

**OHLONE COMMUNITY COLLEGE
DISTRICT
AUDIT REPORT**

JUNE 30, 2014

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**OHLONE COMMUNITY COLLEGE DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2014**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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*Licensed by the California
State Board of Accountancy*

The Board of Trustees
Ohlone Community College District
Fremont, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business-type activity, and the aggregate discretely presented component units of the Ohlone Community College District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Ohlone Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity, the aggregate discretely presented component units and the fiduciary funds of Ohlone Community College District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 12 and the schedule of postemployment healthcare benefit funding progress on page 44 be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ohlone Community College District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, 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 supplementary information listed in the table of contents 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 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 3, 2014 on our consideration of Ohlone Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ohlone Community College District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 3, 2014

**OHOLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

ORGANIZATION

Ohlone Community College District (the “District”) was established on July 1, 1966, and is comprised of an area approximately 534 acres in Fremont and 80 acres in Newark. There was no change in the boundaries of the District during the current year.

The Board of Trustees and District Administration for the fiscal year ended June 30, 2014, were comprised of the following members:

Board of Trustees

Member	Office	Term Expires
Mr. Greg Bonaccorsi	Chair	December 2016
Mr. Richard Watters	Vice Chair	December 2014
Ms. Vivien Larsen	Member	December 2014
Mr. Garrett S. Yee	Member	December 2014
Ms. Teresa Cox	Member	December 2016
Ms. Jan Giovannini-Hill	Member	December 2014
Mr. Ishan Shah	Member	December 2014
Ms. Prabhjot Kaur	Member	May 2014

District Executive Team

Name	Title
Gari Browning, Ph.D.	President/ Superintendent
Leta Stagnaro, Ed D.	Vice President of Academic Affairs/ Deputy Superintendent
Ronald D. Little II, MBA	Vice President of Administrative Services/ CFO
Ron Travenick, Ed D	Vice President of Student Services

**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

OVERVIEW AND ANALYSIS OF THE FINANCIAL STATEMENTS

Net Position

The following management's discussion and analysis provides an overview of the financial position and activities of the District's Financial Report for the fiscal year that ended June 30, 2014. As required, the annual report consists of three basic financial statements that provide information on the District as a whole; the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The information provided on the statements that follow includes all funds, with the exception of the Associated Students of Ohlone College (ASOC) funds shown on page 15 of the audit and the Ohlone College Foundation, which is a separate entity. Each statement will be reviewed and discussed separately.

ACCOUNTING STANDARDS

In June 1999, the Governmental Accounting Standards' Board (GASB) released Statement No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments," which changed the reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities," which applies these reporting standards to public colleges and universities. The Ohlone Community College District continues to present its financial statements in this reporting format.

The following management's discussion and analysis provides an overview of the financial position and activities of the Ohlone Community College District's Financial Report for the year ended June 30, 2014. The previous year's financial statements that provide information on the District as a whole:

The Statement of Net Position
The Statement of Revenues, Expenses and Changes in Net Position
The Statement of Cash Flows

Each of these statements will be reviewed and significant events discussed.

BUDGET HIGHLIGHTS

The U.S. economy was slowly beginning to lift itself from the depths of recession at the start of 2013-14. As we entered the fiscal year in summer 2013, U.S. gross domestic product was projected to be over 3% for the year (UCLA), housing markets across the nation were improving, and interest rates remained at historic lows. The implementation of President Obama's Affordable Care Act and economic recessions in Europe and Japan represented potential risks to continued, more robust national economic growth.

California's Education Budget for 2013-14 was predicated on a State economy that was also beginning to emerge from the fiscal doldrums. Personal income grew from a high of 1.4% in 2013 to 3.7% in 2014, and California's unemployment rate fell to 8.4%, the lowest since 2008. Housing markets continued to gain momentum, although the bifurcated recovery in the state—coastal as compared to inland— continued to cause some concern. The passage of Proposition 30, which was approved by California voters in November 2012, shored up State revenue projections to the tune of approximately \$6 billion per annum. This significant figure represented nearly 11% of the State's Education Budget, Prop 98 funding.

**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

BUDGET HIGHLIGHTS (continued)

Nevertheless, as if to indicate the volatility of the fledgling recovery, Assembly Speaker John A. Perez warned at the May 2013 Revision that "No one should interpret these figures as an automatic green light to increase spending, but rather to pay off debt, build the reserve and strengthen the middle class." The resulting State budget was, not surprisingly, conservative.

The California State Budget for 2013-14 provided a 1.57% COLA on all CCC apportionment revenue. In addition, the Budget funded CCC enrollment restoration at 1.63% and provided additional, albeit limited, funding for services for disabled students. These provisions in total added approximately \$227 million to the CCC budget in 2013-14. Another \$250 million was set aside to buy down cash deferrals in the prior year, 2012-13, as well as in 2013-14.

FINANCIAL HIGHLIGHTS

In FY 2013-14 the District finished the year with a fairly balanced general fund budget. In Fund 10, the district's main operating fund, revenues exceeded expenditures resulting in a surplus of approximately \$200k, thereby increasing its ending fund balance. The District's Total Unrestricted General Fund—Funds 10 through 18 – finished with a slight deficit of approximately \$50k, with expenditures exceeding revenues. Expenditures included the District's strategic contributions to its Annual Required Contribution (ARC) related to OPEB liability from Funds 13 and 14. By spending down these balances to contribute 25% and 25% respectively to the total cost of the ARC, Fund 10 was provided relief.

Given the slight resurgence of resources, new to the District's budget in 2013-14 was the funding of an additional 150 FTES of course sections (restoration); the Dean of Enrollment Services position; faculty sabbaticals; H&W 'equity' for unrepresented employees with respect to District coverage of vision, dental and life insurance; and, the support of specific institutional and program improvement objectives.

Measure A, the District's \$150 Million General Obligation Bond, approved by voters in 2002, came to a close in 2013-14. Since the bond was passed multiple projects have been completed on the Fremont Campus with bond proceeds including the construction of the Student Services Center Building. Measure A funds also supported the construction of Ohlone's Newark Center, which opened for classes in January of 2008. The chemistry classroom modulars on the Fremont campus were the final Measure A project to be completed in 2013-14. The fund will be closed as of June 30, 2014.

Measure G, the District's \$349 Million General Obligation Bond, was approved by voters in late- 2010. In November 2011 the District issued Series A of Measure G bonds for a total of \$80 million. \$10 million of these proceeds were slated as a Technology Endowment, invested in tax exempt bonds, and placed in a trust fund. The District anticipates issuing Series B of Measure G bonds in the fall of 2014.

The District continued its planning efforts for Measure G implementation including the complex Academic Core Project that excitingly re-envisioned the heart of the Fremont campus and the Athletic Fields Renovation Project. Construction began on the award winning South Parking Structure, which will provide over 900 parking spaces by fall 2015, and the Newark solar array was completed in 2013-14.

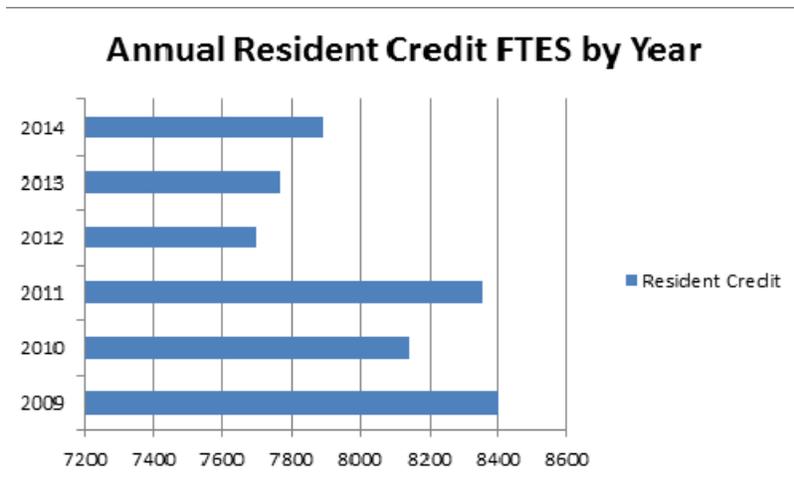
**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

ENROLLMENT HIGHLIGHTS

Full Time Equivalent Students (FTES) at the District increased by 1.57% in FY 2013-14 compared to FY 2012-13. This increase was due to course sections added to the Spring 2014 Semester as a result of CA State workload restoration /Prop 30 approval. Still, the 2013-14 FTES levels are well below (-6%) the District’s peak enrollment numbers of 2008-09. The District anticipates further restoration of enrollment over the next few years.

A brief history of the District’s FTES is provided below.

	Resident Credit	Total FTES
2008-09	8401	8839
2009-10	8130	8579
2010-11	8363	8851
2011-12	7698	8240
2012-13	7765	8336
2013-14	7888	8466



**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

STATEMENT OF NET POSITION

The Statement of Net Position presents information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

	2014	2013	Net Change
ASSETS			
Current assets	\$ 33,927,184	\$ 34,645,567	\$ (718,383)
Non-current assets	288,716,175	289,223,042	(506,867)
Total Assets	322,643,359	323,868,609	(1,225,250)
LIABILITIES			
Current liabilities	22,186,486	26,552,306	(4,365,820)
Non-current liabilities	209,290,459	213,877,482	(4,587,023)
Total Liabilities	231,476,945	240,429,788	(8,952,843)
NET POSITION			
Net investment in capital assets	33,332,816	2,320,633	31,012,183
Restricted	44,740,832	62,021,043	(17,280,211)
Unrestricted	13,092,766	19,097,145	(6,004,379)
Total Net Position	\$ 91,166,414	\$ 83,438,821	\$ 7,727,593

Assets

Total Assets have decreased by \$1.2 million year over year, a decline of 0.4%.

Current Assets

Current Assets consist of cash and cash equivalents held in the County Treasury, accounts receivable due from State, Federal and local grants, contracts and general apportionment earned, but not received by year-end, and prepaid expenditures that are paid prior to year-end, but that relate to the next fiscal year. Current Assets decreased by \$718,383 due primarily to the spending down of fund balances.

Non-Current Assets

Non-Current Assets consist of restricted cash and cash equivalents related to capital projects, investments related to Technology Endowment, cost of bond issuances, and net capital assets reported at the historical cost of land, buildings and equipment less accumulated depreciation, where applicable. Non-current assets decreased by \$506,867 primarily due to the spending down of bond proceeds.

**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

STATEMENT OF NET POSITION (continued)

LIABILITIES

Total liabilities decreased by approximately \$8.9 million year over year, a decline of 3.7%.

Current liabilities

Current Liabilities consist of amounts due to vendors, deferred revenue related to federal, state and local program funds received, but not earned as of June 30, 2014, and accrued payroll and benefits held for the payment to employees who work ten months, but elect to have their salary spread over a twelve month period. Other current liabilities include general obligation bond principle and interest due within one year. Current liabilities decreased approximately \$4.4 million. This was primarily due to:

- Timely processing of vendor payments mainly related to capital projects.
- Increase in interest payable as a result of General Obligation Bond Measure A Refunding.

Non-Current Liabilities

Non-current Liabilities represent debt potentially owed in future years. The major component of the long-term liabilities is the long-term portion (due in more than one year) of the general obligation bonds Measure A and Measure G. Other components include compensated absences, SERP liability, accreted interest, bond premiums, and Other Postemployment Benefits (OPEB) liability. The noncurrent portion of long term liabilities decreased \$4.6 million due to the paydown of general obligation bond principal.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position present information show how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to receivables and expenses pertaining to earned, but unused, compensated balances.

**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)

	2014	2013	\$ Change
Total operating revenue	\$ 22,211,728	\$ 22,445,359	\$ (233,631)
Total operating expenses	68,144,106	67,230,705	913,401
Operating loss	(45,932,378)	(44,785,346)	(1,147,032)
Net non-operating revenue (expenses)	37,970,485	22,354,671	15,615,814
Loss before capital revenue	(7,961,893)	(22,430,675)	14,468,782
Capital revenues	17,584,271	16,836,497	747,774
Increase (decrease) in net position	9,622,378	(5,594,178)	15,216,556
Net position - beginning of the year	83,438,821	83,752,322	(313,501)
Adjustment for restatement (See Note 13)	(1,894,785)	5,280,677	(7,175,462)
Net position - as restated	81,544,036	89,032,999	(7,488,963)
Net position - end of the year	\$ 91,166,414	\$ 83,438,821	\$ 7,727,593

Operating Revenues

Total Operating Revenues decreased \$233,631, a decline of 1.04% due to a decrease in Categorical and grant programs funding compared to FY 2012-13.

Operating Expenses

Total Operating Expenses increased by 1.4%, approximately \$913,401. Items of significance affecting the changes include:

- Increase in academic salary costs related to adding of courses in the Spring 2014 Semester.
- Increase in salary and benefit costs due to steps and columns as well as filling vacant positions.
- Increased depreciation cost due to an increase in Fixed Assets related to capital projects.

Net Non-Operating Revenues (Expenses)

Net Non-Operating Revenues increased by \$15.6 million, a 69.9% increase, mainly due to decreased bond debt service as a result of refunding bonds.

Capital contributions

Capital contributions increased by 4.4%, approximately \$748 thousand due primarily to insurance and legal settlements related to work on certain capital projects received by the District.

**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the District's other financial statements because these assets cannot be used to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the District had approximately \$248.6 million invested in net capital assets. Total capital assets of \$310.1 million consist of land, construction in progress, buildings and improvements, vehicles, data processing equipment, and other office equipment. These assets have accumulated depreciation of \$61.6 million. Depreciation expense of \$5.5 million was recorded for FY 2013-14.

Note 4 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below:

	2014	2013	Net Change
Land and construction in progress	\$ 69,521,444	\$ 58,922,409	\$ 10,599,035
Buildings, improvements, and equipment	240,616,627	226,872,227	13,744,400
Accumulated depreciation	(61,559,305)	(57,238,830)	(4,320,475)
Total Capital Assets	\$ 248,578,766	\$ 228,555,806	\$ 20,022,960

Debt

At June 30, 2014, the District had \$209.3 million in debt less amounts due within one year. A comparison is summarized below:

	2014	2013	Net Change
Compensated absences	\$ 823,544	\$ 1,061,784	\$ (238,240)
Post-employment health benefits	443,669	474,525	(30,856)
General obligation bonds	190,664,503	199,570,000	(8,905,497)
Bond premiums	18,303,547	19,692,658	(1,389,111)
SERP liability	621,592	1,308,656	(687,064)
Accreted interest	4,389,095	4,127,550	261,545
Less: Current portion of debt	(5,955,491)	(12,357,691)	6,402,200
Total Long-term Liabilities	\$ 209,290,459	\$ 226,235,173	\$ (4,587,023)

**OHLONE COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET

The 2014-2015 California State Budget for community colleges includes a modest cost of living adjustment (COLA) of 0.85% on general purpose apportionments and 2.75% for growth/restoration funding statewide. It also includes significant funding for student success and equity programs, both of which require significant planning on the part of the college. The college plans to earn (most of) the additional growth/restoration funds, with a target of 8,070 FTES, and to take advantage of the student support and equity funding to the benefit of its 16,000 students.

For the first time, the CA legislature approved an increase in the employer STRS contribution rate from 8.25% to 8.88% for 2014-2015 in order to address the large unfunded liability. Future projected rate increases for both STRS and PERS, over the next six years, will result in significant impacts to school districts and community colleges.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances. Questions concerning this report or requests for additional financial information should be addressed to the Ohlone Community College District, Fiscal Services Department, 43600 Mission Blvd, Fremont, CA 94539.

OHLONE COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2014

	<u>Business-Type Activity</u>
	<u>Primary Government</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 25,203,801
Accounts receivable	7,917,539
Prepaid expenses	805,844
Total Current Assets	<u>33,927,184</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	30,137,409
Investment held in trust	10,000,000
Capital assets, net of accumulated depreciation	248,578,766
Total Noncurrent Assets	<u>288,716,175</u>
TOTAL ASSETS	<u>322,643,359</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	8,294,728
Unmatured Interest	3,946,369
Deferred revenue	3,989,898
Current Portion - Long-term liabilities	5,955,491
Total Current Liabilities	<u>22,186,486</u>
NONCURRENT LIABILITIES	
Noncurrent portion - Long-term liabilities	209,290,459
TOTAL LIABILITIES	<u>231,476,945</u>
NET POSITION	
Net investment in capital assets	33,332,816
Restricted for:	
Capital projects	32,708,273
Financial aid	65,502
Debt service	10,263,060
Educational programs	1,703,997
Unrestricted	13,092,766
TOTAL NET POSITION	<u>\$ 91,166,414</u>

See accompanying notes to the financial statements.

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

	Business-Type Activity
	Primary Government
OPERATING REVENUES	
Student Tuition and Fees	\$ 13,284,054
Less: Scholarship discount & allowance	(3,681,197)
Net tuition & fees	9,602,857
Grants and Contracts, noncapital:	
Federal	2,701,330
State	9,646,809
Local	260,732
Subtotal	12,608,871
TOTAL OPERATING REVENUES	22,211,728
OPERATING EXPENSES	
Salaries	37,299,395
Benefits	9,453,254
Financial aid	8,095,147
Supplies, materials, & other operating expenses	7,832,287
Depreciation	5,464,023
TOTAL OPERATING EXPENSES	68,144,106
OPERATING LOSS	(45,932,378)
NONOPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	15,143,143
Local property taxes	15,627,936
Financial aid	6,568,813
State taxes & other revenues	2,572,526
Investment income - Non-capital	23,156
Investment income - Capital	117,589
Interest expense	(4,512,273)
Other non-operating revenues	2,429,595
TOTAL NONOPERATING REVENUES (EXPENSES)	37,970,485
LOSS BEFORE OTHER REVENUES AND GAINS	(7,961,893)
OTHER REVENUES AND GAINS/(LOSSES)	
State apportionments, capital	389,500
Local property tax and revenues - Capital	17,203,431
Loss on disposal of equipment	(8,660)
TOTAL OTHER REVENUES AND GAINS	17,584,271
CHANGE IN NET POSITION	9,622,378
BEGINNING NET POSITION	83,438,821
ADJUSTMENT FOR RESTATEMENT (see Note 15)	(1,894,785)
NET POSITION, AS RESTATED	81,544,036
ENDING NET POSITION	\$ 91,166,414

See accompanying notes to the financial statements.

**OHLONE COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business-Type Activity</u>
	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 9,960,877
Federal grants and contracts	2,539,019
State grants and contracts	9,524,224
Local grants and contracts	282,900
Payments to suppliers for goods and services	(5,904,177)
Payment to/on behalf of employees	(47,406,736)
Payment to/on behalf of students	(8,125,070)
Net Cash Used by Operating Activities	<u>(39,128,963)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments and receipts	13,840,576
Property taxes	15,428,646
State taxes and other revenues	2,669,033
Pell grants	6,568,813
Other receipts	2,341,532
Net Cash Provided by Non-capital Financing Activities	<u>40,848,600</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
State appropriations for capital purposes	389,500
Purchase of capital assets	(25,486,983)
Loss on disposal, capital assets	(8,664)
Principal paid on capital debt	(8,905,497)
Interest paid on capital debt	(5,568,499)
Local property taxes and other revenues for capital purposes	17,296,117
Net Cash Used by Capital Financing Activities	<u>(22,284,026)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>139,727</u>
Net Cash Provided/(Used) by Investing Activities	<u>139,727</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	(20,424,662)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>75,765,872</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 55,341,210</u>

See accompanying notes to the financial statements.

OHLONE COMMUNITY COLLEGE DISTRICT
 STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, continued
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activity</u>
	<u>Primary Government</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH	
USED BY OPERATING ACTIVITIES	
Operating loss	\$ (45,932,378)
Adjustments to Reconcile Operating Loss to Net Cash Used by	
Operating Activities:	
Depreciation expense	5,464,023
Changes in Assets and Liabilities:	
Accounts receivable, net	95,481
Inventory and prepaids	235,027
Accounts payable	1,958,985
Unearned revenue	6,059
Compensated absences	(238,240)
Retiree health benefits	(30,856)
SERP Liability	(687,064)
Net Cash Flows From Operating Activities	<u>\$ (39,128,963)</u>

See accompanying notes to the financial statements.

OHLONE COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Associated Students of Ohlone College
ASSETS	
Cash and cash equivalents	\$ 624,061
Investments	303,375
Accounts receivable	38,667
Prepaid expenses	687
Total Assets	\$ 966,790
LIABILITIES	
Accounts payable	\$ 35,760
Deferred revenue	36,129
Total Liabilities	\$ 71,889
NET POSITION	
Restricted Net Position	894,901
Total Net Position	\$ 894,901

See accompanying notes to the financial statements.

OHLONE COMMUNITY COLLEGE DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 JUNE 30, 2014

	<u>Associated Student Fiduciary</u>
Additions	
Interest and investment income	\$ 4,002
Sales and other local revenues	456,113
Total Additions	<u>460,115</u>
Deductions	
Salaries	35,300
Benefits	2,496
Supplies and materials	280,667
Other operating expenses and services	59,654
Capital outlay	5,837
Scholarships	3,750
Other payments to students	128,678
Total Deductions	<u>516,382</u>
CHANGE IN NET POSITION	<u>(56,267)</u>
NET POSITION, BEGINNING OF YEAR	<u>951,168</u>
NET POSITION, END OF YEAR	<u>\$ 894,901</u>

See accompanying notes to the financial statements.

**OHLONE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNITS – STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

	Ohlone College Foundation
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 297,412
Cash in investment accounts	95,471
Short term investment in Fremont Bank	430,865
Contributions receivable	4,562
Prepaid expense	5,704
Other asset	1,217
Total Current Assets	<u>835,231</u>
Noncurrent Assets	
Assets held in trust	947,425
Investments	2,956,511
Total Noncurrent Assets	<u>3,903,936</u>
Total Assets	<u>\$ 4,739,167</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 188,027
Liabilities to beneficiaries due within one year	76,604
Total Current Liabilities	<u>264,631</u>
Long term liabilities	
Scholarships, long term	20,100
Liabilities to beneficiaries, long-term	426,625
Total Long Term Liabilities	<u>446,725</u>
Total Liabilities	<u>711,356</u>
Net Assets	
Unrestricted	329,547
Temporarily restricted	1,733,764
Permanently restricted	1,964,500
Total Net Assets	<u>4,027,811</u>
Total Liabilities and Net Assets	<u>\$ 4,739,167</u>

See accompanying notes to the financial statements.

**OHLONE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNITS – STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	Ohlone College Foundation			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Contributions	\$ 569,019	\$ 116,022	\$ -	\$ 685,041
Donated materials and services	3,421	-	-	3,421
Investment income, net	28,816	389,386	-	418,202
Change in value split interest agreements	-	28,893	-	28,893
Net assets released from restriction				
Purpose restriction satisfied	307,957	(307,957)	-	-
Total Support and Revenues	909,213	226,344	-	1,135,557
EXPENSES				
Program services	263,350	-	-	263,350
General and administrative	217,351	-	-	217,351
Fundraising	397,750	-	-	397,750
Total Expenses	878,451	-	-	878,451
CHANGE IN NET ASSETS	30,762	226,344	-	257,106
Net Assets - Beginning	298,785	1,507,420	1,964,500	3,770,705
Net Assets - Ending	\$ 329,547	\$ 1,733,764	\$ 1,964,500	\$ 4,027,811

See accompanying notes to the financial statements.

**OHLONE COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNITS – STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

	Ohlone College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 257,107
Adjustments to reconcile change in net assets to net cash used in operating activities	
Realized and unrealized gain on investments, net	(296,505)
Change in value of split interest agreements	(28,893)
Increase in operating assets	
Accounts receivable	(4,236)
Decrease in prepaid expense	4,224
Other assets	215
Increase in operating liabilities	
Accounts payable	(26,705)
Decrease in deferred revenue	200
Net cash used in operating activities	(94,593)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	72,122
Investment management fees	(30,595)
Net cash used in investing activities	41,527
NET DECREASE IN CASH AND CASH EQUIVALENTS	(53,066)
Cash and cash equivalents - Beginning, as restated (Note 9)	876,814
Cash and cash equivalents - Ending	\$ 823,748

See accompanying notes to the financial statements.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ohlone County Community College District (District) is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASBS No. 39, *Determining Whether Certain Organizations Are Component Units* and GASBS No. 61, *The Financial Reporting Entity: Omnibus*, and thus are included in the financial statements of the District.

Based upon the application of the criteria listed above, the following component units have been included through discrete presentation:

The Foundation for the Ohlone Community College District is a separate not-for-profit corporation. The Foundation Board of Governors are appointed independent of any District Board of Trustee's elections. The Board is responsible for approving their own budgets and accounting and finance related activities, however, the District's governing board has fiscal responsibility over the Foundation.

Separate audited financial reports for the Foundation may be obtained through the District.

In addition, the District maintains a fiduciary fund which is composed of a trust fund as follows:

Associated Student Government Funds – These funds are held on behalf of students of the District under a formal trust agreement between the associated student government and the District.

Separate financial statements are not prepared for trust and agency funds.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

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

B. Measurement Focus

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

C. Basis of Accounting

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.

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

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

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

D. Financial Statement Presentation

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 and No. 38. 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:
 - Statements of Net Position - Primary Government
 - Statements of Revenues, Expenses, and Changes in Net Position - Primary Government
 - Statements of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statements of Fiduciary Net Position
 - Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements

E. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the Alameda County Treasury is recorded at fair value in accordance with the requirements of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*.

F. Accounts Receivable

Accounts receivable consists primarily of amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenses made pursuant to the District's grant and contracts.

G. Inventory

Inventories are presented at the lower of cost or market using the average cost method and are expensed when used. Inventory consists of expandable instructional, custodial, health and other supplies held for consumption.

H. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which goods or services are consumed.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

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

I. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts externally restricted as to use pursuant to the requirements of the District's grants, contracts, and debt service requirements.

J. Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their estimated fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Buildings as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded in operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 10 years for site improvements, 8 years for equipment and vehicle, and 3 years for technology.

K. Accounts Payable

Accounts payable consists of amounts due to vendors.

L. Accrued Liabilities

Accrued liabilities consist of salaries and benefits payable, deferred summer pay and load banking. Load banking hours consist of hours worked by instructors in excess of a full-time load which they may carryover for future paid time off.

M. Unearned Revenue

Tuition and fees received prior to June 30 for classes and programs offered in the subsequent fiscal year are reported as unearned revenue.

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenses have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenses.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

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

N. Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

O. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*; accumulated unpaid employee vacation benefits are recognized as a liability of the District as compensated absences in the Statement of Net Position.

Sick leave benefits are accumulated without limit for each employee. Accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires and within the constraints of the appropriate retirement systems.

P. 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 net invested 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.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

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

Q. State Apportionments

The District does not receive state apportionments for the base calculation because it receives more than sufficient revenues from enrollment fees and property taxes. The excess property taxes above the base revenue calculations, is referred to as basic aid funds.

The District does receive state apportionments for categorical programs. These allocations are based upon various financial and statistical information from the current and previous years.

R. Property Taxes

Property taxes are assessed and levied by the County of Alameda. Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are payable in two installments on November 1 and February 1. Secured property taxes are considered delinquent after December 10 for the 1st installment and April 10 for the 2nd installment. Unsecured property taxes are payable in one installment on or before August 31 and are delinquent after August 31.

The District reports real and personal property tax on an accrual basis. A receivable has been accrued in these financial statements to reflect the amount of property taxes receivable as of June 30, 2014.

S. On-Behalf Payments

GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditure by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement Systems (STRS) on behalf of all Community Colleges in California. The amount of on-behalf payments made for the District is estimated at \$805,093 for STRS for the year ended June 30, 2014. This amount has been reflected in the basic financial statements as a component of non-operating revenue and employee benefit expense.

T. Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and most federal, state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state apportionment, property taxes, state taxes, non-capital federal grants and contracts investment income, and other revenue sources.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

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

U. Scholarship Discount and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, state or nongovernmental programs are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance, included in the Board of Governors Grants (BOGG) waivers.

V. 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.

W. Foundation Financial Statement Presentation

The Ohlone County Community College District and the Foundation for Ohlone College present their financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the codification, the Foundations do not use fund accounting.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

Unrestricted Net Assets: Net assets not subject to donor-imposed restrictions.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

OHLONE COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, *continued*
 JUNE 30, 2014

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

W. Foundation Financial Statement Presentation (*continued*)

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

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

	Primary Government	Foundation	Fiduciary Funds
Pooled Funds:			
Cash in County Treasury	\$ 52,183,234	\$ -	\$ -
Deposits			
Cash on hand and in banks	3,157,976	823,748	624,061
Total Cash and Investments	<u>55,341,210</u>	<u>823,748</u>	<u>624,061</u>

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

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 2 – CASH AND INVESTMENTS (*continued*)

B. Investments

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 District's Board Policy 3102 authorizes the District and the Associated Student Government to invest funds in accordance with California Government Code Section 53600, et seq., which includes U.S Treasury Obligations, federal agency securities, municipalities securities, asset-backed securities, mortgage-backed securities, banker's acceptances, commercial paper rated A-1 by Standard and Poor's Corporation (S&P) or P-1 by Moody's, negotiable certificates of deposit, medium-term notes, repurchase agreements, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF), registered with SEC, and the State's Local Agency Investment Fund (LAIF).

The District and the Associated Student Government did not violate any provisions of the California Government Code during the year June 30, 2014.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Equity mutual funds are not subject to interest rate risk. The trust does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Equity mutual funds are not subject to credit risk. The Trust investment policy establishes minimum acceptable credit ratings for investments from any Nationally Recognized Statistical Rating Organization (NRSROs).

OHLONE COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2014

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Investments (continued)

Custodial Credit Risk

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. 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 agency. As of June 30, 2014, the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, but not in the name of the District.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single user. The Trust and component unit's investment policies limit investments to no more than 5% of assets invested in any single equity security, any single debt security or investment in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. The foregoing limitation is not intended to apply to the percentage of assets invested in a single diversified mutual fund, obligations of the U.S Government and its agencies, U.S. agency mortgage-backed pass-through securities, or to a mutual fund that invests in such obligations or securities. The Trust accounts did not violate any provisions of the California Government Code or its investment policy during the year ended June 30, 2014.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within the funds has been eliminated in the basic financial statements, except for balances that are reflected between the business-type activity and fiduciary funds.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2014 are as follows:

	<u>District</u>	<u>Foundation</u>	<u>Fiduciary</u>
Federal	\$ 567,549	\$ -	\$ -
State	6,899,854	-	-
Local	450,136	90	38,667
Total	<u>\$ 7,917,539</u>	<u>\$ 90</u>	<u>\$ 38,667</u>

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 5 – CAPITAL ASSETS

The following provides a summary of changes in capital assets for the year ended June 30, 2014:

	Balance July 01, 2013	Additions	Deductions	Transfers	Balance June 30, 2014
Capital Assets not being Depreciated					
Land	\$ 36,116,441	\$ -	\$ -	\$ -	\$ 36,116,441
Construction in progress	22,805,968	24,741,401	457,010	(13,685,356)	33,405,003
Total Capital Assets not being Depreciated	<u>58,922,409</u>	<u>24,741,401</u>	<u>457,010</u>	<u>(13,685,356)</u>	<u>69,521,444</u>
Capital Assets being Depreciated					
Site improvements	9,466,286	-	-	207,547	9,673,833
Buildings and improvements	185,569,433	-	-	1,405,791	186,975,224
Machinery & equipment	31,836,508	1,211,252	1,152,208	12,072,018	43,967,570
Total Capital Assets being Depreciated	<u>226,872,227</u>	<u>1,211,252</u>	<u>1,152,208</u>	<u>13,685,356</u>	<u>240,616,627</u>
Total Capital Assets	<u>285,794,636</u>	<u>25,952,653</u>	<u>1,609,218</u>	<u>-</u>	<u>310,138,071</u>
Less Accumulated Depreciation					
Site improvements	315,543	12,636	-	-	328,179
Buildings & improvements	39,077,928	3,474,780	-	-	42,552,708
Machinery & equipment	17,845,359	1,976,607	1,143,548	-	18,678,418
Total Accumulated Depreciation	<u>57,238,830</u>	<u>5,464,023</u>	<u>1,143,548</u>	<u>-</u>	<u>61,559,305</u>
Net Capital Assets	<u>\$ 228,555,806</u>	<u>\$ 20,488,630</u>	<u>\$ 465,670</u>	<u>\$ -</u>	<u>\$ 248,578,766</u>

**OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 6 – UNEARNED REVENUES

Unearned revenues as of June 30, 2014 are as follows:

Deferred revenue for the District consisted of the following:

Deferred federal and state revenue	\$ 401,934
Deferred local revenue	3,166
Deferred tuition and other student fees	<u>3,584,798</u>
Total deferred revenue	<u>\$ 3,989,898</u>

NOTE 7 – LONG TERM OBLIGATIONS

A schedule of changes in long-term obligations for the year ended June 30, 2014 is shown below:

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
Long-Term Obligations					
Compensated absences	\$ 1,061,784	\$ -	\$ 238,240	\$ 823,544	\$ 205,886
Post-employment health benefits	474,525	779,486	810,342	443,669	443,669
General obligation bonds	199,570,000	-	8,905,497	190,664,503	2,764,814
Bond premiums	19,692,658	-	1,389,111	18,303,547	1,389,111
SERP liability	1,308,656	-	687,064	621,592	571,825
Accreted interest	4,127,550	636,048	374,503	4,389,095	580,186
Totals	<u>\$ 226,235,173</u>	<u>\$ 1,415,534</u>	<u>\$ 12,404,757</u>	<u>\$ 215,245,950</u>	<u>\$ 5,955,491</u>

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 7 – LONG TERM OBLIGATIONS (continued)

General Obligation Bonds

In June 2002 and August 2005, the District issued General Obligation Bonds totaling \$150,000,000. These bonds were issued to finance the acquisition, construction and modernization of property and facilities. The Current Interest and Capital Appreciation Bonds interest and yield vary, ranging from 3.00% to 5.00% and are scheduled to mature through August 2012 and August 2030 for the 2002 and 2005 issuances, respectively.

In 2010, the District issued General Obligation Refunding Bonds totaling \$23,680,000. These bonds were issued to advance refund a portion of the District's outstanding Election of 2002 General Obligation Bonds, Series A, and to pay the costs of issuing the bonds. The bonds mature through August 2026 and bear interest at rates ranging from 2.00% to 4.50%. This refinancing saved District taxpayers approximately \$3.5 million.

In November 2011, the District issued \$70,000,000 and \$10,000,000 in 2010 General Obligation Bonds, Series A and Series A-1, respectively. The Series A Bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities approved by the District's registered voters and to pay the cost of issuance associated with the Bonds. The Series A-1 Bonds are being issued to fund a technology endowment. Interest earnings from the endowment shall remain in the Building Fund and used for the purposes of that fund. The Series A and Series A-1 bonds will both mature through August 2041 and have interest rates ranging between 2.00% and 5.25%.

In August 2012, the District issued General Obligation Refunding Bonds totaling \$94,070,000. These bonds were issued to advance refund a portion of the District's outstanding Election of 2002 General Obligation Bonds, Series B, and to pay the costs of issuing the bonds. The bonds mature through August 2030 and bear interest at rates ranging from 1.50% to 5.00%. This refinancing saved District taxpayers approximately \$8.3 million.

The annual requirements to amortize General Obligation Bonds outstanding as of June 30, 2014 are as follows:

Year Ended		Principal	Interest	Total
June 30,				
2015	\$	2,764,814	\$ 8,876,349	\$ 11,641,163
2016		2,838,263	8,959,250	11,797,513
2017		3,023,457	9,146,806	12,170,263
2018		3,156,993	9,341,970	12,498,963
2019		3,383,006	9,553,680	12,936,686
2020-2024		31,882,970	39,512,343	71,395,313
2025-2029		58,110,000	27,236,312	85,346,312
2030-2034		41,665,000	14,110,025	55,775,025
2035-2039		23,565,000	8,492,062	32,057,062
2040-2042		20,275,000	1,659,131	21,934,131
Total	\$	190,664,503	\$ 136,887,928	\$ 327,552,431

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 7 – LONG TERM OBLIGATIONS (continued)

SERP Liability

During 2010, the District provided the option of a Supplemental Employee Retirement Plan ("SERP") to the District employees. As of June 30, 2014, there were 56 employees in the Plan. Employees under the SERP receive monthly annuity benefits. The District is obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan. The annual requirements to amortize the SERP liability outstanding as of June 30, 2014 are as follows:

Year Ending June 30,	
2015	\$ 571,825
2016	49,767
Total	<u>\$ 621,592</u>

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 8 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute a statutorily determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Public Employees' Retirement Systems (PERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS' annual financial report maybe be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 8 – EMPLOYEE RETIREMENT PLANS (continued)

Funding Policy

Active plan members hired prior to January 1, 2013, are required to contribute 7% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2013-2014 was 11.442% of annual payroll. The contribution requirements of the plan members are established and may be amended by the State statute.

Contribution to STRS and PERS

The District’s contributes to STRS and PERS for each of the last three fiscal years are as follows:

Year Ended June 30,	STRS		PERS	
	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2012	\$ 1,194,233	100%	\$ 1,591,040	100%
2013	\$ 1,198,014	100%	\$ 1,721,631	100%
2014	\$ 1,260,005	100%	\$ 1,673,581	100%

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 year ended June 30, 2014, which amounted to \$805,093 (5.204 percent for 2013-14) 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, 2014. 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 non-operating revenue and employee benefit expense.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides health, dental, and vision benefits to eligible retirees and their dependents in accordance with provisions established through negotiations between the District and the bargaining unions representing employees. Plan provisions are renegotiated each three-year bargaining period. The District reports the financial activity of the plan as a trust fund in these financial statements and no separate financial report is prepared.

Eligibility

The District currently provides retiree and dependent health benefits to eligible academic, classified, classified leadership and administrators until retirees reach age 65. Eligibility requirements vary by employee classification. All participants must have a minimum service of 10 years and minimum required hours of 75% FTE. In addition, classified employees must be at least 60 years of age; and classified leadership, administrators and academic employees must retire under PERS or STRS. The District also pays for retiree only Medicare supplemental coverage for academic, classified leadership and administrative retirees beyond age 65. The following table shows the current plan participants:

Retirees and beneficiaries receiving benefits	132
Active plan members	337
Total	<u>469</u>

Funding Policy

The contribution requirements are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements, with an annual adjustment to fully fund the actuarially determined annual required contribution. For fiscal year 2013-2014, the District contributed \$810,342 to the plan for current year premiums. The District pays for 100% of coverage.

OHLONE COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, *continued*
 JUNE 30, 2014

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS (*continued*)

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize an unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed, and changes in the District’s net OPEB obligation:

Annual required contribution (ARC)	\$ 774,114
Interest on net OPEB obligation	30,844
Adjustment to annual required contribution	(25,472)
Annual OPEB cost	<u>779,486</u>
Contributions made	810,342
Changes in net OPEB obligation	<u>(30,856)</u>
Net OPEB obligation, beginning of year	474,525
Net OPEB obligation, end of year	<u>\$ 443,669</u>

**OHLONE COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2014**

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)

Funding Status and Funding Progress

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Entry Age Normal Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2/1/2013	\$ 2,099,142	\$ 7,250,590	\$ 5,151,448	29.0%	\$ 26,671,869	19%

The above noted actuarial accrued liability was based on the February 1, 2013, actuarial valuation. Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of employer contribution also presented as required supplementary information, presents trend information about the amounts contributed to the plan by employers in comparison to the annual required contribution (ARC).

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 benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

The actuarial cost method used in determining the benefit obligations is the Entry Age Normal Cost method. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4.0 percent which included a 3.0 percent inflation assumption.

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 10 – JOINT POWERS AGREEMENT

The District participates in two joint ventures under joint powers agreements (JPAs) with the Bay Area Community College Districts Joint Powers Agency (BACCDJPA) and the South Bay Regional Public Safety Training Consortium (SBRPSTC). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. District representatives serve on both boards.

BACCDJPA arranges for and provides property and liability insurance for its members. BACCDJPA is governed by a board consisting of a representative from each member district. The board controls the operations of BACCDJPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested, and shares surpluses and deficits proportionate to their participation in BACCDJPA.

The following is a summary of financial information for BACCDJPA at June 30, 2013 (the most recent financial statements available).

Total assets	\$ 6,554,828
Total liabilities	\$ 3,782,581
Net position	\$ 2,772,247
Total revenues	\$ 3,727,872
Total expenses	\$ 4,272,019
Change in net asset	\$ (544,147)

South Bay Regional Public Safety Training Consortium

SBRPSTC provides for the educational and training needs of public safety students in the areas represented by the participating community college districts. SBRPSTC is governed by a board consisting of a representative from each member district. The board controls the operations of SBRPSTC, including selection of management and approval of operating budgets, independent of any influence by the member boards beyond their representation on the board.

The following is a summary of financial information for SBRPSTC at June 30, 2014 (the most recent financial statements available).

Total assets	\$ 2,971,337
Total liabilities	\$ 1,550,685
Net assets	\$ 1,420,652
Total revenues	\$ 8,971,619
Total expenses	\$ 9,080,103
Change in net asset	\$ (108,484)

OHLONE COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 11 – FUNCTIONAL EXPENSES

The functional expenses for the year ended June 30, 2014 were as follows:

Function	Salaries	Benefits	Services	Depreciation	Aid	Total
Instructional Activities	\$ 19,015,918	\$ 3,135,438	\$ 1,207,553	\$ -	\$ -	\$ 23,358,909
Instructional Support	3,389,628	671,815	280,503	-	-	4,341,946
Student Services	4,439,336	1,107,028	597,193	-	-	6,143,557
Plant Operation & Main	1,910,933	816,663	1,482,741	-	-	4,210,337
Institutional Support	4,896,256	2,723,447	2,721,895	-	-	10,341,598
Community Services	2,049,893	519,300	1,156,790	-	-	3,725,983
Ancillary & Auxiliary	1,266,051	393,001	195,044	-	-	1,854,096
Student Aid	86,189	1,342	-	-	8,095,146	8,182,677
Physical Property & Related	245,196	85,220	190,564	-	-	520,980
Depreciation Expense	-	-	-	5,464,023	-	5,464,023
Total	\$ 37,299,400	\$ 9,453,254	\$ 7,832,283	\$ 5,464,023	\$ 8,095,146	\$ 68,144,106

OHLONE COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, *continued*
 JUNE 30, 2014

NOTE 12- COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Purchase Commitments

As of June 30, 2014, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$49,064,375. Projects will be funded by State funds and Basic Aid funds.

C. Litigation

The District is a defendant in various pending liability lawsuits arising in the ordinary course of business. The outcome of the litigation is unknown at the present time, however, in the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

NOTE 13 – RESTATEMENT OF NET POSITION

The beginning net position of Primary Government has been restated in order to adjust for prior recognition of deferred charges related to debt issuance.

	<u>Primary Government</u>
Net Position - Beginning, as Previously Reported	\$ 83,438,821
Restatement	(1,894,785)
Net Position - Beginning, as Restated	<u>\$ 81,544,036</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

**OHLONE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Entry Age Normal Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
5/13/2009	\$ -	\$ 5,175,598	\$ 5,175,598	0.0%	\$ 25,600,021	20%
2/1/2011	\$ 774,529	\$ 5,818,135	\$ 5,043,606	13.3%	\$ 27,235,761	19%
2/1/2013	\$ 2,099,142	\$ 7,250,590	\$ 5,151,448	29.0%	\$ 26,671,869	19%

See accompanying note to required supplementary information.

OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULE

A. **Schedule of Postemployment Healthcare Benefits Funding Progress**

This schedule is prepared to show information for the most recent actuarial valuation and from the three most recent actuarial valuations in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for post-employment benefits other than pensions.

**SUPPLEMENTARY
INFORMATION**

**OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Education			
<i>Direct Program</i>			
Federal Supplemental Educational Opportunity Grant	84.007	*	\$ 79,050
Federal Work Study Program	84.033	*	64,640
Federal Pell Grant	84.063	*	6,568,813
Federal Direct Student Loans	84.268	*	928,077
<i>Subtotal Student Financial Assistance Cluster</i>			<u>7,640,580</u>
<i>Passed through the California Community College Chancellor's Office:</i>			
Rehabilitation Training - Continuing Education	84.264	22572	280,387
Career and Technical Education - Title II-C	84.048	03-C01-061	148,231
Career and Technical Education - Title II-E	84.048	00-021-23	43,971
<i>Subtotal 84.243</i>			<u>192,202</u>
Total U.S. Department of Education			<u>8,113,169</u>
National Science Foundation			
<i>Direct Program</i>			
DeafTEC	47.076	31182-07	51,356
Total National Science Foundation			<u>51,356</u>
U.S. Department of Health and Human Services			
<i>Passed through the California Community College Chancellor's Office</i>			
Temporary Assistance for Needy Families	93.558	*	28,068
Total U.S. Department of Health and Human Services			<u>28,068</u>
U.S. Department of Labor			
<i>Passed through the Alameda County Workforce Investment Board:</i>			
WIA - Adults Formula Grants	17.258	C95-0263-0931	882,215
<i>Passed through the Contra Costa Community College District:</i>			
Design it, Build it, Ship it (DBS)	N/A	TC-23770-12-60-A-6	134,928
Total U.S. Department of Labor			<u>1,017,143</u>
Total Federal Programs			<u>\$ 9,209,736</u>
Reconciliation to Federal Revenues			
Total Federal Expenditures			\$ 9,209,736
Total Federal Revenues			(9,270,143)
Revenues in excess of expenditures			(60,407)
Total Federal Grants			<u>\$ 9,209,736</u>

*Pass-Through number is either not available or not applicable

**OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Program Name	Program Entitlements			Program Revenues				Total Program Expenditures
	Prior Year Carry-forward	Current Entitlement	Total Entitlement	Cash Received	Accounts Receivable	Deferred Income	Total	
State Categorical Aid Programs								
Applied Biotechnologies	\$ -	\$ -	\$ -	\$ 11,765	\$ -	\$ -	\$ 11,765	\$ 11,765
AB86	-	219,423	219,423	109,712	-	109,712	-	-
A&R	-	10,000	10,000	10,000	-	-	10,000	10,000
Basic Skills	155,928	103,755	259,683	103,755	-	169,198	90,485	90,485
BARTPC	6,531	-	6,531	-	-	-	-	-
Calworks	-	176,536	176,536	176,536	-	-	176,536	176,536
CTE Pathways Collaborative 12	-	348,000	348,000	261,000	-	90,727	170,273	170,273
CTE Pathways Collaborative 11	-	171,605	171,605	171,603	-	-	171,603	171,603
Child Development Consortium	5,910	-	-	6,050	-	-	11,960	11,497
Cooperative Agency Resource Education	-	30,168	30,168	30,168	-	-	30,168	30,168
Deputy Sector Navigator	-	200,000	200,000	80,000	91,848	-	171,848	171,848
SB1070 In-Region Investment	-	100,000	100,000	40,000	22,836	-	62,836	62,836
Disabled Student Program and Services	-	1,001,343	1,001,343	1,003,426	-	-	1,003,426	1,003,426
Distance Ed - Caption	-	-	-	-	-	-	-	-
E Transcript	-	10,000	10,000	10,000	-	-	10,000	10,000
Enroll Fee Admin (2%)	-	64,253	64,253	64,253	-	-	64,253	64,253
Extended Opportunity Program and Services	-	300,454	300,454	300,454	-	707	299,747	299,747
Faculty and Staff Diversity	-	5,383	5,383	5,383	-	-	5,383	5,383
Instructional Equipment (On-going)	8,115	109,713	117,823	109,713	-	-	117,823	92,023
Lottery - Prop 20	470,905	-	470,905	31,305	252,041	-	283,346	212,483
SS&SP	4,186	542,553	542,553	542,554	-	31,591	510,963	515,149
Student Financial Aid Administration	-	251,022	251,022	251,022	-	-	251,022	251,022
Transfer & Articulation	6,448	-	6,448	-	-	-	-	440
Total State Programs	\$ 658,023	\$ 3,644,208	\$ 4,292,130	\$ 3,318,699	\$ 366,724	\$ 401,935	\$ 3,453,437	\$ 3,360,937

See accompanying note to supplementary information.

**OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURE FOR STATE GENERAL APPORTIONMENT ANNUAL
(ACTUAL) ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2014**

	Annual FTES		
	Reported Data	Audit Adjustment	Revised Data
A. Summer Intersession (Summer 2013 Only)			
1. Noncredit	-	-	-
2. Credit	543.87	-	543.87
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit	1.71	-	1.71
2. Credit	362.10	-	362.10
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedures Courses			
(a) Weekly Census Contact Hours	4,136.06	-	4,136.06
(b) Daily Census Contact Hours	376.86	-	376.86
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	-	-	-
(b) Credit	465.46	-	465.46
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	1,931.24	-	1,931.24
(b) Daily Census Procedure Courses	70.94	-	70.94
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	7,888.24	-	7,888.24
Supplemental Information (subset of information above)			
In-service Training Courses (FTES)	268.00	-	268
Basic Skills Courses and Immigrant Education			
1. Noncredit	-	-	-
2. Credit	461.53	-	462
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
1. Noncredit	-	-	-
2. Credit	2,787	-	2,787

See accompanying note to supplementary information.

**OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH
DISTRICT ACCOUNTING RECORDS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no adjustments necessary to reconcile the annual CCFS-311 report with the District accounting records for the fiscal year 2013-2014.

**OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ESCB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustment s	Revised Data	Reported Data	Audit Adjustment s	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	8,904,150	-	8,904,150	8,904,150	-	8,904,150
Other	1300	7,041,376	-	7,041,376	7,041,376	-	7,041,376
Total Instructional Salaries		15,945,526	-	15,945,526	15,945,526	-	15,945,526
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,859,728	-	3,859,728
Other	1400	-	-	-	302,547	-	302,547
Total Non-Instructional Salaries		-	-	-	4,162,275	-	4,162,275
Total Academic Salaries		15,945,526	-	15,945,526	20,107,801	-	20,107,801
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	8,091,444	-	8,091,444
Other	2300	-	-	-	653,100	-	653,100
Total Non-Instructional Salaries		-	-	-	8,744,544	-	8,744,544
Instructional Aides							
Regular Status	2200	1,847,563	-	1,847,563	1,847,563	-	1,847,563
Other	2400	804,256	-	804,256	804,256	-	804,256
Total Instructional Aides		2,651,819	-	2,651,819	2,651,819	-	2,651,819
Total Classified Salaries		2,651,819	-	2,651,819	11,396,363	-	11,396,363
Employee Benefits	3000	2,986,975	-	2,986,975	7,109,525	-	7,109,525
Supplies and Materials	4000	-	-	-	506,547	-	506,547
Other Operating Expenses	5000	743,355	-	743,355	5,048,006	-	5,048,006
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		22,327,675	-	22,327,675	44,168,242	-	44,168,242
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	416,854	-	416,854	416,854	-	416,854
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	35,837	-	35,837
Non-instructional Staff-Retirees' Benefits and Retirement Incentiv	6740	-	-	-	373,173	-	373,173
Object to Exclude							
Rents and Leases	5060	-	-	-	910	-	910
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	125,833	-	125,833
Non-instructional Supplies & Materials	4400	-	-	-	52,338	-	52,338
Total Supplies and Materials		-	-	-	178,171	-	178,171
Other Operating Expenses and Services	5000	-	-	-	829,386	-	829,386
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	150,686	-	150,686
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	9,123	-	9,123
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment	6420	-	-	-	9,123	-	9,123
Total Capital Outlay		-	-	-	159,809	-	159,809
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 416,854	\$ -	\$ 416,854	\$ 1,994,140	\$ -	\$ 1,994,140
Total for ECS 84362, 50% Law		\$ 21,910,821	\$ -	\$ 21,910,821	\$ 42,174,102	\$ -	\$ 42,174,102
Percent of CEE (Instructional Salary Cost/Total CEE)		51.95%	0.00%	51.95%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 21,087,051	\$ -	\$ 21,087,051

See accompanying note to supplementary information.

**OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
 DETAILS OF EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014**

EPA Revenue	\$ 5,951,394
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 5,951,394	-	-	\$ 5,951,394
Total		\$ 5,951,394	-	-	\$ 5,951,394

See accompanying note to supplementary information.

OHLONE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF GENERAL FUND FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1- PURPOSE OF SCHEDULES

A. **Schedules of Expenditures of Federal Awards and State Financial Assistance**

The audit of the Ohlone County Community College District for the year ended June 30, 2014 was conducted in accordance with OMB Circular A-133, which requires a disclosure of the financial activities of all federally funded programs. The Schedule of Federal Awards and the Schedule of State Financial Assistance is prepared on the modified accrual basis of accounting.

B. **Schedule of Workload Measures for State General Apportionment**

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the Ohlone County Community College District's annual calculation of funding.

C. **Reconciliation of Annual Financial and Budget Report with Audited Fund Balances**

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the Form CCFS-311.

D. **Reconciliation of the ECS 84362 (50 percent law) Calculation**

This schedule reports any audit adjustments made to the reported data to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

E. **Details of the Education Protection Account**

This schedule reports the revenue and expenditures of the District Proposition 30 Education Protection Account.

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**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**

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

Governing Board
Ohlone Community College District
Fremont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity, aggregate discretely presented component units and fiduciary funds of Ohlone Community College District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Ohlone Community College District's basic financial statements, and have issued our report thereon dated December 3, 2014.

Internal Control over Financial Reporting

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

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

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State Board of Accountancy*

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 Ohlone Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



San Diego, California
December 3, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133**

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

Governing Board
Ohlone Community College District
Fremont, California

Report on Compliance for Each Major Federal Program

We have audited Ohlone Community College District's 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 Ohlone Community College District's major federal programs for the year ended June 30, 2014. Ohlone Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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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 Ohlone Community College District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Ohlone Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ohlone Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Ohlone Community College District's internal control over compliance.

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

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

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

Christy White Associates

San Diego, California
December 3, 2014

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

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Governing Board
Ohlone Community College District
Fremont, California

Report on State Compliance

We have audited Ohlone Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2013-14*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2014.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Ohlone Community College District's compliance with the requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Community Colleges Contracted District Audit Manual (CDAM) 2013-14*, issued by the California Community Colleges Chancellor's Office. Those standards 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 the state programs noted below. An audit includes examining, on a test basis, evidence about Ohlone Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Ohlone Community College District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Ohlone Community College District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2014.

Procedures Performed

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

- 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 – Scheduled Maintenance Program
- Section 431 - Gann Limit Calculation
- Section 435 - Open Enrollment
- Section 438 - Student Fees – Health Fees and Use of Health Fee Funds
- Section 439 – Proposition 39 Clean Energy
- Section 474 - Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 - Disabled Student Programs and Services (DSPS)
- Section 479 - To Be Arranged Hours (TBA)
- Section 490 - Proposition 1D State Bond Funded Projects
- Section 491- Proposition 30 Education Protection Account Funds

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2013-14*. Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
December 3, 2014

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**OHLONE COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

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

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**OHLONE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings or questioned costs related to the financial statements for the year ended June 30, 2014.

**OHLONE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings or questioned costs related to the federal awards for the year ended June 30, 2014.

OHLONE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

There were no findings or questioned costs related to the state awards for the year ended June 30, 2014.

**OHLONE COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Governmental Auditing Standards*.

FINDING #2013-01: INFORMAL BIDDING PROCEDURES

Criteria: The California Uniform Public Cost Accounting Act (Public Contract Code Section 22000) requires that the District submit a written notice to all construction trade journals designated for that Agency, inviting all licensed contractors to submit the name of their firm to the Agency for inclusion on the Agency's list of qualified bidders (i.e. the informal bidding list) for the following calendar year.

Condition: During our testing of awards of contracts subject to the informal bid procedures in 2012-2013, we noted that the District could not provide verification that they submitted the trade journal advertisement to all four required trade journals as required by the California Uniform Public Cost Accounting Act (CUPCAA). This finding affected 3 (100%) informal bid contracts tested in 2012-2013.

Cause: The District did not maintain supporting documents to provide proof that the advertisement was submitted to the required trade journals.

Effect: Noncompliance with CUPCAA.

Questioned Costs: None.

Recommendation: The District should ensure that all informal bid advertisements are properly submitted to the required trade journals in accordance with CUPCAA. In addition, the District should maintain support such as fax confirmations or email confirmations that the advertisements were submitted.

District Response: While the District did advertise in required journals for individual projects, it did not meet the criteria for an annual advertisement to establish and maintain the annual list of prequalified contractors. The District has established an annual schedule to release an advertisement to all licensed contractors in the required local trade journals to fully satisfy the CUPCAA informal solicitations requirement. The District will secure proper documentation of the required trade journal advertisements going forward.

Current Status: Implemented.