programs.</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, 2015**

None reported.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

The following finding represents a significant deficiency and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2015-001 SPECIAL TESTS AND PROVISIONS - RETURN TO TITLE IV

Federal Program Affected

Program Name: Student Financial Assistance Cluster
CFDA Numbers: 84.007, 84.033, 84.063, and 84.268
Direct funded by U.S. Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirement

OMB Circular A-133 *Compliance Supplement*, 34 CFR Section 668.173(b):
Return of Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic funds transfer initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew, or the date on the cancelled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

Condition

Significant Deficiency - The District's portion of the Return to Title IV funds were not returned within the 45 day requirement.

Questioned Costs

No questioned costs. The District did return the funds; however, they were not returned within the 45 day requirement.

Context

The total population of Return to Title IV students was 39. There were four of the eight students tested where the District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

Effect

Without proper monitoring of Title IV returns, the District risk noncompliance with the above referenced criteria.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

Cause

The District did not follow the policies and procedures to monitor the Return to Title IV funds in a timely manner.

Recommendation

It is recommended that the District implement procedures to ensure that the Return to Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

Management's Response and Corrective Action Plan

The District does have an internal process and procedures that are being followed for the return of Title IV funds. Due to staff shortages during the 2014-2015 fiscal year, there were some delays of the funds being returned. The District will review the process and procedures to assure that there is timely return of the funds going forward into the 2015-2016 fiscal year.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

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 Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. B

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, 2015.

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, 2015.

Recommended By:



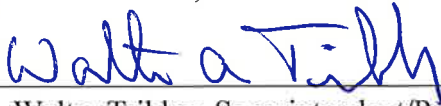
Steven L. Crow, Ed.D., Vice President of Administrative Services

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**

FINANCIAL AND PERFORMANCE AUDITS

JUNE 30, 2015

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002
FINANCIAL AUDIT**

JUNE 30, 2015

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

**FINANCIAL AUDIT
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JUNE 30, 2015**

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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's (the District), Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2015, 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, 2015, 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 15, 2015, 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.

Vauinek, Tunc, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2015

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

**BALANCE SHEET
JUNE 30, 2015**

ASSETS

Investments	\$ 9,740,628
Accounts receivable	62,143
Due from other funds	<u>19,222</u>
Total Assets	<u><u>\$ 9,821,993</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>\$ 1,309</u>
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FUND BALANCE

Restricted	
Capital projects	<u>9,820,684</u>
Total Liabilities and Fund Balance	<u><u>\$ 9,821,993</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, 2015**

REVENUES	
Interest revenues	\$ 65,120
Other local revenues	6,584
Total Revenues	<u>71,704</u>
 EXPENDITURES	
Services and operating expenditures	526,118
Capital outlay	987,524
Total Expenditures	<u>1,513,642</u>
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 <u>(1,441,938)</u>
OTHER FINANCING SOURCES	
Proceeds from sale of equipment	<u>45,000</u>
 NET CHANGE IN FUND BALANCE	 (1,396,938)
FUND BALANCE, BEGINNING OF YEAR	<u>11,217,622</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 9,820,684</u></u>

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, 2015**

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, 2015**

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 lapse at June 30.

Fund Balance - Governmental Funds

As of June 30, 2015, 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, 2015**

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 \$9,740,628 with the Monterey County Investment Pool. The fair value of this investment is approximately \$9,740,317 with an average weighted maturity of 422 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, 2015.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable at June 30, 2015, consists of the following:

Interest	\$ 17,143
Other local	45,000
Total Accounts receivable	<u>\$ 62,143</u>

All amounts have been determined by management to be fully collectible.

NOTE 4 - INTERFUND TRANSACTIONS

Interfund receivable balance at June 30, 2015, consists of the following:

Due from General Fund	<u>\$ 19,222</u>
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NOTE 5 - ACCOUNTS PAYABLE

The accounts payable balance at June 30, 2015, represents amounts owed to vendors for both ongoing and completed construction projects in the amount of \$1,309.

NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Restricted	
Capital projects	<u>\$ 9,820,684</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

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, 2015.

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2015.

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.

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 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 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.

Vavinek, Time, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2015**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

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, 2015

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

**PERFORMANCE AUDIT
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JUNE 30, 2015**

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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 (Measure I) for the year ended June 30, 2015.

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, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. 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 (Measure I) 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 15, 2015

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

**PERFORMANCE AUDIT
JUNE 30, 2015**

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, 2015**

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, 2014 to June 30, 2015. 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, 2015, 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, 2015**

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015, 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 70 percent of all expenditures and other uses from the detailed accounting of expenditures. Our sample included transactions totaling \$1,057,358 of the total expenditures of \$1,513,642. 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, 2015**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

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 22, 2016

New Business Agenda Item No. C

Fiscal Services
College Area

Proposal:

That the Governing Board review and discuss the 2015-2016 Monthly Financial Report for the period ending November 30, 2015.

Background:


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

Budgetary Implications:

None.

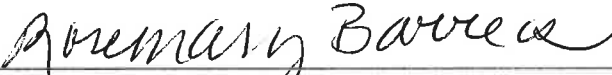
RESOLUTION: BE IT RESOLVED, that the 2015-2016 Monthly Financial Report for the period ending November 30, 2015, be accepted.

Recommended By:



Steven L. Crow, Ed.D., Vice President of Administrative Services

Prepared By:



Rosemary Barrios, Controller

Agenda Approval:



Dr. Walter Tribley, Superintendent/President

Monterey Peninsula College
Fiscal Year 2015-16
Financial and Budgetary Report
November 30, 2015

Enclosed please find attached the Summary of All Funds Report for the month ending November 30, 2015 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 November 30, 2015 is \$13,712,420 which is 26% of the operating budget for this fiscal year. Expenditures year-to-date total \$18,427,729 which is 52.8% of the operating budget for this fiscal year, for a net difference of -\$4,715,309.

The Unrestricted General Fund anticipates in receiving approximately \$8M in property tax revenue in December. This will bring the revenue up in the Unrestricted General Fund.

Unrestricted General Fund

Revenue

- November apportionment of \$1.5 M has been received this month.
- Mandated Block Grant funds received this month of \$182,035.
- Property taxes received this month \$139,421.
- Other local revenue received which includes: enrollment fees, course material fees, and other local revenues totaling \$115,503.

Expenditures

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

Restricted Child Development Fund

- The revenue in the child development is low because the district has not received its full reimbursement from the state. We still anticipate in receiving the full reimbursement of all expenses for the fiscal year.
- \$121,327 in revenue has been received from the state and other local fees since the November Financial Statement and will be reflected in the January Financial Statement. This will increase the Child Development fund revenue and cash balance.

Self Insurance Fund

- Self Insurance Fund (SIF) expenses are at 55.2% of budgeted expenditures.
- Funds of \$1.4M have been deposited into the SIF this month.

Other Fiduciary Funds

- The District has received funding this month for the Full-Time Student Success Grant. This is a new financial aid program available to Cal Grant B recipients attending full-time, which pays an additional \$600 annually and is designed to encourage student to maintain full-time status. The District Scholarship and Loan budget will be adjusted to reflect the new budgeted revenue and expense.

Cash Balance:

The total cash balance for all funds is \$22,129,809 including bond cash of \$9,798,874 and \$12,330,935 for all other funds. Operating funds cash is \$5,253,104. Cash balance in the General Fund is at \$4,181,463 for the month ending November 30, 2015. The District's cash balance is sufficient to cover the December payroll and accounts payable.

Monterey Peninsula Community College

Monthly Financial Report

November 30, 2015

Summary of All Funds

<u>Funds</u>	<u>Beginning</u> <u>Fund Balance</u>	<u>Revised Budgets</u> <u>2015 - 2016</u>		<u>Ending</u> <u>Fund Balance</u>	<u>Year to Date Actual</u> <u>2015 - 2016</u>			<u>% Actual</u> <u>to Budget</u>		<u>Cash</u> <u>Balance</u>
	<u>07/01/15</u>	<u>Revenue</u>	<u>Expense</u>	<u>6/30/2016</u>	<u>Revenue</u>	<u>Expense</u>	<u>Encumbrances</u>	<u>Rev</u>	<u>Expense</u>	<u>11/30/2015</u>
General - Unrestricted	\$3,802,947	\$41,684,235	\$41,684,235	\$3,802,947	10,463,522	15,375,745	7,563,125	25.1%	55.0%	\$4,181,463
General - Restricted	0	8,458,381	8,458,381	0	2,800,321	2,578,912	970,354	33.1%	42.0%	0
Child Dev - Unrestricted	0	132,508	132,508	0	63,411	60,756	10,690	47.9%	53.9%	0
Child Dev - Restricted	0	422,662	422,662	0	67,833	188,201	61,977	16.0%	59.2%	-96,952
Student Center	437,044	258,000	258,000	437,044	84,599	52,478	56,382	32.8%	42.2%	495,866
Parking	558,426	484,000	484,000	558,426	232,734	171,638	84,938	48.1%	53.0%	672,727
Subtotal Operating Funds	\$4,798,417	\$51,439,786	\$51,439,786	\$4,798,417	\$13,712,420	\$18,427,729	\$8,747,465	26.7%	52.8%	\$5,253,104
Self Insurance	2,603,459	6,891,882	6,891,882	2,603,459	1,567,925	3,669,854	132,388	22.8%	55.2%	1,019,716
Worker Comp	125,046	25,000	60,000	90,046	0	70,871	2,750	0.0%	122.7%	55,492
Other Post Employment Benefits	4,011,612	100,770	0	4,112,382	13,300	0	0	0.0%	0.0%	4,031,850
Capital Project	378,443	472,898	500,578	350,763	393,542	298,758	39,004	83.2%	67.5%	841,119
Building	9,759,850	20,000	0	9,779,850	0	2,588	11,200	0.0%	0.0%	9,798,874
Revenue Bond	22,331	22,100	22,100	22,331	22,100	21,200	900	100.0%	95.9%	23,271
Associated Student	92,451	90,000	90,000	92,451	24,237	24,025	0	26.9%	26.7%	202,840
Financial Aid	17,745	5,400,000	5,400,000	17,745	2,585,400	2,585,400	0	47.9%	47.9%	121,482
Scholarship & Loans	272,948	935,000	935,000	272,948	822,241	868,822	0	87.9%	92.9%	189,214
Trust Funds	293,917	744,500	744,500	293,917	479,633	431,445	0	64.4%	58.0%	568,649
Orr Estate	12,302	5,000	5,000	12,302	7,665	7,808	0	153.3%	156.2%	24,199
Total all Funds	\$22,388,521	\$66,146,936	\$66,088,846	\$22,446,611	\$19,628,463	\$26,408,501	\$8,933,708	29.7%	40.0%	\$22,129,809

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. D

Superintendent/President
College Area

Proposal:

To review and accept the MPC Foundation 2014 Audits and Management Letters.

Background:

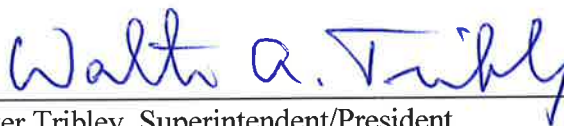
The Master Agreement between the Monterey Peninsula Community College District and the Monterey Peninsula College Foundation requires that an independent CPA firm selected by the College will be retained annually for financial audit and oversight in accordance with auditing standards generally accepted 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 year ending December 31, 2014, which were reviewed by the Audit Committee of the MPC Foundation Board and presented to the Board of Directors at the August 19, 2015 Board meeting. The MPC Foundation 2014 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 review and accept the MPC Foundation Audit Statements and Management Letters for the year ended December 31, 2014.

Recommended By:



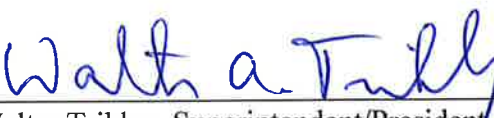
Dr. Walter Tribley, Superintendent/President

Prepared By:



Rebecca "Beccie" Michael, Executive Director, MPC Foundation

Agenda Approval:



Dr. Walter Tribley, Superintendent/President



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, 2014, and have issued our report thereon dated July 22, 2015. 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. We have communicated such information in our letter to you dated March 12, 2015. 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. 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 2014. 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 estimates affecting the financial statements was the cost of capital assets net of accumulated depreciation and the fair value of investments. 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.

Management's estimate of the fair value of the investments held by the Foundation, and the related realized/unrealized gains and losses, is based upon quoted market prices as a point in time (yearend) of the investments, and fluctuations in the pricing could affect the investment valuations. We evaluated the key factors and assumptions used to develop the fair value of investments 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following was the corrected misstatement.

Temporarily Restricted Fund	
Dr. Contributions	\$113,050
Cr. Unconditional promises to give (to adjust the Baskin grant)	\$113,050

Unrestricted Fund	
Dr. Contributions	\$5,950
Cr. Unconditional promises to give (to adjust the Baskin grant)	\$5,950

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 auditor's 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 July 22, 2015.

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 principle to the Foundation's financial statements or a determination of the type of auditor's 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 were no such consultations with other accountants.

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.

Restriction on Use

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, Time, Day & Co., LLP.
Rancho Cucamonga, California
July 22, 2015



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, 2014, 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 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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 Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in the Foundation's internal control 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 in personnel, there was no evidence of written procedures and proper segregation of duties for processing journal entries and corrections to the financial statements.

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. Journal entries posted by the Accounting Office staff should be reviewed by someone other than the preparer.

Management Response

In 2014, the Foundation experienced additional staff turnover in the accounting area, which presented numerous challenges as outlined here. The accounting position remained part-time throughout 2014, making it very difficult to meet appropriate timelines for all financial activities. To rectify this deficiency, the Foundation hired a full-time accounting manager at the beginning of 2015. We have drafted an *Accounting Procedures Manual* that documents appropriate procedures and guides staff; completion of and regular updates to this manual is a top priority. In addition, the executive director now reviews and signs off on journal entries made by the accounting manager.

Cash Receipting

Funds received by the Foundation were not deposited in a timely manner. Seven of 25 receipts tested were not deposited within one week of receipt. Funds deposited on January 30, 2014, contained checks that were received as early as January 9, 2014. Funds deposited on July 30, 2014, contained a check that was received as of July 17, 2014.

Recommendation

At a minimum, deposits should be made weekly to minimize the amount of funds held at the Foundation Office. During weeks of high activity, there may be a need to make more than one deposit.

Management Response

In order to segregate duties, the Foundation's cash receipting process involves four staff members. While this helps with internal controls, it can also create a time lag if one of those staff members is absent or focused on other work projects. Moving forward, we have established a system that allows alternative staff members to help with batching donations or income coding if a staff member is absent, and we have also trained the non-accounting (development) staff to understand the importance of timely completion of each step in this process.

Cash Disbursements

The Foundation inconsistently applied the internal controls over the disbursement process. Inconsistent applications of the controls were noted as follows:

- Check request form is not consistently utilized or completed. Four of 12 disbursements tested either had missing account codes or the form was not fully completed.
- Two of 12 disbursements tested were not marked "posted", thus allowing for the potential of duplicate payment.
- Two of 12 disbursements tested did not have supporting documentation. The accounting staff was unable to locate original supporting documentation for our review.

Recommendation

In order to ensure proper internal controls over the cash disbursements, management should ensure that all disbursement transactions are pre-approved and reviewed before the transaction is processed. Management should implement procedures that require internal controls be consistently applied for all transactions.

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

Management Response

Management is committed to improving our cash disbursement processes and will ensure that our procedures are consistently followed moving forward.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the 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
July 22, 2015

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. E

Administrative Services
College Area

Proposal:

That the Governing Board approve the appointment of Dr. Steve L. Crow, Vice President of Administrative Services as the District's primary representative and Susan Kitagawa, Associate Dean of Human Resources, as the District's alternate representative to the Northern California Community College Pool-JPA for Workers Compensation, for Monterey Peninsula College effective February 1, 2016.

Background:

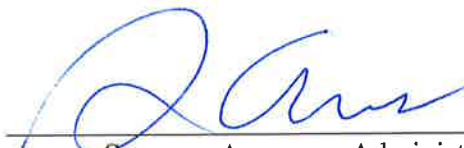
The District is a member of the Northern California Community College Pool-JPA for Workers Compensation, which holds quarterly meetings organized by Keenan & Associates. In the event that the primary representative is unavailable to attend, an alternate representative for Monterey Peninsula College should be named.

Budgetary Implications:

None

Resolution: **BE IT RESOLVED**, That the Governing Board approve the appointment of Dr. Steve L. Crow, Vice President of Administrative Services, as the District's primary representative, and Susan Kitagawa, Associate Dean of Human Resources, as the District's alternate representative, to the Northern California Community College Pool-JPA for Workers Compensation, for Monterey Peninsula College, effective February 1, 2016.

Prepared By:



Suzanne Ammons, Administrative Assistant

Agenda Approval:



Dr. Walter Tribley, Superintendent/President

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. F

Student Services
Office

Proposal:

That the Governing Board approve a correction to the effective date of the Hourly Student Pay Rates, changing the date from July 1, 2014 to January 1, 2016.

Background:

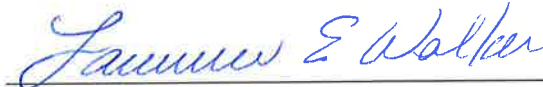
At the December 9, 2015 Board meeting, New Business Agenda Item J was approved. This agenda item increased the Hourly Student Pay Rates to reflect the increase to minimum wage. The effective date was originally listed as "Effective July 1, 2014" the correct date is January 1, 2016.

Budgetary Implications:

None.

RESOLUTION: BE IT RESOLVED, That the Governing Board approve a correction to the effective date of the Hourly Student Pay Rates, changing the date from July 1, 2014 to January 1, 2016.

Recommended By:



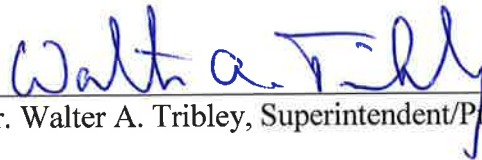
Laurence E. Walker, Interim Vice President of Student Services

Prepared By:



Amy Cavender, Administrative Assistant to the Interim Vice President of Student Services

Agenda Approval:



Dr. Walter A. Tribley, Superintendent/President

Monterey Peninsula Community College District

HOURLY STUDENT PAY RATES

2015-2016
Effective January 1, 2016

CLASS I	Assistant/Clerk	\$10.00
CLASS II	Technician/Intern	\$10.00 - \$10.50
CLASS III	Coordinator/Manager	\$10.50 - \$11.00
CLASS IV	Tutors	\$11.00 - \$11.50

CLASSIFICATION CATEGORIES

Student pay rate is based on knowledge, experience and responsibilities. The pay rate is determined by the supervisor using the guidelines developed below.

Assistant & Clerk

The student under this category does manual labor or general clerical work. Typically, the student has little or no previous work experience and is learning basic job skills. The student in this category usually requires supervision much of the time.

Maintenance Assistant	Bookstore Assistant
File Clerk	Print Shop Assistant
Security Clerk	Audio Visual Assistant
Groundskeeper Assistant	Registration Clerk
Child Care Aide	Library Assistant

Technician & Intern

The student under this category has some degree of specialized knowledge. The student works under general supervision much of the time and has the responsibility for carrying out projects independently.

Lab Technician	Drama Technician
Readers & Graders	Costume Technician
Typist (40 wpm)	Researchers
Data Entry	Child Care Intern
Counseling Intern	Library Technician
Information & Referral	Financial Aid Technician

Coordinator & Manager

The student under this category works independently much of the time and often assumes management and/or administrative responsibilities. Typically, the student has previous experience in a specialized area or coordinates the activities of other student employees. (The supervisor or a designated staff member must be present when the student is working under the Federal Work Study Program.)

Student Office Manager	Typist (60 wpm)
College Center Night Manager	Programmers
Poll Watcher	Outreach Coordinator
Learning Center Tutor	Short Period Worker (2-3 days of work only)

Tutor

The student under this category works independently and has specialized knowledge in a subject area. The student provides direct tutoring services to other students; one on one or in small groups and has specialized training.

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. G

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 new courses and programs be approved:

New Courses:

BUSI 56	Art Entrepreneurship/Management
CSIS 83A	Microsoft Client Operating System
CSIS 172A	Managing and Maintaining Windows Server
CSIS 174A	Managing and Maintaining Advanced Windows Server Services
CSIS 179A	Interconnecting Networks
ECED 41	Curriculum Essentials
ECED 42	Introduction to Environments
ECED 43	Technology for Educators
ENGR 6	Programming Methods for Engineers: C and C++
GWOS 5	Women of Color in the U.S.
HIST 9	Colonial Latin America
HIST 10	Modern Latin America
HOSP 69	Hospitality Management
SIGN 1BL	Elementary ASL II Lab
WRLD 199.3	Travel Study: Live Theatre at Ashland Shakespeare Festival 2016

New Programs:

IT Computer Retail Sales & Support (Certificate of Training – Credit Only)
IT Help Desk & User Support (Certificate of Training – Credit Only)
IT Technician-CCNA Specialization (Certificate of Training – Credit Only)

Recommended By: *Kiran Kamath*
Kiran Kamath, Vice President of Academic Affairs

Prepared By: *Kim Kingswold*
Kim Kingswold, Academic Technician

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

NEW COURSES

BUSI 56, Art Entrepreneurship/Management

3 units

3 hours lecture

Justification:

This course focuses on equipping students to start and run their own art business or to contribute to the management of an art business, museum, or other outlet effectively. This augments the course BUSI 53, which is a detailed overview of the art business, but is not an entrepreneurial approach.

Description:

This course begins with a brief overview of the global art marketplace, including the history of the art business, the consumption of art, and the economics of art. The main emphasis of the course is on the processes involved in starting, managing, and growing an art business. Also offered online.

CSIS 83A, Microsoft Client Operating System

3 units

2 hours lecture, 3 hours lab

Justification:

The certification exam has changed necessitating the course change.

Description:

This course presents concepts and skills necessary to install, configure, and administer a Windows 10 client operating system environment. Topics include the skills and knowledge necessary to enable students to prepare for the Microsoft Client Operating System Windows 10 certification exam 70-679. Portions of instruction may be offered online.

CSIS 172A, Managing and Maintaining Windows Server

3 units

2 hours lecture, 3 hours lab

Justification:

The certification exams are changed and the new certifications are developed on Server 2012 as against the older certification on server 2008.

Description:

This course presents terminology, concepts, and skills necessary to install, manage, and maintain a Windows Server environment, including active directories, server roles, user and group management, and security using group policy. This course prepares students for the Microsoft Server 70-410 certification exam. Portions of instruction may be offered online.

CSIS 174A, Managing and Maintaining Advanced Windows Server Services

3 units

2 hours lecture, 3 hours lab

Justification:

The certification exam has changed, and the lecture/lab hours need to be aligned with industry and other colleges in the area.

Description:

This course presents concepts and skills necessary to configure and manage a Windows network infrastructure. Students learn to configure Active Directory services, network load balancing, business continuity, and access protection. This course prepares students for the Microsoft Server 70-412 certification exam. Portions of instruction may be offered online.

CSIS 179A, Interconnecting Networks

3 units

2 hours lecture, 4 hours lab

Justification:

The certification exam is changed and the new course will reflect the changes.

Description:

This lab offers prescriptive mathematics instruction and strategies for students with disabilities. Emphasis is on use of technology to facilitate development of math skills. This lab is designed to support students with application of strategies and tools for college algebra courses. Portions of instruction may be offered online; also offered fully online.

ECED 41, Curriculum Essentials

1 unit

1 hour lecture

Justification:

We have noticed that students in our practicum are missing some work force skills that need to be reinforced and presented to students. Our curriculum course has so much mandatory content and theoretical exploration on curriculum there is not enough time to work on basic work force technical skills and this course will cover this. This will be part of three 1 unit courses that will be combined to equal a 3 unit elective for our AS degree and Certificate of Achievement.

Description:

This course introduces students to the curriculum areas that Early Childhood Educators plan for, as well as the nuts and bolts of large and small group activities and how to design, implement, and reflect on curriculum for young children. Emergent curriculum, intentional teaching, and teacher-directed activities are explored.

ECED 42, Introduction to Environments

1 unit

1 hour lecture

Justification:

Students have struggled in our Introduction to curriculum course and in ECED 52, the student teaching practicum course due to needing more basics on what early childhood environments are and the essential elements in creating developmentally appropriate environments. Our curriculum class has too much in it to cover this at the depth students need, so this course will support them in gaining more technical skills. Also our ECED students are coming up 3 units short due to ECED 56 used as a general education unit along with ECED 1 and ECED 55, so they need elective options to meet graduation requirements. This also gives them more hands-on practice of ECE workforce technical skills needed by teachers in the ECE field.

Description:

This course introduces students to developmentally appropriate environments for young children. Students explore and create indoor and outdoor developmentally appropriate environments for young children.

ECED 43, Technology for Educators

1 unit

1 hour lecture

Justification:

Students have struggled with the use of the digital cameras and the iPads and DRDP computer applications are new and required by the state of California for all state and federal funded programs so we need to add these technical skills and our Observation and Assessment course is so packed we hope to have students take this course before or with to help them gain competence in these tools The laminator is a tool used in all programs and again students have not had time to learn proper use of this to create teacher quality materials for their classrooms and programs. This course will meet this need.

Description:

Students gain technical skills for the early childhood field in the use of a digital camera, iPad, DRDP cloud application, book binder, and laminator. Students gain expertise to meet industry standards for child assessments and organizing documentation as well as creating teacher-quality homemade books and lamination of materials for a professional look and durability in use with young children.

ENGR 6, Programming Methods for Engineers: C and C++

1 unit

1 hour lecture

Justification:

Students have struggled with the use of the digital cameras and the iPads and DRDP computer applications are new and required by the state of California for all state and federal funded programs so we need to add these technical skills and our Observation and Assessment course is so packed we hope to have students take this course before or with to help them gain competence in these tools The laminator is a tool used in all programs and again students have not had time to learn proper use of this to create teacher quality materials for their classrooms and programs. This course will meet this need.

Description:

This new class is intended to meet the C-ID for ENGR120 Introduction to Programming Concepts and Methodologies for Engineers. This class is a requirement for the new Engineering Model Curriculum for Electrical and Computer Engineers as well as other engineering majors. It is intended to be offered simultaneously with CSIS10C so both engineers and CS majors can take the class in their major. The prerequisite for CSIS10C will be CSIS10A or other introductory class, and the prerequisite for ENGR6 will be MATH13. Although the prerequisites differ, they both ensure students have a level of algorithmic understanding suitable to an intermediate level class. Both sets of students will be exposed to approximately 1 unit of microcontroller (physical world interface) component, which is only required for the engineering class. However, it will be a benefit to CS students as well..

GWOS 5, Women of Color in the U.S.

3 units

3 hours lecture

Justification:

Course critically supports ongoing updating of GWOS curriculum and expansion of DE offerings and corrects a current absence in the curriculum pertaining to content focused on women of color and gender-race intersections.

Description:

This course introduces foundational issues of race, ethnicity, and gender intersections through comparative study of women of color in the U.S. It investigates socio-political dynamics surrounding diverse women of color experience, identities, and knowledge, focusing on multiple sites of culture and history: literature, film and media, leadership, migrations, feminism, labor, and sexuality. Also offered online.

HIST 9, Colonial Latin America

3 units

3 hours lecture

Justification:

This course covers the history of Latin America from the Pre-Columbian period through Colonial times with a focus on the ideologies, events, and people that emerged to become Latin America.

Description:

California is now home to nearly 15 million Latino residents, accounting for just over half of the population. Of the foreign born population, almost 60% were born in Latin America. With the recognition of MPC as a hispanic-serving institution it is clear that MPC's student population is beginning to match the demographics statewide. As a result, our curriculum must shift to educate our students about the world they live in and where they come from, regardless of their educational goals and plans. A survey of Latin American History courses would work to support all students, not just people with a familial tie to Latin America, to prepare for transfer, complete certification or meet GE requirements in any field. These courses are designed to become electives in a wide range of student majors and academic programs including education, ECE, History, Sociology, Anthropology, Psychology, Nursing, Spanish, etc. All the UCs in California as well as most of the CSUs offer lower division courses in Latin American history to a wide range of students and these courses will be transferable to a wide number of institutions. Also, if taught online, our college could help students affiliated with a range of schools complete GE related coursework. This coursework also keeps us competitive with other local community colleges. Cabrillo has offered Latin American history for almost a decade and Hartnell introduced a survey of Latin American history last year. This is a fast-growing part of historical research with tremendous meaning for the students we strive to serve.

*<http://www.pewresearch.org/fact-tank/2014/01/24/in-2014-latinos-will-surpass-whites-as-largest-raciaethnic-group-in-california/>.

HIST 10, Modern Latin America

3 units

3 hours lecture

Justification:

This course covers the history of Latin America from the independence period to the present, with a focus on the ideologies, events, and people that emerged to make modern Latin America.

Description:

California is now home to nearly 15 million Latino residents, accounting for just over half of the population. Of the foreign born population, almost 60% were born in Latin America. With the recognition of MPC as a hispanic-serving institution it is clear that MPC's student population is beginning to match the demographics statewide. As a result, our curriculum must shift to educate our students about the world they live in and where they come from, regardless of their educational goals and plans. A survey of Latin American History courses would work to support all students, not just people with a familial tie to Latin America, to prepare for transfer, complete certification or meet GE requirements in any field. These courses are designed to become electives in a wide range of student majors and academic programs including education, ECE, History, Sociology, Anthropology, Psychology, Nursing, Spanish, etc. All the UCs in California as well as most of the CSUs offer lower division courses in Latin American history to a wide range of students and these courses will be transferable to a wide number of institutions. Also, if taught online, our college could help students affiliated with a range of schools complete GE related coursework. This coursework also keeps us competitive with other local community colleges. Cabrillo has offered Latin American history for almost a decade and Hartnell introduced a survey of Latin American history last year. This is a fast-growing part of historical research with tremendous meaning for the students we strive to serve.

*<http://www.pewresearch.org/fact-tank/2014/01/24/in-2014-latinos-will-surpass-whites-as-largest-raciaethnic-group-in-california/>.

HOSP 69, Hospitality Management

3 units

3 hours lecture

Justification:

This course covers budget, employee productivity, and management principles of running hospitality operation. Topics include communications, managerial accounting, supervision, leadership and hospitality law. Portions of instruction may be offered online; also offered fully online.

Description:

Combining courses HOSP 63, HOSP 65, HOSP 67 into one course. This will help with enrollment and will streamline the Hospitality courses. Students will benefit from taking this new formatted course.

SIGN 1BL, Elementary ASL II Lab

1 unit

3 hours lab

Justification:

This course is designed to promote competency in the conversational use of American Sign Language and to increase fluency by reinforcing previously learned materials and by expanding vocabulary and patterns of discourse. The course emphasizes the practical application of the language in everyday life situations and current events at the novice to intermediate level. This course is also available for students who have taken SIGN 1B and want to continue to improve their skills.

Description:

This course will offer students an opportunity to practice and will reinforce concepts they learn in SIGN 1B. Students taking the SIGN 1AL class report doing better in SIGN 1A, and are eager to take a lab class associated with SIGN 1B. This class is especially beneficial given that the tutoring center has been shut down. Qualified ASL tutors not affiliated with MPC charge students \$10 - \$50 per hour. Specifically, it will give students the opportunity to practice what they learn in SIGN 1B, including vocabulary, grammar, and pronunciation, using drills, games and other activities.

WRLD 199.3, Travel Study: Live Theatre at Ashland

1 unit

Total hours: 22 hours lecture by arrangement (TBA); 21 hours lab by arrangement (TBA)

Justification:

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

Description:

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 OSF, 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.

NEW PROGRAMS

IT Computer Retail Sales & Support (Certificate of Training – Credit Only)

Justification:

This will be the first module of an IT Technician pathway promoted statewide by California Community College Doing What Matters and California Community College Economic and Workforce Development.

Description:

The IT Computer Retail Sales & Support certificate is a first step into the world of information and communications technology (ICT) and is designed to provide knowledge and skills to work in retail sale and support of computers, handheld devices, networking services, or cell phones. This certificate focuses on critical employment skills in business and customer service along with technical skills in MS Office, IT concepts, networking, and hardware, to prepare you for the A+ certification exam.

IT Help Desk & User Support (Certificate of Training – Credit Only)

Justification:

This will be the second module of an IT Technician pathway promoted statewide by California Community College Doing What Matters and California Community College Economic and Workforce Development and validates skill required for computer Help Desk and User Support.

Description:

The IT Help Desk & User Support certificate prepares students for skills in networking and security that can lead to employment in IT Help Desk and User Support. This function can be performed in-store, onsite, or more commonly online. This certificate focuses on building knowledge and skills in networking and security as well as solid customer service skills necessary for entry-level information technology jobs.

IT Technician-CCNA Specialization (Certificate of Training – Credit Only)

Justification:

This is the third module of an IT Technician pathway promoted statewide by California Community College Doing What Matters and California Community College Economic and Workforce Development. This module develops skills necessary for an IT Technician.

Description:

The IT Technician certificate moves beyond basic Help Desk/User Support by incorporating advanced technical knowledge and skills with specialization in networking and security including preparation for Cisco Certified Network Associate (CCNA) Routing and Switching, Cisco Certified Entry Networking Technician (CCENT), and Certified Ethical Hacker (CEH) certifications.

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. H

Academic Affairs
College Area

Proposal:

That the Governing Board approve the acceptance of the Child Development Training Consortium Grant given to MPC Early Childhood Education Department in the amount of \$10,000.00.

Background:

The Child Development Training Consortium (CDTC) provides services, training, technical assistance, and resources to students and professionals working with and for children. In doing so, we help promote professionalism and high quality early care and education programs that benefit California's children and families.

The Child Development Training Consortium (CDTC) is a statewide program funded by the California Department of Education, Early Education and Support Division (CDE/EESD) with federal Child Care and Development Quality Improvement funds. The program is administered by the Yosemite Community College District and serves all of California. Since 2002-2003, the CDTC has also received funding from First 5 California. Funding for all program services is limited. CDTC's primary objectives and goals have remained consistent since the program's inception in 1982. CDTC seeks to:

- Form a partnership between EESD and the community college system to provide unit-bearing course work at convenient times and places to employees of childcare/development programs. As such, child care program staff can more quickly meet the requirements for the permits issued by the California Commission on Teacher Credentialing.
- Increase the number of agencies funded by EESD and the private sector whose employees participate in CDTC activities.

(<http://www.childdevelopment.org/cs/cdtc/print/htdocs/about.htm>)

MPC receives \$10,000.00 per academic year to support students and the ECED program. The money is used on student stipends, instructional supplies and professional development for ECED faculty. MPC has been receiving this grant for many years and will continue to receive this grant as long as the CDTC exists.

Budgetary Implications: The \$10,000.00 grant supports the ECED department.

RESOLUTION: BE IT RESOLVED, that the Governing Board approve the acceptance of the Child Development Training Consortium Grant given to MPC Early Childhood Education Department in the amount of \$10,000.

Recommended By:




Kiran Kamath, Vice President, Academic Affairs

Prepared By:



Mary D. Johnson, Early Childhood Education, Department Chair

Agenda Approval:



Dr. Walter Tribley, Superintendent/President

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. I

Academic Affairs

College Area

Proposal:

To change the Associate Dean of Instructional Technology and Development position to Dean of Instruction, effective July 1, 2015.

Background:

To appropriately support key areas of the college, the college is establishing a new Dean of Instruction position. The scope of responsibilities of the current Associate Dean of Instructional Technology and Development, Dr. Jon Knolle, in the Office of Academic Affairs is being expanded to reflect the additional responsibilities.

Budgetary Implications:

Annual cost increase of \$7,850, which is inclusive of roll-up costs and benefits. The cost increase will be prorated for the remainder of the 2015-2016 fiscal year.

RESOLUTION: BE IT RESOLVED, that the change from Associate Dean of Instructional Technology and Development to Dean of Instruction be approved as proposed. **BE IT FURTHER RESOLVED**, that Dr. Jon Knolle be appointed as the new Dean of Instruction that will oversee instructional technology and development, and other areas in the Office of Academic Affairs..

Recommended By:




Kiran Kamath, Vice President of Academic Affairs

Prepared By:



Leslie Procive, Administrative Assistant IV, VP Academic Affairs

Agenda Approval:



Dr. Walter Tribble, Superintendent/President

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

President's Office

College Area

New Business Agenda Item No. J

Proposal:

That the Governing Board adopts the proposed Board goals for 2016.

Background:

As a part of Monterey Peninsula College's ongoing commitment to continuous improvement, the Governing Board adopted Board Policy 1009 Self Evaluation, which calls for an annual self-evaluation and development of Board goals. Per Board Policy 1009, the Board self-evaluation is to be conducted from August – October, with the Board goals to be approved at the end of the evaluation process.

On November 2, 2015, an ad hoc subcommittee comprised of Trustees Brown and Dunn Gustafson met with Dr. Walt Tribley, MPC Superintendent/President. They reviewed the results of the self-evaluation surveys and developed draft Board goals for 2016.

The proposed goals were presented to the Governing Board at the December meeting for a first reading and to receive the Board's input. The attached goals have been updated to reflect the changes discussed at the December meeting and are presented to the Governing Board for adoption.

Budgetary Implications:

None.

- RESOLUTION: BE IT RESOLVED**, that the Monterey Peninsula College Governing Board Goals for 2016, be adopted.

Recommended By:

Walter Tribley
Dr. Walter Tribley, Superintendent/President

Prepared By:

Shawn Anderson
Shawn Anderson, Executive Assistant to Superintendent/President and the Governing Board

Agenda Approval:

Walter Tribley
Dr. Walter Tribley, Superintendent/President

MONTEREY PENINSULA COLLEGE GOVERNING BOARD
BOARD GOALS FOR 2016
FINAL

1. Support the college as it prepares for accreditation, focusing on the 6 areas of concern: Assessment of Student Learning Outcomes; Communication; Technology; Staffing; Budget; and Data.
2. Encourage an open and respectful culture at MPC in partnership with the Superintendent/President.
3. Actively participate in and support actions taken by the college to attain fiscal stability.
4. Pursue learning opportunities of college programs: i.e. Student Success and Student Learning Outcomes.
5. Engage in legislative advocacy activities to support the college and the community college system.
6. Be open and accessible to community constituents.
7. Ensure that college policies and procedures are updated, comprehensive, and implemented.

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

President's Office

College Area

New Business Agenda Item No. K

Proposal:

That the Governing Board review Board Policies: 1100 - The Monterey Peninsula Community College District; 1200 - District Mission; 3310 - Records Retention and Destruction; 3440 - Service Animals; 3500 - Campus Safety; 3505 - Emergency Response Plan ; 3515 - Reporting of Crimes; 3520 - Local Law Enforcement; 3530 - Weapons on Campus; 3810 - Claims Against the District; 6100 - Delegation of Authority; 6150 - Designation of Authorized Signatures; 6200 - Budget Preparation; 6210 - General Fund Reserve; 6250 - Budget Management; 6300 - Fiscal Management; 6320 - Investments; 6330 - Purchasing; 6340 - Bids and Contracts; 6400 - Financial Audits; 6450 - Wireless or Cellular Telephone Use; 6500 - Real Property Management; 6520 - Security for District Property; 6540 - Insurance; 6550 - Disposal of District Property; 6600 - Capital Construction; 6700 - Civic Center and Other Facilities Use; 6750 - Parking; 6800 - Safety; 6900 - Bookstore; and 6910 - Housing.

Background:

In May 2012, the District approved a new approach for revision of board policies where the policy language provided through the Community College League of California (CCLC) policies and procedure subscription service would be adopted without change, including the numbering, except in limited circumstances. The goal of the new approach is to adopt CCLC's policy manual in its entirety, as a replacement for the District's existing policies. This approach will ensure the District has the essential policies in place and the deleting of out-of-date or noncompliant policies will be accomplished more efficiently. The acceptance of the CCLC policy language without revision is advised to safeguard the District and avoid the need for review of language modifications by local legal counsel, saving District legal costs.

An extensive update of board policies is currently underway to reflect CCLC policy language and policies will be presented to the Board in a group for review and approval to facilitate the policy update. The Board Policies Subcommittee recently completed a review of policies pertaining to the District and the administrative services area and recommends approval. The business and fiscal policies were previously reviewed and recommended by the Administrative Services Advisory Group and College Council.

The attached policies are presented for a first reading for Governing Board review and will return for action at the next board meeting:

Board Policy 1100	The Monterey Peninsula Community College District (existing MPC policy 1100 – no text changes, policy for review only)
Board Policy 1200	District Mission (existing MPC policy 1200)
Board Policy 3310	Records Retention and Destruction (existing MPC policy 3310 – no text changes, policy for review only)
Board Policy 3440	Service Animals (no existing MPC policy)
Board Policy 3500	Campus Safety (existing MPC policy 2230)

Board Policy 3505	Emergency Response Plan (existing MPC policy 2245)
Board Policy 3515	Reporting of Crimes (no existing MPC policy)
Board Policy 3520	Local Law Enforcement (no existing MPC policy)
Board Policy 3530	Weapons on Campus (existing MPC policy 2260 – no text changes)
Board Policy 3810	Claims Against the District (existing MPC policy 2180 – no text changes)
Board Policy 6100	Delegation of Authority (existing MPC policy 2100)
Board Policy 6150	Designation of Authorized Signatures (no existing MPC policy)
Board Policy 6200	Budget Preparation (existing MPC policies 2105 and 2106)
Board Policy 6210	General Fund Reserve (existing MPC policy 2106, page 3)
Board Policy 6250	Budget Management (existing MPC policy 2120)
Board Policy 6300	Fiscal Management (existing MPC policies 2110 and 2115)
Board Policy 6320	Investments (existing MPC policy 2125)
Board Policy 6330	Purchasing (existing MPC policy 6330 – no text changes, policy for review only)
Board Policy 6340	Bids and Contracts (existing MPC policy 6340 – no text changes, policy for review only)
Board Policy 6400	Financial Audits (no existing MPC policy)
Board Policy 6450	Wireless or Cellular Telephone Use (existing MPC policy 6450 – no text changes, policy for review only)
Board Policy 6500	Real Property Management (existing MPC policy 2190)
Board Policy 6520	Security for District Property (no existing MPC policy)
Board Policy 6540	Insurance (existing MPC policy 2170)
Board Policy 6550	Disposal of District Property (existing MPC policy 6550 – no text changes, policy for review only)
Board Policy 6600	Capital Construction (existing MPC policy 6600 – no text changes, policy for review only)
Board Policy 6700	Civic Center and Other Facilities Use (existing MPC policy 6700)
Board Policy 6750	Parking (existing MPC policy 2205)
Board Policy 6800	Safety (existing MPC policy 2235)
Board Policy 6900	Bookstore (existing MPC policy 2135)
Board Policy 6910	Housing (no existing MPC policy)

Budgetary Implications:

None.

- INFORMATION:** First Reading of Board Policies: 1100 - The Monterey Peninsula Community College District; 1200 - District Mission; 3310 - Records Retention and Destruction; 3440 - Service Animals; 3500 - Campus Safety; 3505 - Emergency Response Plan; 3515 - Reporting of Crimes; 3520 - Local Law Enforcement; 3530 - Weapons on Campus; 3810 - Claims Against the District; 6100 - Delegation of Authority; 6150 - Designation of Authorized Signatures; 6200 - Budget Preparation; 6210 - General Fund Reserve; 6250 - Budget Management; 6300 - Fiscal Management; 6320 - Investments; 6330 - Purchasing; 6340 - Bids and Contracts; 6400 - Financial Audits; 6450 - Wireless or Cellular Telephone Use; 6500 - Real Property Management; 6520 - Security for District Property; 6540 - Insurance; 6550 - Disposal of District Property; 6600 - Capital Construction; 6700 - Civic Center and Other Facilities Use; 6750 - Parking; 6800 - Safety; 6900 - Bookstore; and 6910 - Housing

Recommended By: Walt a. Tribly
Dr. Walter Tribley, Superintendent/President

Prepared By: Vicki Nakamura
Vicki Nakamura, Assistant to the President

Agenda Approval: Walt a. Tribly
Dr. Walter Tribley, Superintendent/President

c://Board/Board Policies 1st Reading – January 2016.doc

BP 1100 The Monterey Peninsula Community College District

The District has been named the Monterey Peninsula Community College District.

The name is the property of the District. No person shall, without the permission of the Board, use this name or the name(s) of any college(s) or other facilities of the District, or any abbreviation of them, to imply, indicate or otherwise suggest that an organization, product or service is connected or affiliated with, or is endorsed, favored, supported, or opposed by, the District.

The District consists of the following college(s) and/or education center(s):

- Monterey Peninsula College
- Education Center at Marina
- Public Safety Training Center, including Parker Flats and the Military Operations Urban Training (MOUT) facility

References: Education Code Section 72000(b); Elections Code Section 18304

Adopted: September 26, 2012

Reviewed: February 24, 2016



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

Chapter 1 The District

1200

BP 1200 District Mission

The mission of the Monterey Peninsula Community College District is:

"Monterey Peninsula College is an open-access institution that fosters student learning and achievement within its diverse community. MPC provides high quality instructional programs, services, and infrastructure to support the goals of students pursuing transfer, career training, basic skills, and lifelong learning opportunities."

~~"Monterey Peninsula College is committed to fostering student learning and success by providing excellence in instructional programs, facilities, and services to support the goals of students pursuing transfer, career, basic skills, and life-long learning opportunities. Through these efforts MPC seeks to enhance the intellectual, cultural, and economic vitality of our diverse community."~~

The mission is evaluated and revised on a regular basis.

References: ~~Accreditation Standard~~ IACCJC Accreditation Standard I.A

Adopted: September 26, 2012

Revised and Adopted: February 24, 2016

(Mission Statement Adopted by Governing Board ~~May 24, 2011~~ October 22, 2014)



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

Chapter 3 General Institution

3310

BP 3310 Records Retention and Destruction

The Vice President for Administrative Services shall establish administrative procedures to assure the retention and destruction of all District records—including electronically stored information as defined by the Federal Rules of Civil Procedure—in compliance with Title 5. Such records shall include, but not be limited to student records, employment records and financial records.

See Administrative Procedure 3310 – Records Retention and Destruction

References: Title 5 Sections 59020, et seq.;
Federal Rules of Civil Procedure, Rules 16, 26, 33, 34, 37, 45

Adopted: October 24, 2012

Reviewed: February 24, 2016

GOVERNING BOARD POLICIES

Chapter 3 General Institution

3440

BP 3440 Service Animals

In order to prevent discrimination on the basis of disability, the District will allow an individual with a disability to use a service animal or miniature horse in District facilities and on District campuses in compliance with state and federal law.

See Administrative Procedure 3440 – Service Animals

References: The Americans with Disabilities Act of 1990 -- 42 United States Code Sections 12101 et seq.;
28 Code of Federal Regulations Part 35;
28 Code of Federal Regulations Part 36;
34 Code of Federal Regulations Part 104.44(b)

Adopted:

GOVERNING BOARD POLICIES

Chapter 3 General Institution

3500

BP 3500 Campus Safety

The Board is committed to a safe and secure District work and learning environment. To that end, the Superintendent/President shall establish a campus safety plan and ensure that it is posted or otherwise made available to students. The campus safety plan shall include availability and location of security personnel, methods for summoning assistance of security personnel, any special safeguards that have been established, any actions taken in the preceding 18 months to increase safety, and any changes in safety precautions to be made during the next 24 months.

See Administrative Procedure 3500 – Campus Safety

References: Education Code 67380(a)(4)

Formerly Governing Board Policy 2230 – Campus Security

Revised, Renumbered and Adopted: June 1, 1988;

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

C. General Campus Policies

2230 Campus Security

It is the Policy of the Governing Board that a Department of Security is established to provide for the safety of students, College employees and visitors to the campus, and for the security of real and personal property of the District.

The Security Department is not a primary law enforcement agency; rather, it is a security unit assigned the mission of minimizing injury, fear, anxiety, or hazards to life or health, and for protecting District and personal property from vandalism, fire, theft, and other hazards. Security personnel shall be Peace Officers as defined by Section 72230, California Education Code, and Section 830.31, Penal Code and shall not be authorized to carry side arms on District property or at any time while performing their assigned duties.

Specific responsibilities of Security Department personnel will include:

- Providing effective traffic and parking control;
- Prevention of crimes through patrol and building security;
- Providing crowd control at College events as designated by an authorized administrator;
- Providing assistance as authorized by District policies;
- Notifying an authorized administrator of potential or actual emergency conditions or situations;
- Summoning the Monterey Police Department or the Monterey Fire Department when necessary;
- Carrying out the mandates of Government Code Section 54957.9 related to the Disruption of a Public Meeting by a group or groups of persons;
- Carrying out the mandates stipulated in the Memorandum of Understanding between Monterey Peninsula College and the Monterey Police Department;
- Providing other services and assistance as needed.

Reference: Education Code 72230.

Formerly Governing Board Policy 8.8

Revised, Renumbered and Adopted: June 1, 1988.



BP 3505 Emergency Response Plan

The District shall have emergency response and evacuation procedures for notifying the campus community in the event of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or employees occurring on the campus.

The Superintendent/President shall establish procedures that ensure that the District implements a plan to be activated in the event of an emergency or the occurrence of a natural disaster or hazardous condition. This plan must comply with the National Incident Management System (NIMS), the Standardized Emergency Management System (SEMS) and should incorporate the functions and principles of the Incident Command System (ICS), the Master Mutual Aid Agreement (MMAA) and any other relevant programs. The plan must incorporate NIMS and SEMS to facilitate the coordination between and among agencies in the event of an emergency or natural disaster.

Compliance with NIMS and SEMS mandates include but are not limited to:

- Establishing disaster preparedness procedures or a plan; and
- Completion of training sessions by college personnel in compliance with NIMS and SEMS guidelines
 - Training requirements vary based on job titles or assigned roles within the emergency plan

College personnel must be informed that as public employees, they are also disaster service workers during national, state, and local emergencies. The District must ensure that its employees are in compliance with the disaster service worker oath requirements.

The Superintendent/President should ensure that a team is created to carry out compliance with NIMS and SEMS mandates. The responses to emergencies or natural disasters are organized by SEMS into five categories: field response, local government, operational areas, regions, and state.

The plan should contain information regarding activation and chain of command responsibilities. Compliance with NIMS mandates requires planning and incorporation for all phases of emergency management including mitigation and prevention, preparedness, response and recovery. The District must ensure that its plan is updated regularly. Colleges must comply with NIMS and SEMS to receive federal or state funding.

See Administrative Procedure 3505 – Emergency Response Plan

GOVERNING BOARD POLICIES

References: Education Code Sections 32280 et seq. and 71095;
Government Code Sections 3100 and 8607(a);
Homeland Security Act of 2002;
National Fire Protection Association 1600;
Homeland Security Presidential Directive-5;
Executive Order S-2-05;
19 California Code of Regulations Sections 2400-2450;
34 CFR 668.46(g)

Formerly Governing Board Policy 2245 – Disaster Response Plan

Revised, Renumbered and Adopted: June 7, 1989;

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

C. General Campus Policies

2245 Disaster Response Plan

In order to protect lives first, then property and buildings of the College District, the Governing Board directs that a Disaster Response Plan, to be included as Appendix 2245 of the Governing Board Policies Handbook, be prepared by the Administration and approved by the Board. The plan shall include the following as its major purposes:

1. Establish mutual understanding of the authority, responsibility, functions and operations of the College management during major emergencies/disaster;
2. Provide the basis for the conduct and coordination of emergency operations and the management of crucial resources and personnel during major emergencies;
3. Identify, access and coordinate the College's disaster management operations with mutual aid/emergency services from the cities and county;
4. Describe the procedures for setting up an Emergency Shelter at the College for any off-campus disaster, as designated by Monterey County and city officials.

Formerly Governing Board Policy 8.5.

Revised, Renumbered and Approved: June 7, 1989.

GOVERNING BOARD POLICIES

Chapter 3 General Institution

3515

BP 3515 Reporting of Crimes

The Superintendent/President shall assure that, as required by law, reports are prepared of all occurrences reported to Campus Security of and arrests for crimes committed on campus that involve violence, hate violence, theft or destruction of property, illegal drugs, or alcohol intoxication. The Superintendent/President shall further assure that required reports of non-criminal acts of hate violence are prepared. Such reports shall be made available as required by law.

See Administrative Procedure 3515 – Reporting of Crimes

References: Education Code Section 67380

Adopted:

GOVERNING BOARD POLICIES

BP 3520 Local Law Enforcement

The District, on behalf of each campus or center, shall enter into a written agreement with local law enforcement agencies. The agreement shall clarify operational responsibilities for investigations of Part I violent crimes, defined by law as willful homicide, forcible rape, robbery, and aggravated assault, occurring at each location.

The written agreement shall designate which law enforcement agency shall have operational responsibility for violent crimes and delineate the specific geographical boundaries of each agency's operational responsibility, including maps as necessary.

The written agreements required by this policy shall be public records and shall be made available for inspection by members of the public upon request.

The Monterey Peninsula Community College District encourages accurate and prompt reporting of all crimes to campus security and/or the appropriate police agencies. The Superintendent/President shall establish procedures that encourage pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics.

See Administrative Procedure 3520 – Local Law Enforcement

References: Education Code Section 67381;
34 Code of Federal Regulations Section 668.46(b)(4)

Adopted:

GOVERNING BOARD POLICIES

Chapter 3 General Institution

3530

BP 3530 Weapons on Campus

Firearms or other weapons shall be prohibited on any college or District center or in any facility of the District except for activities conducted under the direction of District officials or as authorized by an official law enforcement agency.

See Administrative Procedure 3530 – Weapons on Campus

References: Penal Code Sections 626.9 and 626.10

Formerly Governing Board Policy 2260 – Weapons on Campus

Adopted: December 15, 2009

Renumbered and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

C. General Campus Policies

2260 Weapons on Campus

Firearms or other weapons shall be prohibited on any college or district center or in any facility of the District except for activities conducted under the direction of district officials or as authorized by an official law enforcement agency.

Reference: Penal Code Section 626.09 – 626.10

Adopted: December 15, 2009.

GOVERNING BOARD POLICIES

BP 3810 Claims Against the District

Any claims against the District for money or damages, which are not governed by any other statutes or regulations expressly relating thereto, shall be presented and acted upon in accordance with Title I, Division 3.6, Part 3, Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of the California Government Code.

Claims must be presented according to this policy and related procedures as a prerequisite to filing suit against the District.

Claims that are subject to the requirements of this policy include, but are not limited to, the following:

- Claims by public entities: claims by the state or by a state department or agency or by another public entity.
- Claims for fees, wages and allowances: claims for fees, salaries or wages, mileage, or other expenses and allowances.

The designated place for service of claims, lawsuits or other types of legal process upon the District is:

Office of the Vice President for Administrative Services, located in the Administration Building on the Monterey campus.

See Administrative Procedure 3810 – Claims Against the District

References: Education Code Section 72502;
 Government Code Sections 900 et seq. and 910

Formerly Governing Board Policy 2180 – Claims Against the District

Adopted: June 24, 2008

Renumbered and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2180 Claims Against the District

Any claims against the District for money or damages, which are not governed by any other statutes or regulations expressly relating thereto, shall be presented and acted upon in accordance with Title I, Division 3.6, Part 3, Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of the California Government Code.

Claims must be presented according to this policy and related procedures as a prerequisite to filing suit against the District.

Claims that are subject to the requirements of this policy include, but are not limited to, the following:

- Claims by public entities: claims by the state or by a state department or agency or by another public entity.
- Claims for fees, wages and allowances: claims for fees, salaries or wages, mileage, or other expenses and allowances.

The designated place for service of claims, lawsuits or other types of legal process upon the District is:

Office of the Vice President for Administrative Services, located in the Administration Building on the Monterey campus.

Reference: Education Code Section 72502;
Government Code Sections 900 et seq.; 910
CCLC BP 3810

Adopted: June 24, 2008.

GOVERNING BOARD POLICIES

BP 6100 Delegation of Authority

The Governing Board delegates to the Superintendent/President the authority to supervise the general business procedures of the District to assure the proper administration of property and contracts; the budget, audit, and accounting of funds; the acquisition of supplies, equipment, and property; and the protection of assets and persons. All transactions shall comply with applicable laws and regulations and with the California Community Colleges Budget and Accounting Manual.

No contract shall constitute an enforceable obligation against the District until it has been approved or ratified by the Governing Board.

The Superintendent/President in consultation with the Vice President, Administrative Services shall make appropriate periodic reports to the Governing Board and shall keep the Governing Board fully advised regarding the financial status of the District.

See Administrative Procedure 6100 – Delegation of Authority

References: Education Code Sections 70902(d), 81655, and 81656

Formerly Governing Board Policy 2100

Adopted: June 1, 1988

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2100 Fiduciary Responsibilities

The Governing Board has the legal responsibility to insure the District's financial solvency. In discharging this duty the Board hereby adopts the policies in subsection B, following, in order to protect and safeguard the District's assets and resources. The Governing Board designates the Superintendent/President and the Vice President for Administrative Services as the responsible officials to carry out these policies.

Reference: Education Code 72282.

Adopted: June 1, 1988.



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

Chapter 6 Business and Fiscal Affairs

6150

BP 6150 Designation of Authorized Signatures

Authority to sign orders and other transactions on behalf of the Board is delegated to the Superintendent/President and other officers appointed by the Superintendent/President.

The authorized signatures shall be filed with the Monterey County Office of Education.

See Administrative Procedure 6150 – Designation of Authorized Signatures.

References: Education Code Sections 85232-85233

Adopted:

GOVERNING BOARD POLICIES

BP 6200 Budget Preparation

Each year, the Superintendent/President shall present to the Governing Board a budget, prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. The schedule for presentation and review of budget proposals shall comply with state law and regulations, and provide adequate time for Governing Board study.

Budget development shall meet the following criteria:

- The annual budget shall support the District’s institutional planning in accordance with Board Policy 2510 - Shared Planning and Decision Making;
- Assumptions upon which the budget is based are presented to the Governing Board for review;
- A schedule is provided to the Governing Board by March 15 of each year that includes dates for presentation of the tentative budget, required public hearing(s), Governing Board study session(s), and approval of the final budget. At the public hearings, interested persons may appear and address the Governing Board regarding the proposed budget or any item in the proposed budget;
- Changes in the assumptions upon which the budget was based shall be reported to the Governing Board in a timely manner.
- Budget projections address long-term goals and commitments.

See Board Policy 6210 – General Fund Reserve

See Administrative Procedure 6200 – Budget Preparation

References: Education Code Section 70902(b)(5);
Title 5 Sections 58300 et seq.;
ACCJC Accreditation Standard III.D

Formerly Governing Board Policies 2105 and 2106

Adopted: June 1, 1988 (BP 2105); May 23, 2000/October 25, 2005 (BP 2106)

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2105 Budget and Finances

A Budget Calendar shall be developed by February 1st of each year. The tentative budget will be presented to the Governing Board not later than June 15 each year. The administration shall have a copy of the tentative budget delivered to each member of the Board at least two weeks prior to the public meeting in June. A special study session will be scheduled prior to the regular July Board meeting to provide the Governing Board an opportunity to review the budget in detail with the staff.

The administration shall adopt a final budget at a public hearing during the last week in August each year. The Superintendent/President shall have a copy of the final budget delivered to each member of the Board at least two weeks prior to the public hearing.

Each of the budgets named shall contain details of anticipated income and projected expenditures for the coming fiscal year. Each shall also provide sufficient financial information to permit comparison between the current and proposed budgets.

In addition, the detailed budgets shall meet the following criteria:

1. They must be balanced.
2. They shall reflect the best possible allocation of financial resources.
3. They must provide for a reserve for contingencies.
4. They must contain a Board designated General Reserve.

Budget work sessions may be prescribed by the Board at its discretion prior to the adoption of the final budget by August of each year.

The Vice President for Administrative Services is responsible for filing the Tentative and Adopted Budgets, in the prescribed forms and by the established deadlines, with the proper authorities.

Reference: Education Code 85020, et seq.

Adopted: June 1, 1988.

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy

A. Budget Development Actions

To achieve and maintain fiscal stability and to dedicate resources to meet the objectives of strategic planning, Monterey Peninsula Community College District will follow a plan that requires a balanced budget on a year-to-year basis. To achieve each of the standards of the plan, each year the Budget Committee will develop a budget that results in steady and progressive progress in achieving each of the requirements of this Fiscal Plan. While the development of the annual budget occurs through the shared governance process, the Vice President for Administrative Services, serving as the Chief Business Officer, is responsible for submitting a budget to the Superintendent/President that complies with the requirements of this plan.

Budget Development

The annual district budget shall be prepared in conformance with the California Community College Budget and Accounting Manual, and in conformance with provisions of the Education Code. The following standards will be used in development of the annual operating budget:

Operating Budget Standards

Total Salaries and Benefits: Total salary and benefit costs should not exceed 80% of total expenditures. This level is consistent with other California community colleges. Permanent additions to staff levels will be made under one or more of the following conditions:

- (1) Increases in full-time faculty personnel required by increased state funding.
- (2) Additional staff that will result in an increase in FTES revenue.
- (3) Inability to obtain part-time faculty within an academic discipline.
- (4) Workload demands resulting from growth and increased volume of work.
- (5) Enhancements to support services necessary to support development of instructional programs, student retention efforts or increased technology.

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy (continued)

Personnel:

Salary Rates: The Board of Trustees follows a practice of retaining a salary structure that is within the median range of other like agencies. For faculty members, the comparison is made against California community colleges. Classified employees are compared to other community colleges as well as local public agencies. Administrative employees are compared to California community colleges.

Faculty: A Faculty Obligation Number is established by the State of California and is the minimum full-time faculty requirement for the College. The statewide goal for the full-time faculty versus part-time faculty ratio is 75% full time compared to 25% part time.

Classified: Classified employee positions are to be evaluated on a year to year basis to determine where additional employees are needed to support student success, the instructional and service programs, or to enhance the working and learning environment. Support staffing levels are to be considered when evaluating changes to instructional programs.

Administration: Salaries and benefits for administrative employees should be in the range of 5% to 8% of expenditures.

Retirement Incentives: A retirement incentive will be offered only when there are substantial savings available to the College. A retirement incentive is to be an infrequent action.

Maintenance:

An allocation of a minimum of ½ of 1% of the Unrestricted General Fund revenues in excess of permanent staff costs and services agreements will be made each year to preserve and enhance the College's investment in its facilities. These expenditures will be used to address recurring and on-going maintenance needs. In determining work to be performed, the College will refer to the work product of the Educational Master Plan.

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy (continued)

Revenue Standards

State funded growth revenue is actively pursued. Growth revenue is viewed as an essential element in obtaining the resources necessary to meet the Strategic Plan goals of providing and increasing community access to the College's educational services and in bringing high technology into the classroom.

The College will provide contract education services to meet the needs of the community and to maximize non-State funding.

Categorical and grant revenue provided by State and local agencies for specific support purposes is to be pursued by the College when these services are consistent with the objectives of the Strategic Plan.

Funding from the Monterey Peninsula College Foundation will also be sought to assist in providing funding for specific Strategic Plan projects.

Reserve Standards

General Fund Reserve: The target reserve is 10% of the Unrestricted General Fund revenues.

The reserve is to be used for unanticipated changes in expenditures or revenues and to provide some amount of capital that can be used to pursue opportunities.

Other Debt Service Reserve: A reserve of one year's total annual debt payments will be maintained in the Other Debt Service Fund.

Investments: Cash not needed for ongoing operations will be invested with Monterey County or a Local Agency Investment Fund.

Debt and Capital Lease Obligations Standards

Long-term debt and capital lease obligations will not exceed 5% of total unrestricted general fund revenue.

Long-term debt will only be issued to obtain capital equipment or facilities for which State funds are unavailable or insufficient to meet the cost of these projects.

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy (continued)

Prior to financing any project, an assessment will be made to define how that project assists in meeting the goals of the Strategic Plan.

Long-term debt will not be used to pay for operating fund deficits.

Capital lease obligations will only be incurred for capital purchases in excess of \$25,000 and will have a lease term of no longer than five years.

Certificate of Participation issues will not exceed 10 years.

Accounting, Auditing, and Financial Reporting Standards

Independent audits will be performed each year as required by law.

Annual financial reports will be produced in accordance with Generally Accepted Accounting Principles (GAAP), as defined by the Governmental Accounting Standards Board and the California Community College's Budget and Accounting Manual.

An internal control structure will be in place to ensure reasonable accuracy of accounting information, to safeguard assets from loss and to ensure operating policies and procedures are being followed.

Capital Budget Standards

A five-year Capital Construction Plan will be prepared each year. The Plan will be developed based on facility needs identified in the Educational Master Plan.

Each year the College will allocate a minimum of \$25,000 to the Capital Projects funds to obtain the service of professionals to develop Initial Project Proposals, Financial Project Proposals, and other documentation necessary to submit funding requests for capital projects.

A construction management firm will be used as a project manager whenever total cost of a project exceeds \$750,000 at the College.

Every ten years a Facility Master plan will be revised.

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy (continued)

Review of Standards

Each year the Board of Trustees will review the budget standards to determine the appropriateness of application of the standards. If the financial situation warrants a deviation from the parameters established in the budget policies, the Superintendent/President will seek authorization from the Board of Trustees to waive certain provisions of this policy for any specific fiscal year.

B. Budgeting Monitoring Actions

The approved annual budget will be monitored to ensure actual performance is consistent with the budget and that corrective action will occur as necessary.

Monitor and Enhance Revenue Management

An enrollment management team will monitor the status of FTES throughout the course of the year to ensure that target FTES level is achieved. Corrective action will be taken as needed to respond to changing enrollment trends. In developing course offerings, the following guidelines will be considered:

- (1) Credit courses will be offered in favor of non-credit courses so that the higher funding rate per FTES may be achieved.
- (2) Traditional in-district curriculum credit courses and contract instruction will be offered to the extent possible to achieve the maximum available state revenues.
- (3) Contract education courses will be offered to enhance revenues and augment services provided to the community.

In addition to monitoring FTE levels, locally generated revenues such as interest income, non-resident tuition and other miscellaneous sources of funds, will be monitored to determine the accuracy of total revenues.

Monitor District Expenditures and Seek Opportunities to Reduce Expenditures

Spending authorization is granted by the Board of Trustees through adoption of the Final Budget. Prior to authorization of expenditures,

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy (continued)

budgeted amounts will be reviewed to verify that expenditures do not exceed the spending authorization granted by the Board of Trustees. At times, it will be necessary for expenses to exceed budget levels to maintain the operations of the college. When this occurs, other expenditure allocations will be reviewed college wide to determine if any accounts have excess funds available. On a monthly basis, budget adjustments will be made to transfer funds among various programs and accounts to ensure that overall expenditures do not exceed the total budgeted expenditures.

Adopted: May 23, 2000

Revised and adopted: October 25, 2005.

GOVERNING BOARD POLICIES

BP 6210 General Fund Reserve

The District shall maintain a general fund budgeted reserve of 10% of unrestricted fund adopted budgeted expenditures to provide for economic uncertainties. Expenditures from this reserve require the approval of the Governing Board. The policy shall be reviewed annually.

See Administrative Procedure 6210 – General Fund Reserve

References: Title 5 Sections 58307-58308

Formerly Governing Board Policy 2106

Adopted: May 23, 2000

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy (continued)

Revenue Standards

State funded growth revenue is actively pursued. Growth revenue is viewed as an essential element in obtaining the resources necessary to meet the Strategic Plan goals of providing and increasing community access to the College's educational services and in bringing high technology into the classroom.

The College will provide contract education services to meet the needs of the community and to maximize non-State funding.

Categorical and grant revenue provided by State and local agencies for specific support purposes is to be pursued by the College when these services are consistent with the objectives of the Strategic Plan.

Funding from the Monterey Peninsula College Foundation will also be sought to assist in providing funding for specific Strategic Plan projects.

Reserve Standards

General Fund Reserve: The target reserve is 10% of the Unrestricted General Fund revenues.

The reserve is to be used for unanticipated changes in expenditures or revenues and to provide some amount of capital that can be used to pursue opportunities.

Other Debt Service Reserve: A reserve of one year's total annual debt payments will be maintained in the Other Debt Service Fund.

Investments: Cash not needed for ongoing operations will be invested with Monterey County or a Local Agency Investment Fund.

Debt and Capital Lease Obligations Standards

Long-term debt and capital lease obligations will not exceed 5% of total unrestricted general fund revenue.

Long-term debt will only be issued to obtain capital equipment or facilities for which State funds are unavailable or insufficient to meet the cost of these projects.

GOVERNING BOARD POLICIES

BP 6250 Budget Management

The budget shall be managed in accordance with Title 5 and the California Community Colleges Budget & Accounting Manual. Budget revisions shall be made only in accordance with these policies and as provided by law.

Governing Board approval is required for changes between major expenditure classifications as defined in Administrative Procedure 6250. Transfers from the Governing Board reserve or unallocated funds beyond that reserve to any expenditure classification must be approved by a two-thirds vote of the members of the Governing Board.

Transfers between expenditure classifications must be approved by a majority vote of the members of the Governing Board.

See Administrative Procedure 6250 – Budget Management

Reference: Title 5, Sections 58307 and 58308

Formerly Governing Board Policy 2120

Adopted: June 1, 1988

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2120 Budget Transfers

The adopted budget of the District is a financial plan subject to adjustments during the fiscal year. Such adjustments may be caused by changes in enrollments, programs, and/or the cost of goods and services. Recognizing this need for flexibility, the Governing Board authorizes the Superintendent/President to approve budget transfers between major account classifications, including reserve for contingencies, where such transfers do not increase the District's total fiscal year budget. A list of all transfers made during a month will be presented to the Board for ratification at their next monthly public meeting.

Budget transfers from the Board-designated General Reserve must have prior Board approval except in the event of an emergency.

Reference: Education Code 85200.

Adopted: June 1, 1988.

BP 6300 Fiscal Management

The Superintendent/President shall establish procedures to assure that the District's fiscal management is in accordance with the principles contained in Title 5, Section 58311, including:

- Adequate internal controls exist.
- Fiscal objectives, procedures, and constraints are communicated to the Governing Board and employees.
- Adjustments to the budget are made in a timely manner, when necessary.
- The maintenance of adequate management information systems that provide timely, accurate, and reliable fiscal information.
- Responsibility and accountability for fiscal management are clearly delineated.

The books and records of the College District shall be maintained pursuant to the California Community Colleges Budget and Accounting Manual.

As required by law, the Governing Board shall be presented with a quarterly report showing the financial and budgetary conditions of the College District.

As required by the California Community Colleges Budget and Accounting Manual, expenditures shall be recognized in the accounting period in which the liability is incurred, and shall be limited to the amount budgeted for each major classification of accounts and to the total amount of the budget for each fund.

See Administrative Procedure 6300 – Fiscal Management

References: Education Code Section 84040(c);
Title 5, Section 58311;
ACCJC Accreditation Standard III.D

Formerly Board Policies 2110 and 2115

Adopted: June 1, 1988

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2110 Accounting Systems

The Vice President for Administrative Services is responsible for maintaining a system of accounts, which will allow an accurate presentation, and lend itself to periodic analysis, of all funds or monies entrusted to the control or supervision of the Governing Board. The system of accounts will be maintained in accordance with the guidelines prescribed in the California Community Colleges Budget and Accounting Manual, and shall be subject to audit pursuant to section 84040 of the Education Code.

The Vice President for Administrative Services is responsible for developing and implementing fiscal procedures and internal accounting controls designed to ensure ongoing fiscal stability of the District.

The Vice President for Administrative Services shall periodically evaluate management and internal methods and systems designed to safeguard funds and property of the District, and to verify the authenticity of required financial and budget reports. This internal auditing function shall receive the cooperation of all administrators. All administrators share in the responsibility of recommending areas for review and for implementing suggested revisions.

Reference: Education Code 71073, 71080, 84030, 84031, 84040.
California Code of Regulations, Title 5, 59010.

Formerly Governing Board Policy 7.2.

Revised, Renumbered and Adopted: June 1, 1988.

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2115 Financial Reports

Financial statements and supplemental information depicting the financial condition of the District shall be prepared monthly and included in the Consent section of the Governing Board agenda.

A quarterly financial status report shall be presented to the Board at the first public meeting of the Board following the end of a particular quarter. This report shall be presented in the form prescribed by the California Community Colleges Board of Governors. The Vice President for Administrative Services is responsible for filing this report with the proper authorities within five working days of the Board meeting in which the report is presented.

Reference: Education Code 72413(g), 84043.

Adopted: June 1, 1988.



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

BP 6320 Investments

The Superintendent/President is responsible for ensuring that the funds of the District are invested that are not required for the immediate needs of the District. Investments shall be in accordance with law, including California Government Code Sections 53600 et seq.

This investment policy applies to all financial assets held by the District except those, if any, that are specifically exempted by statute or local policy. This policy applies to all transactions involving the financial assets and related activity of all funds of the District.

Investments shall be made based on the following criteria:

- The preservation of principal shall be of primary importance.
- The investment program must remain sufficiently flexible to permit the District to meet all operating requirements.
- Transactions should be avoided that might impair public confidence.

Management responsibility for the District's investment plan is hereby delegated to the Superintendent/President, who may delegate to the Vice President, Administrative Services, the authority to establish written procedures for the operation of the investment plan consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the investment plan established by the Superintendent/President or designee.

The Superintendent/President shall periodically update the Governing Board on the status of the District's investments.

See Administrative Procedure 6320 – Investments

References: Government Code Sections 53600 et seq.

Formerly Governing Board Policy 2125

Adopted: June 1, 1988.

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2125 Investment of Surplus Funds

To ensure the maximum possible interest yield on funds under the custody of the Governing Board, such funds will be evaluated regularly to determine amounts in excess of working capital requirements, and will be invested in a manner, which will earn the maximum amount with the minimum of risk. Funds required by law to be deposited with the Monterey County Office of Education shall be deposited within one week.

The Vice President for Administrative Services is authorized to invest excess funds not deposited with the Monterey County Office of Education, such as scholarship, bookstore, associated students, loans, and gifts funds, with local financial institutions.

Reference: Education Code 76063, 84050.
Government Code 53600, 53601.

Adopted: June 1, 1988.



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

Chapter 6 Business and Fiscal Affairs

6330

BP 6330 Purchasing

The Superintendent/President or designee is delegated the authority to purchase supplies, materials, apparatus, equipment and services as necessary to the efficient operation of the District. No such purchase shall exceed the amounts specified by Public Contract Code Section 20651 as amended from time to time.

All such transactions shall be reviewed by the Board every 60 days.

See Administrative Procedure 6330 – Purchasing

References: Education Code Section 81656;
Public Contract Code Sections 20650 and 20651

Formerly Governing Board Policy 2130

Adopted: Adopted: June 1, 1988

Revised and Adopted: August 23, 2011

Revised, Renumbered and Adopted: December 12, 2012

Reviewed: February 24, 2016



GOVERNING BOARD POLICIES

BP 6340 Bids and Contracts

The Board delegates to the Superintendent/President or Vice President for Administrative Services the authority to enter into contracts on behalf of the District and to establish administrative procedures for contract awards and management, subject to the following:

- Contracts are not enforceable obligations until they are ratified by the Board.
- Contracts for work to be done, services to be performed or for goods, equipment or supplies to be furnished or sold to the District that exceed the amounts specified in Public Contract Code Section 20651 shall require prior approval by the Board.
- When bids are required according to Public Contract Code Section 20651, the Board shall award each such contract to the lowest responsible bidder who meets the specifications published by the District and who shall give such security as the Board requires, or reject all bids.

If the Superintendent/President or Vice President for Administrative Services concludes that the best interests of the District will be served by pre-qualification of bidders in accordance with Public Contract Code Section 20651.5, pre-qualification may be conducted in accordance with procedures that provide for a uniform system of rating on the basis of a questionnaire and financial statements.

If the best interests of the District will be served by a contract, lease, requisition or purchase order through any other public corporation or agency in accordance with Public Contract Code Section 20652, the Superintendent/President or Vice President for Administrative Services is authorized to proceed with a contract.

See Administrative Procedure 6340 – Bids and Contracts

References: Education Code Sections 81641 et seq.;
Public Contract Code Sections 20650 et seq;
Government Code Section 53060;
ACCJC Accreditation Standard III.D.16

Formerly Governing Board Policy 2132

Adopted: August 23, 2011

Revised, Renumbered, and Adopted: December 12, 2012

Reviewed: February 24, 2016



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

Chapter 6 Business and Fiscal Affairs

6400

BP 6400 Financial Audits

There shall be an annual outside audit of all funds, books and accounts of the District in accordance with the regulations of Title 5. The Superintendent/President shall assure that an annual outside audit is completed. The Superintendent/President shall recommend a certified public accountancy firm to the Board with which to contract for the annual audit.

See Administrative Procedure 6400 – Financial Audits.

References: Education Code Section 84040(b)
ACCJC Accreditation Standard III.D.7

Adopted:



BP 6450 Wireless or Cellular Telephone Use

The Superintendent/President shall determine if it is in the best interests of the District to provide a cellular or wireless phone at District expense.

Cellular telephones provided by the District for compensatory reasons are classified by the Internal Revenue Service as a fringe benefit, the value of which must be included in an employee's gross income.

The value of a cellular telephone provided by the District primarily for non-compensatory business purposes is excludable from an employee's income. Record keeping of business and personal use of District-issued cellular telephones shall not generally be required when the telephones are issued for non-compensatory business reasons.

Motor vehicle drivers may not use wireless or cellular telephones while operating their vehicles without a hands-free listening device and shall comply with all requirements of California law regarding the use of wireless or cellular telephones in vehicles.

There shall be no expectation of privacy in the use of a District-issued cellular telephone.

See Administrative Procedure 6450 – Wireless or Cellular Telephone Use.

References: Vehicle Code Sections 12810.3, 23123, and 23124;
Internal Revenue Code (I.R.C.) Sections 274(d)(4) and 280F(d)(4)

Adopted: December 12, 2012

Reviewed: February 24, 2015



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

BP 6500 Real Property Management

The Superintendent/President is delegated the authority to act as the Board's negotiator regarding all property management matters that are necessary for the benefit of the District. No transaction regarding the lease, sale, use or exchange of real property by the District shall be enforceable until acted on by the Board itself.

The Superintendent/President shall establish such procedures as may be necessary to assure compliance with all applicable laws relating to the sale, lease, use or exchange of real property by the District.

See Administrative Procedure 6500 – Property Management.

References: Education Code Sections 81300, et seq.

Formerly Governing Board Policy 2190 – Real Property Management

Adopted: December 14, 2010

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2190 Real Property Management

The Superintendent/President or designee is delegated the authority to act as the Board's negotiator regarding all property management matters that are necessary for the benefit of the District. No transaction regarding the lease, sale, use or exchange of real property by the District shall be enforceable until the Board of Trustees acts on the transaction.

The Superintendent/President or designee shall establish such procedures as he/she deems necessary to assure compliance with all applicable laws relating to the sale, lease, use or exchange of real property by the District.

Reference: Government Code Sections 81300, et seq.; CCLC BP 6500.

Adopted: December 14, 2010.

See Administrative Procedure 2190

GOVERNING BOARD POLICIES

BP 6520 Security for District Property

The Superintendent/President shall establish procedures necessary to manage, control and protect the assets of the District, including but not limited to ensuring sufficient security to protect property, equipment, and information from theft, loss, or significant damage.

See Administrative Procedure 6520 – Security for District Property.

References: Education Code Section 81600, et seq.
ACCJC Accreditation Standard III.B.1

Adopted:

BP 6540 Insurance

The Superintendent/President shall be responsible to secure insurance for the District as required by law, which shall include but is not limited to the liabilities described in Education Code Section 72506 as follows:

- Liability for damages for death, injury to persons, or damage or loss of property;
- Personal liability of the members of the Board and the officers and employees of the District for damages for death, injury to a person, or damage or loss of property caused by the negligent act or omission of the member, officer or employee when acting within the scope of his or her office or employment. The Superintendent/President may authorize coverage for persons who perform volunteer services for the District.
- Worker's compensation insurance.

Insurance also shall include fire insurance and insurance against other perils.

The District may join in a joint powers agreement pursuant to Education Code Section 81603 for the purposes described in this policy.

See Administrative Procedure 6540 – Insurance.

References: Education Code Section 70902, 72502, 72506, 81601, et seq.

Formerly Governing Board Policy 2170 – Risk Management

Adopted: June 1, 1988

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2170 Risk Management

The Governing Board recognizes its responsibility to protect the District's human and physical resources and to this end it hereby establishes policy to identify risks; avoid risks without compromising educational activities; and transfer such risks when feasible through appropriate agreements, purchase of insurance, or establishing self-insurance reserves.

The Board reserves the right to participate in self insurance programs either on its own or by becoming a member of a Joint Powers Agency; or by purchasing the necessary coverage from reputable insurance carriers. This right will be exercised on an individual basis and by individual resolution for each type of coverage acquired. The Superintendent/President or designee shall represent and act on behalf of the Board in that resolution.

The Board directs the administration to provide for insurance coverages mandated by law and collective bargaining agreements, and such other coverages as may be necessary to meet District needs. All insurance coverages shall be reviewed and approved annually by the Board.

Reference: Education Code 72506, 76470, 81600 through 81605, 81953, 81954.

Adopted: June 1, 1988.



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

Chapter 6 Business and Fiscal Affairs

6550

BP 6550 Disposal of District Property

The Superintendent/President is delegated authority by the Board to declare as surplus such personal property of the District as is no longer useful for District purposes, and shall establish procedures to dispose of such property in accordance with applicable law. All sales of surplus personal property shall be reported to the Board on a periodic basis. This policy shall not be construed as authorizing any representative of the District to dispose of surplus real property at any time.

See Administrative Procedure 6550 – Disposal of District Property.

References: Education Code Section 70902(b), 81360 et seq., and 81450 et seq.

Formerly Governing Board Policy 2165 – Disposal of College Property

Adopted: June 1, 1988

Revised, Renumbered, and Adopted: October 24, 2012

Reviewed: February 24, 2016



MONTEREY PENINSULA
COLLEGE

GOVERNING BOARD POLICIES

Chapter 6 Business and Fiscal Affairs

6600

BP 6600 Capital Construction

The Superintendent/President is responsible for planning and administrative management of the District's capital outlay and construction program.

District construction projects shall be supervised by the Superintendent/President or designee. The Vice President for Administrative Services shall monitor the progress of all construction work including inspection of workmanship, completion of work to meet specifications, and the suitability of proposed changes to the scope and original design of the work. The Vice President for Administrative Services shall assure compliance with laws related to use of state funds to acquire and convert existing buildings.

The Board shall approve and submit to the Board of Governors a five year capital construction plan as required by law. The Superintendent/President shall annually update the plan and present it to the Board for approval. The plan shall address, but is not limited to, the criteria contained in law.

See Administrative Procedure 6600 – Capital Construction.

References: Education Code Section 81005, 81820
Title 5, Sections 57150, et seq.

Formerly Governing Board Policy 2198 – Capital Construction

Adopted: May 24, 2011

Revised, Renumbered, and Adopted: October 24, 2012

Reviewed: [February 24, 2016](#)

GOVERNING BOARD POLICIES

BP 6700 Civic Center and Other Facilities Use

There is a Civic Center at Monterey Peninsula College. The Civic Centers are the Lecture Forum, Gymnasium, Athletic Fields, Stadium, Swimming Pool, Tennis Courts and Sam Karas Room. Use of the Civic Centers shall be granted as provided by law. The Superintendent/President shall establish procedures regarding the use of District property and facilities, including property designated by the District as a Civic Center, by community groups, outside contractors, and others.

The administrative procedure shall reflect the requirements of applicable law, including Education Code Section 82537, regarding Civic Centers. The procedures shall include reasonable rules regarding the time, place, and manner of use of District facilities. They shall assure that persons or organizations using District property are charged such fees as are authorized by law. Public use of District property shall not interfere with scheduled instructional programs or other activities (school sponsored) which support or benefit the District's students. These types of programs and activities require flexibility in scheduling, therefore, regular recurring public use of District facilities is not permitted. Occasional public use of District facilities may be acceptable.

No group or organization may use District property to unlawfully discriminate on the basis of race, color, religion, ancestry, national origin, military or veteran status, disability, ~~sex (i.e., gender)~~, gender identity, gender expression, or sexual orientation, or the perception that a person has one or more of the foregoing characteristics, or because a person associates with a person or group with or more of these actual or perceived characteristics, or on any basis prohibited by law.

Use of the District's Civic Centers will be only for the purposes described by the California Legislature in Education Code Section 82537(a). These purposes include use by associations "formed for recreational, educational, political, economic, artistic, or moral activities of the public school districts" in order to "engage in supervised recreational activities" or "meet and discuss, from time to time, as they may desire, any subjects and questions which in their judgment appertain to the educational, political, economic, artistic, and moral interests of the citizens of the communities in which they reside" (Education Code Section 82537(a)). In granting permission to use the Civic Centers, the District will not discriminate on the basis of viewpoint with regard to organizations engaging in expressive activities on the topics and subject matters articulated above.

See Administrative Procedure 6700 – Civic Center and Other Facilities Use.

References: Education Code Section 82537 and 82542.

Formerly Governing Board Policy 2160 – Community Use of Facilities

Adopted: June 1, 1988

Revised, Renumbered, and Adopted: October 24, 2012

Revised and Adopted:

GOVERNING BOARD POLICIES

Chapter 6 Business and Fiscal Affairs

6750

BP 6750 Parking

The Superintendent/President shall establish such administrative procedures regarding vehicles and parking on campus as are necessary for the orderly operation of the instructional program. No person shall drive any vehicle or leave any vehicle unattended on the campus except in accordance with such procedures.

Parking fees will be established in accordance with these board policies. (See Board Policy 5030 -- Fees.)

See Administrative Procedure 6750 -- Parking.

References: Education Code Section 81005, 81820, Title 5, Section 57150, et seq.

Formerly Governing Board Policy 2205 -- Campus Traffic and Parking Policy

Adopted: June 1, 1988

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

C. General Campus Policies

2205 Campus Traffic and Parking Policy

In order to ensure the health and safety of faculty, students, staff and visitors to Monterey Peninsula College, the Governing Board has authorized the development of appropriate campus traffic regulations. These regulations are included as Appendix 2205 of the Governing Board Policies Handbook.

Reference: California Vehicle Code, 21113.

Formerly Governing Board Regulation 8.2.

Revised and Adopted: June 1, 1988.

BP 6800 Safety

The Superintendent/President shall establish administrative procedures to ensure the safety of employees and students on District sites, including the following:

- Compliance with the United States Department of Transportation regulations implementing the Federal Omnibus Transportation Employee Testing Act of 1991. Specifically, the District shall comply with the regulations of the Federal Highway Administration (FHWA) and, if applicable, the Federal Transit Administration (FTA). Compliance with these policies and procedures may be a condition of employment.
- Establishment of an Injury and Illness Prevention Program in compliance with applicable OSHA regulations and state law. These procedures shall promote an active and aggressive program to reduce and/or control safety and health risks.
- Establishment of a Hazardous Material Communications Program, which shall include review of all chemicals or materials received by the District for hazardous properties, instruction for employees and students on the safe handling of such materials, and proper disposal methods for hazardous materials.
- Prohibition of the use of tobacco in all public buildings. (see Board Policy 3570 – Smoking on Campus)

See Administrative Procedure 6800 -- Safety.

References: 49 Code of Federal Regulations, Parts 40 and 655
Title 8, Section 3203;
29 Code of Federal Regulations, 1910.101, et seq.;
Health and Safety Code Section 104420.

Formerly Board Policy 2235 – Health and Safety

Adopted: June 1, 1988

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

C. General Campus Policies

2235 Health and Safety

The protection of students, staff, and the public while participating in a College related activity is of primary concern to the Governing Board. In order to provide a safe and healthful educational and working environment, the administration of the District shall support a safety program, which will actively seek to identify and reduce hazards.

The Vice President of Administrative Services is appointed the District's Safety Officer. It shall be his/her primary responsibility to provide leadership in developing and implementing a safety program for the College.

A Health and Safety Committee, composed of representatives from the faculty, the classified staff, management, students and the Safety Officer, shall be established to review safety procedures, to facilitate feedback on unsafe conditions, and to suggest improvements throughout the campus.

Reference: 8 California Code of Regulations 330 et. seq.; 340 et. seq.
Education Code 32040 et. seq., 81134.
Labor Code 6305.

Adopted: June 1, 1988.

GOVERNING BOARD POLICIES

BP 6900 Bookstore

College bookstore shall be established and operated by “a qualified vendor”.

College bookstore shall comply with the requirements of the Reader Privacy Act.

Contracts for outside vendors to operate bookstores shall be awarded by competitive bid, submitted to the Board for approval, and awarded in the best interests of the students. Student organizations shall be encouraged to submit bids and given preference [*if they meet all other bid criteria*].

See Administrative Procedure 6900 -- Bookstore.

References: Education Code Section 81676;
Civil Code Section 1798.90

Formerly Governing Board Policy 2135 – Bookstore Operations

Adopted: June 1, 1988

Revised, Renumbered, and Adopted:

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2135 Bookstore Operations

The Monterey Peninsula College Bookstore is established to facilitate the sale of textbooks, school supplies, related supplies and services, and other items to meet student needs.

The disposition and accounting of revenues and expenditures of this operation shall be as prescribed by the California Community Colleges Budget and Accounting Manual. Funds derived from this operation shall be subject to audit pursuant to section 84040 of the Education Code.

Reference: Education Code 81676.

Adopted: June 1, 1988.

GOVERNING BOARD POLICIES

Chapter 6 Business and Fiscal Affairs

6910

BP 6910 Housing

The Superintendent/President is delegated the authority to enter into agreements with nonprofit entities to finance the cost of constructing student, faculty, and staff housing near the campuses of the District.

References: Education Code Sections 94100 et seq.

Adopted:

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. L

Superintendent/President
Office

Proposal:

That the Governing Board considers nominating a candidate to serve on 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.

Nominations for membership on the CCCT Board will be accepted in the League office from January 1 through February 16, 2016. Nominations are to be made by 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 Nomination Form.

The election of members of the CCCT board will take place between March 10 and April 25, 2016. Each member district board of trustees will have one vote for each open seat on the CCCT board. CCCT board members are elected 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 in May. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference, May 1, 2016, and the President of the CCCT board will administer the Oath of Office at the June 17-18, 2016 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 Tribley
Dr. Walter Tribley, Superintendent/President

Prepared By:

Shawn Anderson
Shawn Anderson, Executive Assistant to Superintendent/President & Governing Board

Agenda Approval:

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



COMMUNITY COLLEGE LEAGUE
OF CALIFORNIA

Date: December 11, 2015
To: California Community College Trustees
California Community College Chancellors/Superintendents
From: Larry Galizio, President & CEO, Community College League of California
Subject: CCCT Board Election - 2016

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.

Nominations for membership on the CCCT board will be accepted in the League office from January 1 through February 16, 2016. Nominations are to be made by member district boards of trustees, and each district may nominate only members of its own board.

Each nominee must be a local community college district trustee (other than the student trustee) and must have consented to the nomination. 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 and/or electronically mailed materials will **not** be accepted.

The election of members of the CCCT board will take place between March 10 and April 25, 2016. Each member district board of trustees will have one vote for each open seat on the CCCT board. CCCT board members are elected for three-year terms. No CCCT board member shall serve more than three (3) full terms consecutively.

For 2016, eight persons will be elected to the CCCT board. There are six incumbents eligible to run for re-election; one seat is open due to a board member who will resign from the CCCT board in the Spring; and one seat is being vacated by a board member who did not win re-election at the district level in November.

Election results will be announced at the CCCT annual conference in May. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference (May 1, 2016), and the President of the CCCT board will administer the Oath of Office at the June 17-18, 2016 meeting in Sacramento.

If you have any questions about the CCCT board election process, please contact Judy Centlivre (916-444-8641 or jcentlivre@ccleague.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 2016

Must be returned to the League office **postmarked no later than February 16, 2016**, along with the statement of candidacy and biographic sketch form. **Faxed and/or electronically mailed 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 STATEMENT OF CANDIDACY

Must be returned to the League office **postmarked no later than February 16, 2016** along with the nomination form and biographic sketch form. **Faxed and/or electronically mailed 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.)**

CCCT BOARD BIOGRAPHIC SKETCH FORM

Must be returned to the League office **postmarked no later than February 16, 2016**, along with the nomination form and statement of candidacy. **Faxed and/or electronically mailed 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: _____

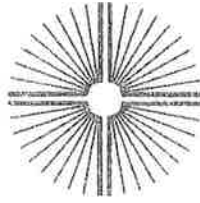
Offices and Committee Memberships Held on Local Board: _____

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



**CALIFORNIA COMMUNITY COLLEGE TRUSTEES
2015-16 BOARD ROSTER**

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
President
Mendocino-Lake CCD

PAT CORDOVA GOFF
Student Member
Citrus CCD

DON EDGAR
Sonoma County CCD

PAUL GOMEZ
1st Vice President
Chaffey CCD

ADRIENNE GREY
West Valley-Mission CCD

CY GULASSA
Peralta CCD

JERRY HART
Imperial CCD

BRENT HASTEY
Yuba CCD

PAMELA HAYNES
Los Rios CCD

LOUISE JAFFE
Immediate, Past-President
Santa Monica CCD

BERNARD "BEE JAY" JONES
Allan Hancock Joint CCD

SUSAN KEITH
Citrus CCD

JIM MORENO
Coast CCD

MANNY ONTIVEROS
North Orange County CCD

DOUGLAS OTTO
2nd Vice President
Long Beach CCD

ANN RANSFORD
Glendale CCD

LINDA WAH
Pasadena CCD

Monterey Peninsula Community College District

Governing Board Agenda

January 22, 2016

New Business Agenda Item No. M

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:

Walter A. Tribley

Dr. Walter Tribley, Superintendent/President

MPC Governing Board 2016 Calendar of Events

JANUARY 2016

Monday, January 4 Early Spring Session Begins
Monday, January 18 Martin Luther King Day Holiday
Friday, January 22 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

Tuesday, January 26 Early Spring Session Ends
Wed-Thurs, January 27-28 Spring Flex Days
Fri-Sun, January 29-31 CCLC Effective Trusteeship Workshop, Sheraton Grand, Sacramento
Sunday, January 31 through Monday, February 2 CCLC Annual Legislative Conference, Sheraton Grand, Sacramento

FEBRUARY 2016

Monday, February 1 Spring Semester Begins
Friday, February 12 Lincoln Day Holiday
Monday, February 15 Washington Day Holiday
Wednesday, February 24 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

MARCH 2016

Wednesday, March 23 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

Mon-Sat, March 28-Apr 2 Spring Break

APRIL 2016

Mon-Sat, March 28-Apr 2 Spring Break
Friday, April 22 President's Address to the Community, 11:30am, Monterey Marriott
Wednesday, April 27 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

Friday, April 29 through Sunday, May 1 CCLC Annual Trustees Conference, J.W. Marriott, Desert Springs

MAY 2016

Date TBD MPC Scholarship Awards Ceremony
Wednesday, May 25 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

Monday, May 30 Memorial Day Holiday

JUNE 2016

Wednesday, June 1 Automotive Technology Graduation Banquet, 5:00-8:00pm, Tarp's Roadhouse (to be confirmed)
Thursday, June 2 Fire Academy Graduation Ceremony: 10:00am, MPC Theatre (to be confirmed)
Latino Ceremony, 6:00pm, LF103 (to be confirmed)

MPC Governing Board 2016 Calendar of Events

JUNE 2016, continued

Thursday, June 2 Asian Student Assn Ceremony, 6:00pm (location to be confirmed)
Friday, June 3 Spring Semester Ends
Early Childhood Education Graduation Celebration, 5:00-7:00pm, CDC
Playground (to be confirmed)
Friday, June 3 Kente Ceremony, 7:00pm, (location to be confirmed)
Saturday, June 4 Faculty Retirement Breakfast, 8:30am, location to be confirmed
Commencement: 12:00pm, MPC Stadium
(Line-up at 11:30am in Amphitheater)
Nurse Pinning Ceremony, 3:00pm, Amphitheater
Wednesday, June 22 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

JULY 2016

Thursday, July 4 Independence Day Holiday
Wednesday, July 27 **Regular Board Meeting, Marina Education Center**
Closed Session: 11:00am, Room to be announced
Regular Meeting: 1:30pm, Room to be announced

AUGUST 2016

Wednesday, August 24 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

SEPTEMBER 2016

Wednesday, September 28 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

OCTOBER 2016

Wednesday, October 26 **Regular Board Meeting, Public Safety Training Center**
Closed Session: 11:00am, Room to be announced
Regular Meeting: 1:30pm, Room to be announced

NOVEMBER 2016

Wednesday, November 16 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room

DECEMBER 2015

Wednesday, December 14 **Regular Board Meeting, MPC Library Technology Center**
Closed Session: 11:00am, Stutzman Room
Regular Meeting: 1:30pm, Sam Karas Room