Financial Statements
June 30, 2019

Santa Clarita Community College District

COLLEGE OF THE CANYONS

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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COLLEGE OF THE CANYONS
Dr. Dianne G. Van Hook, *Chancellor*
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December 20, 2019

Eide Bailly LLP
10681 Foothill Blvd., Suite 300
Rancho Cucamonga, CA 91730

To Whom It May Concern:

The Santa Clarita Community College District's College of the Canyons (COC) is recognized as one of the most innovative community college districts in California. Specifically, our forward-thinking campus culture encourages faculty, staff and administrators to propose and implement new curricula, programs and ideas that, together, keep COC on the leading edge with emerging and developing industries and our students.

Fiscally Responsible

At the end of each fiscal year, an independent Certified Public Accounting firm that specializes in community college oversight performs audits. Their scope of work includes financial, compliance audits for the Santa Clarita Community College District and the College of the Canyons Foundation, as well as financial, and performance audits for the district's general obligation bond funds.

What is the Process?

In assessing the systems and procedures of accounting utilized by the District, the auditors work with and interview various individuals at the District who have responsibility for fiscal oversight. This is done to determine the degree to which the District complies with rules and regulations as set forth in State regulations and the Accounting Manual for California Community Colleges and, subsequently, determine that the accountability and propriety of expenditures have been carried out accordingly.

The Results Are In!

At College of the Canyons, we value the audit process as it provides the district with opportunities to discuss ways to improve its business procedures and accountability mechanisms. I am pleased to report that the District has received ***Unmodified Opinions for Financial Statements and Federal Awards*** in the 2018-2019 audit report, with no audit findings. An ***Unmodified Opinion*** is the best opinion that can be issued for an audit, i.e., "the financial statements present fairly, in all material aspects, the financial position of the business type activities of the district as of June 30, 2019." Since 2002, **97% or 77 of 79** of the District's audits have received Unqualified/Unmodified Opinions. This includes District, Foundation and General Obligation Bond finance and performance audits.

These Unmodified Opinions on the audit reaffirm the high level of fiscal responsibility in the Santa Clarita Community College District, and underscore our compliance with appropriate accounting procedures and controls.

As we move forward, carrying out our vision, engaging in systematic planning, and seeking all opportunities to expand access for our students and the businesses in our service area, the District remains committed to sound fiscal risk management practices, and the audit reaffirms our ability to deal with:

- ✓ The State of California's lack of a funding mechanism for community college education; and
- ✓ Maintaining a strong financial position with adequate reserves.

It is important to note that we are one of only 12 college districts, out of 72, to return to, and then exceed, 2008 enrollment and funding levels.

OUR DILIGENCE ILLUSTRATES OUTCOMES

For the last **50 years,** we have built a reputation as a statewide leader by putting our students on pathways to success. Whether it is continuing with their higher education, entering the workforce, or honing their skills to meet the needs of their employer, our students know we have embraced the opportunity to providing classroom training that links that same learning to jobs. It is this commitment to learning, combined with our coordinated teamwork, that has contributed to our collective successes as we continue to provide service to our community, our region and the state.

New Initiatives, Innovative Projects & Collaboration

Innovation is a core value for the College and the District. Faculty, staff, and students are welcomed to campus where they are not only challenged to take that next step into an unknown future, but also to create the very steps they wish to take. In the past year, numerous projects and efforts have reflected this innovative spirit as we:

- Continued to lead efforts to expand the use of Zero Textbook Cost (ZTC) materials, affordable alternatives to costly textbooks, which **saved our students more than $4 million in textbook costs.**
- Added **three new Associate Degree for Transfer (ADT) programs** – **Environmental Science, Hospitality Management, and Public Health Science** – to help students transfer to California State University campuses, bringing the total ADT offerings at COC to 31 programs.
- Offered the **first Pathways Professional Institute** this summer, with 36 employees completing all four sessions and becoming **Certified Pathways Professionals**.
- Received $3 million from the **South Coast Air Quality Management District** to help purchase and upgrade equipment with cleaner and energy efficient technologies.
- Opened a second off-campus **Continuing Education Center** in January 2019 to offer tuition-free English as a Second Language (ESL) courses, as well as vocational ESL and citizenship courses.
- Received a $260,000 **Education Futures Grant** in support of our **TEACH program** to create a community of practice for increasing the number of teachers in the state.
- Secured a $25,000 grant from Edison International for our **Fire Technology Program** to purchase valuable equipment used for interactive learning, including structural firefighter coats, helmets and axes.
- Received approval from the **US Department of Labor** to offer apprenticeships for **Medical Laboratory Technician and Certified Nursing Assistant**, which will enable us to collaborate with employers in developing a pipeline of talent to address these urgent workforce needs.
- Launched a mobile app to make personalized information convenient and available to students on their mobile devices.
- Received approval from the American Bar Association (ABA) House of Delegates for our **Paralegal** program.

- Secured $898,434 of ongoing funding through **AB19 – California College Promise**, which will enable us to cover enrollment fees for an additional 500 first-time, full-time students, and encouraging persistence from Fall to Spring. Received two grants totaling $500,000 for **Open Educational Resources (OER)** through the **California Virtual Campus – Online Education Initiative**, which will enable us to expand online and OER for **Architecture, ECE, Surveying and Water,** and continue to **expand the leadership role** we have had with the **statewide Zero Textbook Cost program** since 2017.
- Received a $49,000 **Textbook Affordability Program Award** that will enable faculty to adopt high quality, free and open educational resources for course materials.

Student Involvement, Achievement and Success

We champion the involvement of our student body, celebrate their achievements and promote their success. In the past year, we:

- Honored our **2019 graduating class, the largest in school history**, during the college's 50th annual commencement ceremony on May 31, 2019.
    - The class of 2019 was comprised of **2,467 students who petitioned for graduation, a 10.5% increase** from the class of 2018.
    - The class represented **120 majors with 817 students graduating with two or more degrees**.
    - The **average GPA for the class of 2019 was 3.18**: **Seven hundred and forty-five** (**745) students graduated with honors** (3.5 or higher GPA)
    - **Forty-six (46) students had a perfect 4.0 GPA and qualified as valedictorian**.
    - This year we were pleased to have **105 First-Year Promise students graduate from the first cohort that launched in fall 2017**.
- Celebrated as two of COC's award-winning choirs were among the eight choirs chosen to participate in the **American Choral Directors Association State Conference** in San Jose.
- Congratulated our Model UN Team, which was ranked in the **Top 50 MUN programs in the country,** their **fifth consecutive semester** to achieve that distinction, and again the only community college represented in the rankings.
- Saw nearly 100 student-athletes graduate from College of the Canyons or transfer to four-year universities to continue their athletic and academic careers.
- Welcomed a new cohort of 72 students from 21 countries to our **International Services and Programs** for this fall.
- Congratulated students Arturo Fernandez and Brenden Davis, who were selected for the 2019 Phi Theta Kappa All California Academic Team.
- Won the **2019 California Community College Athletic Association (CCCAA) State Championships** in both Men's and Women's Golf.
- Sent a team of students to participate in NASAs High Altitude Student Payload (HASP) program for the fourth year in a row, again earning COC the distinction of being the only community college that has participated in the program more than once.
- Awarded a record setting **330 scholarships totaling $296,280 to 289 students**, at our Scholarship Awards Ceremony, a special event to honor the donors and connect them with the student recipients.

Community Partnerships and Building the Economy

We have continued to enhance our abilities and build relevant and creative partnerships, which have boosted our fiscal base, resulting in an expansion of student access, support, outreach, and service to our community. We have:

- Opened the Basic Needs Center (BaNC) to help meets the needs of housing and food insecure students.
- Welcomed more than 500 people to the Canyon Country Campus for a **Star Party**, where high-powered telescopes provided by local astronomy clubs and our own Astronomy & Physics Club were available for the public to view the night sky.
- Hosted the **2019 Media Day,** which connected more than 250 high school and college students with Hollywood directors, broadcast journalists and DreamWorks animators.
- Graduated 71 Sheriff's deputies from the **Los Angeles County Sheriff's Department Training Academy** hosted on our Valencia Campus.
- Established a new partnership with **Jobs for the Future**, becoming one of just a few community colleges to deliver curriculum designed by Google that will enable 25 students, primarily veterans, to take online courses, and earn an **IT Certification from Google**.
- Created a partnership that will offer college classes at our local high school campuses during the regular school day to help prepare students for transfer or for **career technical education**.
- Partnered with the **Sulphur Springs Union School District** to participate in a grant that resulted in $878,343 award from the **California Department of Education** to provide K-6 students access to well-rounded educational opportunities, centered in science, technology, engineering, art and math (STEAM).

In addition to boosting economic development, we also built relevant and creative partnerships with entities on and off campus, which boosted our fiscal base and resulted in an expansion of student access, support, outreach and service to our community. We have continued to work energetically with the **Santa Clarita Valley Economic Development Corporation** and community partners to prepare for future demands in our local economy, and ensure its long-term growth and vitality. In addition, our **Santa Clarita Valley Business Alliance** continues to meet on a regular basis, engaging local chief executive officers to solicit information based on their needs and trends in workforce training and development.

Given her reputation for innovation, and her expertise in higher education, Dr. Van Hook was invited by the **Bipartisan Policy Center** to join its **Higher Education Task Force** consisting of leaders with decades of experience in government, academia, higher education administration and the business community to make recommendations on the reauthorization of the Higher Education Act. Appointed by Assembly Speaker Anthony Rendon, Dr. Van Hook also is one of 12 members of the **Student Centered Funding Formula Oversight Committee** charged by the state Legislature with evaluating the current community college funding formula and recommending changes.

Also, Assistant Superintendent/Vice President of Business Services Sharlene Coleal is a member of the **Advisory Workgroup on Fiscal Affairs**, which is providing input to the California Community College's Chancellor's Office on the impact of the Student Centered Funding Formula.

We Stand Out from the Rest

Facilities Improvements

With more than 35,000 students enrolled, we are mindful that ample, high-quality facilities are needed to facilitate learning. For that reason, we are constantly building new facilities and renovating existing classrooms and labs to ensure that we not only have the capacity needed to serve our enrollment, but also the spaces, equipment, and technology that support student success. In 2018-19 we:

- Opened the **Valencia campus parking structure** on schedule for the start of the spring semester, providing 1,659 new spaces for students and employees, including 53 electric vehicle charging stations.
- Completed structural and aesthetic upgrades to the **Boykin Lecture Hall,** the college's oldest lecture hall, including new seating, updated audio-visual systems, and replacing 1970s-era wood paneling with fabric-wrapped acoustical panels.
- Modernized the **West Physical Education Building**, which was built in the mid-1970s and houses the college's main gym, indoor pool, and locker rooms.
- Continued construction on the 55,000-square-foot **Science Center** at the Canyon Country Campus, which will meet the growing student demand for biology, chemistry and physical sciences courses.
- Submitted project plans for approval to the Department of State Architect to build the **Student Services/Learning Resources Center** adjacent to the Science Center at the Canyon Country Campus.
- Built a new **Central Plant** at the Canyon Country Campus to provide energy-efficient heating and cooling to permanent buildings planned for the campus.
- Completed Phase I of the **ADA Transition Plan and Barrier Removal** project, which included the installation of new push-button door locks on classrooms and labs that enable the rooms to be locked from the inside without a key.

Awards & Recognition

Our position as a leader among community colleges is illustrated in the external recognitions of our efforts in the 2018-19 fiscal year. We were:

- Recognized as a **Champion of Higher Education for Excellence** from The Campaign for College Opportunity, which honored our efforts to significantly increase the number of students earning an Associate Degree for Transfer (ADT), the transfer pathway that allows students to seamlessly move from community college of the California State University.
- Recognized by *Washington Monthly* magazine, which ranked COC among the **"Best Two-Year Colleges for Adult Learners"** in the nation.
- Honored for the third time in four years by the **International Interior Design Association, Southern California Chapter,** at the **Haunt Couture event** for fashion designs created by our **Architecture & Interior Design** students.
- Recognized by the **South Bay Workforce Investment Board** for our **CNC Fast Track Program** cohort **achieving a 100% job placement rate**.
- **Ranked #29 in the nation** by *Hispanic Outlook on Education* magazine's Top 100 colleges and universities list for graduating Hispanic students.

- Named by *Washington Monthly*, as one of **America's Best Colleges for Student Voting** for our efforts to increase voter participation among the student body.
- Highlighted by *EdSource* for the **trailblazing role we played in making major reforms in remedial education**, which led to the passage of AB705 and statewide adoption of many of our ideas.
- Recognized by the **Small Business Administration** with **"Excellence and Innovation Award 2019,"** for our efforts to support entrepreneurs and small businesses in the region.
- Awarded second place for **"Best Overall Magazine, Large Community Colleges, Pacific-Western Division of the U.S"** from the Community College Humanities Association (CCHA) for our **Cul-de-Sac literary magazine.**
- Honored with **nine Medallion Awards** by the National Council for Marketing & Public Relations (NCMPR) District 6 for our work in strategic communications.
- Awarded **"The Star Performer Innovation Award"** at the **Contract Education 2019 Summit** for launching the Uniquely Abled Academy, which provides job training for individuals with high-functioning autism and prepares them for work in advanced manufacturing.

IN SUMMARY

This report confirms the District's consistent practice of complying with general accounting standards, anticipating new requirements, and maintaining adequate internal budget controls. As a result, we have been able to safeguard the assets of the District. We always commit to regularly assessing and strengthening our processes as needed to help us maintain fiscal integrity, program integrity, and compliance with State and Federal regulations and as such stand out from the rest.

In summary and as illustrated above the District has demonstrated its commitment to:

- ✓ Understanding the importance of proper stewardship of district funds;
- ✓ Championing increased access for an increasingly diverse student base;
- ✓ Continuing to support student success *and* student equity;
- ✓ Ensuring compliance with all Federal and State statutory requirements as well as the district's Board policies;
- ✓ Serving the educational needs of the community and the State in an exemplary manner;
- ✓ Providing students the opportunity to learn or train for tomorrow's jobs utilizing state-of-the-art equipment;
- ✓ Supporting increased growth via strategic enrollment management and student access; increasing fiscal resources through a commitment to enhancing: grant writing, the district's Foundation and possible funds through refinement of the Student Centered Funding Formula;
- ✓ Focusing on our increasingly global student body and determining how best to serve them now and into the future as we continue to learn from one another; and
- ✓ Continuing to develop a budget plan that supports enrollment management; growth of our fiscal resources; professional development of our most important resource – our faculty and staff; and fiscal stability both now and in the future.

As we move forward with action plans to achieve our Strategic Goals and implement our Comprehensive Plan, we reaffirm our commitment to serve our community with the same high standards, quality educational programs, and innovative partnerships that have formed the foundation of the current success at College of the Canyons. During our 50th anniversary, we are at a stage in the life of the College where we look forward to:

- Continuing and completing the construction of permanent buildings at the Canyon Country Campus, including plans for six two-story buildings totaling 240,000 square feet (including the Science Center);
- Finalizing the fundraising campaign for the **First Year Promise** program to extend it beyond the life of the grant; and
- Adding faculty and initiating new curriculum, technology, programs, and partnerships that will enable us to meet our community's needs and continue to enhance the transfer possibilities for our students.

Given all that we have accomplished in the past year, and what we have planned for the future, it is clear that College of the Canyons is poised to meet the community's evolving needs with enthusiasm, energy, optimism, ambitious and aspirational goals, and an entrepreneurial spirit.

Sincerely,

Dr. Dianne G. VanHook

Dr. Dianne G. Van Hook
Chancellor

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Santa Clarita Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, and the 2018-2019 *Contracted District Audit Manual*, 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 the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2019, 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 the Management's Discussion and Analysis on pages 5 through 38, and other required supplementary information on pages 92 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Santa Clarita Community College District (the District) was established in 1967, and is one of seventy-two districts and one hundred fifteen colleges that comprise the California Community College System. The California Community College System is the largest system of higher education in the nation, with 2.1 million students attending. The system provides students with the knowledge and background necessary to compete in today's economy. With a wide range of educational offerings, the colleges provide workforce training, upskill training basic courses in English and math, certificate and degree programs, and preparation for transfer to four-year institutions.

We are pleased to present the Annual Financial Report for the Santa Clarita Community College District for the Period Ending June 30, 2019. This report was prepared using a government-wide format as required by GASB Statement No. 35, a directive from the Governmental Accounting Standards Board (GASB). Also required by GASB Statement No. 35 is the Management's Discussion and Analysis section written by the District's Administration, which provides an analysis of the District's overall financial position and results of operations. Responsibility for the completeness and fairness of the information in this section resides with the District.

This Annual Financial Report follows the Business-Type Activity (BTA) model for financial statement reporting purposes, as recommended by the California Community Colleges Chancellor's Office. The financial statements were prepared using the accrual basis of accounting, and include all capital assets and debt held by the District.

COMPONENTS OF THE ANNUAL REPORT

The 2018-19 Annual Financial Report is organized into the following main sections:

FINANCIAL SECTION

The Financial Section contains three basic financial statements that provide information on the District's activities as a whole**: Statement of Net Position – Primary Government; Statement of Revenues, Expenses, and Changes in Net Position – Primary Government; and Statement of Cash Flows – Primary Government.** Condensed versions of these three statements are included in the Management's Discussion and Analysis, and the complete versions of these three statements appear in the audit report on pages 39 through 42.

Statement of Net Position – Primary Government (Balance Sheet)

In 2003, GASB 35 was established to require Public Agencies to present their financial statements in the same format as private entities in order to establish a consistent format for anyone reviewing the report.

To comply with GASB 35, the Statement of Net Position (Balance Sheet) combines the value of assets and liabilities held in the 22 funds of the District's books and records with adjustments, which are required by GASB 35 through manual entries.

Statement of Net Position Reports Total Net Position of $(34,822,435):

- **$50,980,844** in **Net Investment in Capital Assets**. This category includes the General Obligation Bond fund with an ending fund balance of $18,622,786 (Fund 48). GASB 35 manual entries are then applied as follows: **Add** the value of capital assets based on acquisition cost of $404,438,106, **deduct** accumulated depreciation of $98,649,225, **add** the value of debt issuance expenses (costs of issuance) amortized over the life of the debt of $5,289,543, **deduct** related debt (General Obligation Bond debt, Certificates of Participation, and notes payable) of $278,720,366.

- **$11,121,395** in **Assets Restricted for Debt Service Expenditures**. This amount represents the ending fund balances in the District's two debt service funds set aside for future debt service repayments – one for general obligation bond repayment (Fund 21 – $15,269,355) and the second for all other debt repayment (Fund 29 - $105,445) for a total of $15,374,800. GASB 35 manual entries are then applied as follows: **Deduct** un-matured interest on long-term obligations of $4,253,405. Un-matured interest on long-term obligations, such as General Obligation Bonds, occurs when interest obligations exist but have not yet been billed to the District.

- **$3,439,655** in **Assets Restricted for Capital Projects Expenditures**. This amount represents the ending fund balances in the District's capital funds (Fund 41 - $0, Fund 43 - $3,126,032, Fund 44 - $4,822, and Fund 49 - $308,801) as of June 30, 2019 - except the General Obligation Bond Fund.

- **$1,850,519** in **Assets Restricted for Educational Programs**. This category represents the ending fund balance of the Restricted General Fund (Fund 12), which is restricted for programs such as Student Equity and Achievement, Staff Diversity, Credit Non-Credit Student Success and Support, Categorical Programs, Instructional Equipment Block Grant, Lottery Funding and funds from Student Health Center fees to be used for expenses related to the operation of the Health Center.

- **$625,198** in **Assets Restricted for Other Activities**. This amount represents the ending fund balance of the Student Center Remodel fund (Fund 39), which holds the student approved Student Center Fee income that comes from students fees assessed at $1.25 per unit until it is needed to pay debt service on the Student Center Remodel Project.

- **$(102,840,046)** in **Unrestricted Net Assets**. This category includes all other cash in banks, investments in the Los Angeles County Treasury (the District is fiscally dependent on the Los Angeles County Office of Education, which requires the District to invest its funds in the Los Angeles County Treasury), accounts receivable, accounts payable, and prepaid expenses in the District's operating funds (Funds 11, 32, 33, 37, 57, 58, 59, 68, 69, 72, 74, 75 and Associated Student Government) of $26,600,993.

  GASB 35 manual entries are then applied as follows: **Deduct** other District liabilities from early retirement incentives, compensated absences, and Net OPEB obligation of $20,964,414 **deduct** Trust and Agency funds containing amounts held in trust on behalf of others (Fund 69, Fund 72, Fund 75 and Associated Student Government) of $8,925,842, **deduct** general obligation bond capital appreciation bond accreted interest to date of $12,839,583, and **deduct** the District's share of STRS and PERS aggregate net pension obligations and related adjustments of $86,711,200. It is important to note that the deduction to net assets for the District's share of STRS and PERS obligations is a new entry beginning in the 2014-15 fiscal year. Prior to that, this STRS and PERS obligation was not included in the District's Financial Statements.

Statement of Revenues, Expenses, and Changes in Net Position – Primary Government (Income Statement)

This statement focuses on revenues and expenses associated with the District's activities, including: State apportionments, property taxes, student fee revenue, salaries and benefits, supplies, equipment, etc. It is intended to summarize and simplify the user's analysis of the revenues and expenses associated with District operations.

Statement of Cash Flows – Primary Government

This statement provides an analysis of the sources and uses of cash as they pertain to the operations of the District by adjusting the beginning balance for increases and decreases in cash, including cash flows from operating activities, cash flows from noncapital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

Fiduciary Funds

This section reports net position and changes in net position for the funds held by the District in trust funds for STRS and PERS Liability (Fund 68), Retiree Health Benefits (Fund 69), Student Representation Fees (Fund 72), and the Associated Student Government (Accounted for by the ASG).

Notes to the Financial Statements

These notes are also included in the Financial Section and summarize significant accounting policies, provide a schedule of capital debt, provide detail on accounts payable and receivable at year end, and provide details on capital assets and related depreciation to provide additional context and information as the reader reviews the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

The required supplementary information section contains information on the District's progress in funding other postemployment benefits (OPEB) based on an actuarial study performed effective June 30, 2019. The District's current actuarial accrued liability is $14.7 million. Although the District has set aside over $6.9 million towards this liability in a Retiree Benefits fund as of June 30, 2019, the set aside amount is not reported in this section because the funds are not in an irrevocable trust, which is what defines the OPEB liability as funded per GASB standards.

This section includes schedules on the District's proportionate share of the STRS and PERS systems' net pension liability and the District's contributions to STRS and PERS for the year ended June 30, 2019. These schedules are included in response to GASB 68, an accounting standard that is meant to improve the information provided by State and local government employers about financial support for pensions provided by other entities.

SUPPLEMENTARY INFORMATION SECTION

This section includes additional detailed information as deliniated:

- District Organization (Background information on the District, Governing Board, and Administrators)
- Schedule of Expenditures of Federal Awards (Grants and Financial Aid)
- Schedule of Expenditures of State Awards (Grants, Categorical and Financial Aid)
- Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
- Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation
- Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements
- Proposition 30 Education Protection Act (EPA) Expenditure Report
- Reconciliation of Governmental Funds to the Statements of Net Position
- Note to Supplementary Information

INDEPENDENT AUDITOR'S REPORTS SECTION - COMPLIANCE

The auditors are required to review the financial statements and records of the District and report on compliance in the following areas:

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
- Report on Compliance for Each Major Program and on Internal Control Over Compliance
- Report on State Compliance

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION

This section provides the reader the following schedules of findings and questioned costs:

- Summary of Auditor's Results
- Financial Statement Findings and Recommendations
- Federal Awards Findings and Questioned Costs
- State Awards Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings

CONDENSED FINANCIAL INFORMATION - GOVERNMENT-WIDE

The detailed government-wide financial statements contained in this Annual Financial Report and described in detail in the Components of the Annual Report section of the Management's Discussion and Analysis are condensed and summarized below to help the reader easily visualize and understand changes in major categories over the past few years:

NET POSITION
As of June 30, 2019

(Amounts in thousands)

	2019	2018	Change 2018-2019
ASSETS			
Current Assets			
Cash and investments	$ 67,819	$ 119,510	$ (51,691)
Accounts receivable	12,828	8,365	4,463
Other current assets	2,863	1,208	1,655
Total Current Assets	83,511	129,083	(45,573)
Capital Assets (net)	305,789	273,455	32,334
Total Assets	389,300	402,539	(13,239)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	5,290	5,485	(195)
Deferred outflows of resources related to pensions	35,339	33,271	2,068
Deferred outflows of resources related to OPEB	522	-	522
Total Assets and Deferred Outflows	$ 430,450	$ 441,294	$ (10,845)
LIABILITIES			
Current Liabilities			
Accounts payable and accrued interest payable	$ 22,093	$ 23,179	$ (1,086)
Unearned revenue	7,526	6,795	732
Current portion of long-term obligations	11,572	12,870	(1,298)
Total Current Liabilities	41,192	42,844	(1,652)
Long-Term Obligations	419,292	418,319	972
Total Liabilities	460,483	461,163	(679)
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,705	4,927	(221)
Deferred inflows of resources related to OPEB	83	-	83
Total Liabilities and Deferred Inflows	465,272	466,089	(817)
NET POSITION			
Net investment in capital assets	50,981	47,811	3,170
Restricted	17,037	21,355	(4,318)
Unrestricted	(102,840)	(93,961)	(8,879)
Total Net Position	(34,822)	(24,795)	(10,028)
Total Liabilities, Net Position, and Deferred Inflows	$ 430,450	$ 441,294	$ (10,845)

Current Assets

The District's Total Current Assets at June 30, 2019 were valued at $83.5 million, with the largest components being investments of cash held in the Los Angeles County Treasury for future expenditures such as capital construction and accounts receivable for pending revenue receipts such as State Apportionment and grant/categorical revenues to be received in the next fiscal year. Total current assets also include prepaid items.

Noncurrent (Capital) Assets

Total Noncurrent (Capital) Assets include non-depreciable capital assets and depreciable capital assets valued at original cost net of accumulated depreciation. The District's Total Noncurrent Assets at June 30, 2019 were $305.8 million, which included land, site improvements, buildings and improvements, and equipment.

Deferred Outflows of Resources

Deferred Outflows of Resources include the costs of issuance related to General Obligation Refunding Bonds that were fully expensed when the bonds were issued, **but for financial statement purposes the costs are amortized over the life of the debt**, and deferred outflows of resources related to pensions. The District's Total Deferred Outflows of Resources at June 30, 2019 were valued at $41.2 million and increases the net worth of the District.

Total Assets and Deferred Outflows

Total Assets and Deferred Outflows at June 30, 2019 of $430.5 million reflected a **decrease of $10.8 million** from June 30, 2018. This decrease can be analyzed as follows:

- $(51.7) million **decrease** in cash and investments in the LA County Treasury was attributable to decreased cash balances in the Unrestricted General Fund, Restricted General Fund, Debt Service Fund, Locally Funded Capital Project Fund, STRS/PERS Liability Fund, and Retiree Benefits Fund. The decrease was largely due to spending down of General Obligation Bond funds for construction projects such as the Valencia campus parking structure and the Canyon Country campus Science Building.

- $ 4.5 million **increase** in accounts receivable was attributable to higher accounts receivable balances for grant and categorical funding. The District received two new Federal awards and an increase mainly to the State funded Institutional Effectiveness and Partnership Initiative (IEPI) grant. The District had expenditures against 113 grant and categorical programs in 2018-19.

- $1.7 million **increase** in other current assets (prepaid expenses) was attributable to an increase in the numbers of vendors requiring pre-payment of insurance premiums and software licensing costs attributable to the 2019-20 fiscal year. Several vendors required pre-payment by June 30, 2019 in order to guarantee uninterrupted service for the next fiscal year. Another main factor for the increase was for the pre-payment of 2017 Refunding COP Lease from the Debt Service Fund.

- $32.3 million **increase** in capital assets was attributable to new construction and equipment, which increased fixed assets by $40.8 million, offset by depreciation expense for the fiscal year of $8.5 million.

- $(0.2) million **decrease** in the outstanding value of deferred charges on refunding. This decrease is the result of no additional refunding of General Obligation Bonds done during this fiscal year and natural decrease of outstanding charges over time as payments are made on the refunding.

- $2.6 million **increase** in deferred outflows as we have more retirees. Based on the actuarial study the District will be required to pay out more annually to fund that liability.

  - As of June 30, 2015, GASB 68 requires the District to include its proportionate share of the CalSTRS and CalPERS pension systems' financial information in the Annual Financial Report. This pension information includes the District's share of any underfunding (liability) or overfunding (asset) based on the two pension systems' current financial health. In addition to reporting the pension liability or asset, information on deferred outflows and deferred inflows of resources related to the pension systems are included in the Financial Report.
  - As of June 30, 2018 GASB 75 requires the District to include the entire amount of its Post-Employment Benefit liability instead of a prorated portion, which greatly increased our liability and deferred outflows. These entries are necessary to account for events after the actuarial study measurement date and to update previously estimated information based on actual results. Deferred outflows of resources totaled $35.9 million at June 30, 2019, an increase of $2.6 million from the $33.3 million reported at June 30, 2018, and consisted of entries for:
    - The District's pension contributions after the date of the latest available actuarial study, which is June 30, 2019.
    - The net change in the proportionate share of the total system liability that is attributable to the District's participation.
    - Differences between expected and actual earnings on pension plan investments.
    - Differences between expected and actual experience in the measurement of the total pension liability.

Total Current Liabilities

Total Current Liabilities consisted of accounts payable and accrued interest payable, unearned (deferred) revenue, and the current portion (due within one year) of accrued compensated absences (earned vacation, compensatory time off, and faculty load banking) and debt obligations (General Obligation Bonds, Certificates of Participation, Early Retirement Incentives, and net Other Postemployment Benefits obligations). The District's Total Current Liabilities at June 30, 2019 were $41.2 million.

Total Noncurrent Liabilities (Long-Term Obligations)

Total Noncurrent Liabilities represented the long-term portion (due beyond one year) of accrued compensated absences (earned vacation, compensatory time off, and faculty load banking) and debt obligations (General Obligation Bonds, Certificates of Participation, Early Retirement Incentives, and net Other Postemployment Benefits obligations), and totaled $419.3 million at June 30, 2019.

Total Liabilities and Deferred Inflows

Total Liabilities and Deferred Inflows at June 30, 2019 of $465.3 million reflected a **decrease of $0.8 million** from June 30, 2018. This decrease can be is attributable to the following:

- $(1.1) million **decrease** in accounts payable and accrued interest payable due to a $(1.0) million **decrease** in accounts payable as compared to the previous year and a $(0.1) million **decrease** in the value of accrued interest payable (un-matured interest on General Obligation Bonds).
- $ 0.7 million **increase** in unearned (deferred) revenue increased funding for State Grants pertaining to 2019-20 received in 2018-19.
- $(1.3) million **decrease** in current portion of long-term obligations other than pensions due to a lower amount due in General Obligation Bond and the 2017 Refunding of Certificate of Participation.
- $1.0 million **increase** in the District's Long-Term Obligations. STRS and PERS is a $9.4 million increase for the Aggregate Net Pension Obligation, from $108.4 million to $117.8 million (STRS increased from $57.0 million to $60.4 million, a $3.4 million increase and PERS increased from $51.4 million to $57.4 million, a $6.0 million increase). There was a $(10.3) million decrease in General Obligation Bonds, Early Retirement Plan Liability and Compensated Absences Long-Term Obligations due to these payments being due within one year. There was also an increase of $1.3 million in General Obligation Bond payments due to accreted interest as well as $0.6 million increase in Compensated Absences.
- $(0.1) million **decrease** in deferred inflows of resources due to slightly lower values for three STRS and PERS pension system adjustments:
  - the net change in proportionate share of net pension liability;
  - the difference between projected and actual earnings on pension plan investments, and;
  - differences between expected and actual experience in the measurement of the total pension liability.

It is important to note that General Obligation Bond debt is included in the Total Liabilities of the District, even though this debt is repaid through property taxes collected by the Los Angeles County Treasurer and Tax Collector.

Total Net Position

The District's Total Net Position at June 30, 2019 was $(34.8) million. Total Net Position (formerly Total Net Assets) is the sum of all Assets and Liabilities. Beginning with the June 30, 2015 Annual Financial Report, the accounting pronouncement **GASB 68** requires that the District's proportionate share of the CalPERS and CalSTRS unfunded pension liabilities be included in the Total Net Position in the financial statements. Also, beginning with the June 30, 2018 Financial Report the new accounting pronouncement of **GASB 75** requires that the District recognize the full Post Employment Benefit Liability in the financial statements instead of a prorated portion.

OPERATING RESULTS - GOVERNMENT-WIDE
For the Year Ended June 30, 2019

(Amounts in thousands)

	2019	2018	Change 2018-2019
Operating Revenues			
Tuition and fees, net	$ 13,847	$ 13,614	$ 233
Federal, State, and Local grants and contracts	34,500	27,531	6,970
Total Operating Revenues	48,347	41,144	7,203
Operating Expenses			
Salaries and benefits	130,489	114,885	15,604
Supplies, maintenance, and other expenses	50,371	49,680	690
Depreciation	9,024	8,986	37
Total Operating Expenses	189,884	173,552	16,331
Loss on Operations	(141,536)	(132,408)	(9,128)
Nonoperating Revenues			
State apportionments	64,768	61,201	3,567
Property taxes	27,567	26,299	1,268
Taxes levied for other specific purposes	17,271	16,960	311
Grants and contracts	18,116	18,697	(581)
State revenues	4,583	4,821	(239)
Net interest expense	(10,677)	(10,596)	(81)
Investment income	1,514	1,706	(192)
Other nonoperating revenues and transfers	2,744	1,776	968
Total Nonoperating Revenue	125,884	120,863	5,021
Other Revenues and (Losses)			
State and local capital income	5,776	5,421	355
Loss on disposal of capital assets	(151)	(298)	147
Total Other Revenues and (Losses	5,625	5,123	501
Net Change in Net Position	$ (10,028)	$ (6,421)	$ (3,606)

STATEMENT OF CASH FLOWS - GOVERNMENT-WIDE
For the Year Ended June 30, 2019

(Amounts in thousands)

	2019	2018	Change 2018-2019
Cash From			
Operating activities	$ (132,072)	$ (118,232)	$ (13,839)
Noncapital financing activities	118,582	112,769	5,813
Capital financing activities	(39,502)	(5,931)	(33,570)
Investing activities	1,300	1,541	(241)
Net Change in Cash	(51,691)	(9,853)	(41,838)
Cash, Beginning of Year	119,510	129,363	(9,853)
Cash, End of Year	$ 67,819	$ 119,510	$ (51,691)

FUNCTIONAL EXPENSES CLASSIFICATION
For the Year Ended June 30, 2019

The District's operating expenses by functional classification for the fiscal year ended June 30, 2019, are:

(Amounts in thousands)

	Salaries and Benefits	Operation and Maintenance of Plant	Supplies, Material, and Other Expenses and Services	Equipment Maintenance and Repairs	Depreciation	Total
Instructional activities	$ 74,050	$ 3,847	$ 10,144	$ 1,152	$ 3,569	$ 92,763
Academic support	$ 5,073	$ 311	$ 493	$ 503	$ 303	$ 6,682
Student services	$ 13,745	$ 839	$ 1,177	$ 224	$ 759	$ 16,743
Community services and economic development	$ 5,020	$ 418	$ 1,755	$ 1	$ 342	$ 7,536
Institutional support	$ 16,413	$ 1,877	$ 8,928	$ 1,651	$ 1,371	$ 30,241
Plant operations and maintenance	$ 4,464	-$ 7,922	$ 3,417	$ 40	$ 0	$ 0
Ancillary services and auxiliary operations	$ 10,109	$ 630	$ 1,411	-$ 21	$ 576	$ 12,705
Student Aid	$ 0	$ 0	$ 18,265	$ 0	$ 0	$ 18,265
Physical property and related acquisitions	$ 1,614	$ 0	$ 432	$ 800	$ 2,103	$ 4,949
Total	$ 130,489	$ 0	$ 46,021	$ 4,350	$ 9,024	$ 189,884

REVENUES

HISTORY OF UNRESTRICTED GENERAL FUND REVENUES

The following chart summarizes the Unrestricted General Fund revenues received by the District, and provides a comparison of the last three years.

Fiscal Year 2016-17
In 2016-17, the State provided 2% in Growth funding and 0% statutory COLA. The District closed the year achieving 2.72% growth, and was fully funded for this "over-cap" growth because many other Districts were not growing.

The State was also able to provide $75 million for a Base Increase to provide general relief from increasing costs, including STRS and PERS employer contributions. The State also provided $76 million statewide for a one-time Mandated Cost allocation to pay down outstanding claims.

Fiscal Year 2017-18
In 2017-18, the State provided 1% in Growth funding and 1.56% statutory COLA. The District closed the year achieving 1.12% growth, and was fully funded for this "over-cap" growth because many other Districts were not growing.

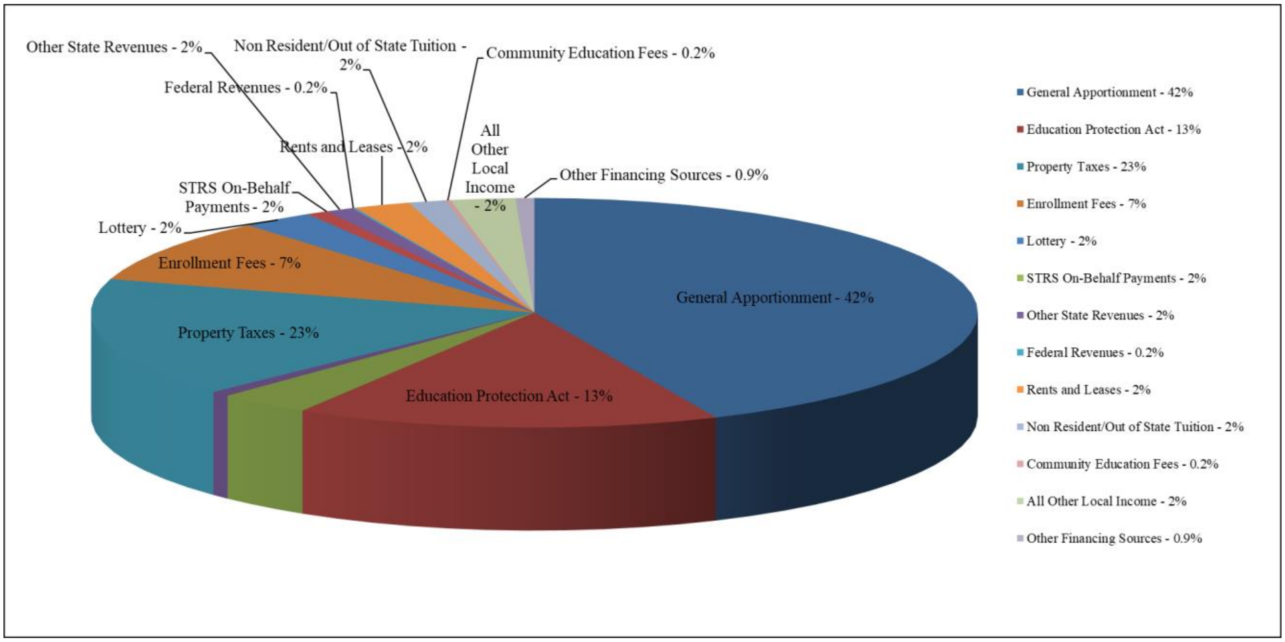
Fiscal Year 2018-19
In 2018-19 the State implemented the Student Centered Funding Formula (SCFF). The new formula does not reimburse Districts for growth but instead is a performance based funding model, it splits funding between Base Funding or FTES (70%), Supplemental Funding or Financial Aid Students (20%) and Success Funding or Completion of Degrees or Certificates (10%). Districts are guaranteed a minimum revenue of at least their 2017-18 Total Computational Revenue (TCR) plus 2018-19 COLA (2.71%) but some districts received much higher revenue under the new formula. Because of a change to the definition of a transfer student that was made at the end of the year in the Success Allocation of the SCFF, our district received the minimum funding level of 2017-18 TCR plus COLA of 2.71%

Unrestricted General Fund Revenues by Major Category – 3 Year History

	2016-17	2017-18	2018-19
General Apportionment (Includes Access and COLA funding from Prior Year)	$ 43,065,691	$ 45,119,614	$ 47,011,556
Education Protection Act	$ 12,239,190	$ 12,620,789	$ 15,103,406
Property Taxes	$ 23,814,445	$ 25,532,298	$ 26,311,235
Enrollment Fees	$ 8,584,803	$ 8,483,380	$ 8,407,045
Lottery	$ 2,504,240	$ 2,736,034	$ 2,810,496
STRS On-Behalf Payments	$ 2,486,812	$ 2,440,674	$ 2,523,891
Other State Revenues	$ 957,905	$ 1,255,301	$ 2,758,999
Federal Revenues	$ 110,682	$ 131,262	$ 174,282
Rents and Leases	$ 1,564,599	$ 1,722,650	$ 1,841,865
Non Resident/Out of State Tuition	$ 1,736,549	$ 2,008,165	$ 2,386,958
Community Education Fees	$ 135,304	$ 149,146	$ 195,814
All Other Local Income	$ 2,195,488	$ 2,163,915	$ 2,287,285
Other Financing Sources	$ 790,684	$ 630,886	$ 1,033,744
Total Revenue	**$ 104,517,659**	**$ 107,786,009**	**$ 112,846,576**
	0% Increase	**3% Increase**	**5% Increase**

The below chart provides a visual summary of the sources of revenue received by major category in 2018-19, and illustrates that State General Apportionment, Property Taxes, and Student Enrollment Fees accounted for 73% of the District's Unrestricted General Fund Revenues. The Education Protection Act, which is temporary funding expiring in 2030, represents 13% of the District's Unrestricted General Fund Revenues. The remaining 14% includes Lottery Revenues, STRS On – Behalf Payments, Other State Revenue, Federal Revenues, Rents and Leases, Non Resident/Out of State Tuition, Community Education Fees, Other Local Income, and Other Financing Sources.

Unrestricted General Fund Revenues by Major Category – 2018-19



Unrestricted General Fund Revenues for 2018-19 as Compared to 2017-18

Revenues and other financing sources in the Unrestricted General Fund totaled $112,846,576 in fiscal year 2018-19. **This was an increase of $5,060,567 over the prior year's revenues** or a 5% increase. The reason for the increase over prior year is due mainly to increases in Total Computational Revenue for General Apportionment from the Student Centered Funding Formula, offset by a reduction in Prior Year one-time adjustments when compared to 2017-18. The following factors make up this increase in unrestricted revenue:

- **Apportionment Funding from State General Apportionment, Education Protection Act, Property Taxes, and Enrollment Fees Increased by $2,744,141. The main factors contributing to this increase were:**
  - **$2,970,390 (Revenue Increase) – Total Computational Revenue for Apportionment**
    - The District received a Total Computational Revenue for Apportionment increase of $3.0 million from the 2017-18 Total Computational Revenue of $94 million. This increase is due to the district receiving the minimum revenue increase from the State during the transition into the new Student Centered Funding Formula.
  - **$(226,249) (Revenue Decrease) – Prior Year Apportionment Adjustments**
    - **$(34,854) Decrease -** Each February, State funding for the past fiscal year is finalized and prior year apportionment and Education Protection Act (EPA) funding adjustments are made based on Recalc submitted during the previous November.
    - **$(191,395) Decrease -** In 2018-19 prior year adjustment decreased because there was a smaller adjustment during recalculation of the 2017-18 apportionment than during the previous year.

- **Unrestricted Lottery Revenues Increased by $74,462:**
  - **$74,462 (Revenue Increase) - Lottery Allocation**
    - Lottery funding is based on the District's total number of students, including non-resident students, and is paid using a funding rate per FTES. The funding rate increased in 2018-19 providing additional lottery funding.

- **One-Time Mandated Cost Reimbursement Funding Decreased by $(458,875):**
  - **$(458,875) (Revenue Decrease) - Mandated Cost Reimbursement**
    - Over the past four State Budget cycles (2014-15, 2015-16, 2016-17 and 2017-18) the Governor has provided one-time funding to reimburse Mandated Cost Claims.
    - In 2018-19, no one-time funding was allocated, compared to $458,875 allocated in 2017-18.
    - The Governor provides this one-time funding as a way to meet Proposition 98 funding requirements without committing to on-going funding.
    - Since State revenues such as capital gains tend to be quite variable, providing one-time funding is a conservative approach to provide funding

- **STRS On-Behalf Revenue and Payments Increased by $83,217:**

  - **$83,217 (Revenue Increase) – STRS On-Behalf Payments Made By State of CA**
    - The CalSTRS retirement system is funded from employer, employee, and State "On-Behalf" payments.
    - New accounting requirements issued by the State Chancellor's Office in response to GASB 68 require Districts to reflect the value of the State's "On-Behalf" payments to CalSTRS in their governmental funds.
    - Prior to 2015-16, the State's "On-Behalf" payments were reflected in the District's consolidated financials, but not in the various funds of the District.
    - Beginning in 2015-16, the Unrestricted General Fund has a new revenue and offsetting equal expense for the State's contribution to CalSTRS.

- **Other State Revenues Increased by $1,503,698:**

  - **$411,152 (Revenue Increase) – Prior Year One-Time Apportionment Allocation**
    - In February 2019, the State Chancellor's Office identified additional one-time funding from the 2015-16 fiscal year.
    - The funding was allocated on an FTES basis as a prior year one-time apportionment adjustment.

  - **$20,295 (Revenue Increase) – On-Going Mandated Cost Block Grant**
    - Mandated Costs are defined as costs incurred by Districts as a result of the passage of State Legislation, and are required to be reimbursed by the State.
    - In 2018-19 the District participated (for the seventh year) in the State Mandated Cost Block Grant program which provides $28 per FTES in funding in lieu of filing mandate claims. Due to higher FTES in 2018-19 as compared to 2017-18, the District's allocation increased from $467,257 to $487,552.

  - **$5,988 (Revenue Increase) – BOG Fee Waivers Administration**
    - Board of Governor (BOG) waivers for enrollment fees are available to students who meet certain income thresholds.
    - The State provides Districts with a 2% revenue adjustment for enrollment fees waived for BOG students. The allocation increased in 2018-19 due to the increased number of students served.
  - **$5,308 (Revenue Increase) – Part-Time Faculty Salaries**
    - The District receives an annual allocation to provide on-going funding to support increases in part time faculty compensation put in place several years ago.
      It is important to note that this allocation only partially funded increases to adjunct faculty salaries to provide salary parity, and the District identified other funding sources for most of the increases.

  - **$318,522 (Revenue Increase) – Part-Time Faculty Office Hours**
    - The District receives an allocation from the State based on the number of claimed Part-Time Faculty Office Hours claimed by all Community College Districts in the State.
      In 2018-19, the District claimed $573,308 in Part-Time Faculty Office Hours paid and received $286,564, which is about 50% of the claim. The District also received $49,275 for 2016-17 and $65,340 for 2017-18.

- **$742,433 (Revenue Increase) – Full-Time Faculty Allocation**
    - In the academic year of 2018-19, the District received additional funding for Full-Time Faculty hiring.

- **Federal Revenues Increased by $43,020:**

    - **$34,270 (Revenue Increase) – Medical Administrative Allocation (MAA)**
        - The District participates in the MAA program where various departments, in partnership with the Student Health Center, receive Federal funding for informing students of different State health programs available to them. Over the past several years, the Federal Government suspended payments for this program due to a nationwide audit. In 2015-16, the audit concluded and the Federal Government had resumed making payments for this program.
    - **$(3,511) (Revenue Decrease) – Forest People Revenues**
        - The District receives Federal Revenue for each student that has an address in a national forest area. The allocation varies from year to year based on the current student population and available Federal funding. The District's annual revenue from this program has fluctuated from approximately $5,000 to $30,000 a year since 2004-05 when the District began participating. The program is administered by the LA County Office of Education.

    - **$3,868 (Revenue Increase) – Veterans' Education**
        - The District Receives Federal Revenue for Veterans' Education and the allocation varies from year to year.

    - **$8,393 (Revenue Increase) - Financial Aid Administrative Allowances**
        - The District receives allowances for administering financial aid, and these allowances increase as the number of students receiving financial aid increase.

- **Rents and Leases Revenue Increased by $119,215 over prior year revenue:**

    - **$158,524 (Revenue Increase) - Facility Use Fees**
        - Facility Use revenue increased significantly as compared to a year ago. Filming activity and other campus rentals are variable and subject to outside user interest and demand. Whenever feasible, the District accepts opportunities to earn rental income from outside users as required by the Civic Center Act and recoup costs through user fees.

    - **$(39,309) (Revenue Decrease) - Bookstore Rental Income**
        - Bookstore sales commissions decreased as faculty adopt more "no cost" options such as Open Educational Resources as an alternative to traditional textbook sales and rentals.

- **Non Resident/Out of State Tuition Increased by $378,793:**

    - **$212,042 (Revenue Increase) - International Students**
        - International Students income increased as the International Services Program continued to expand recruiting efforts.

- **$166,751 (Revenue Increase) - Out of State Students**
  - This revenue stream fluctuates from year to year based on the number of students that fall into this fee category until they establish California residency.

- **Community Education Revenue Increased by $46,668:**
  - **$46,668 (Revenue Increase) – Community Education**
    - Community Education revenue is established on a fee for service basis for the types of programs offered.

- **All Other Local Revenue Increased by $123,370:**
  - **$123,370 (Revenue Increase) – All Other Local Revenues**
    - The District's miscellaneous revenues increased from the previous year. This increase was due to a number of variances in revenue received vs. revenue budgeted:
      - **$17,223 Increase -** Interest earned on the Unrestricted General Fund cash balance increased as the County Treasury paid a slightly higher yield.
      - **$(1,365) Decrease -** Support from the COC Foundation decreased from the previous year as less faculty and staff drew funds from Foundation resources.
      - **$107,512 Increase -** Miscellaneous locally derived revenues such as refund processing fees increased.

- **Other Financing Sources Increased by $402,858:**
  - **$402,858 (Revenue Increase) – Other Financing Sources**
    - Other Financing Sources represent transfers from other District funds into the Unrestricted General Fund. This revenue source increased in 2018-19 due to the District receiving more indirect support revenue from grants such as the Institutional Effectiveness Partnership Initiative, NSF Manufacturing Grant, and other grants as well as transferring in funds from our STRS/PERS liability fund to cover increased costs of STRS and PERS.

EXPENDITURES

HISTORY OF UNRESTRICTED GENERAL FUND EXPENDITURES

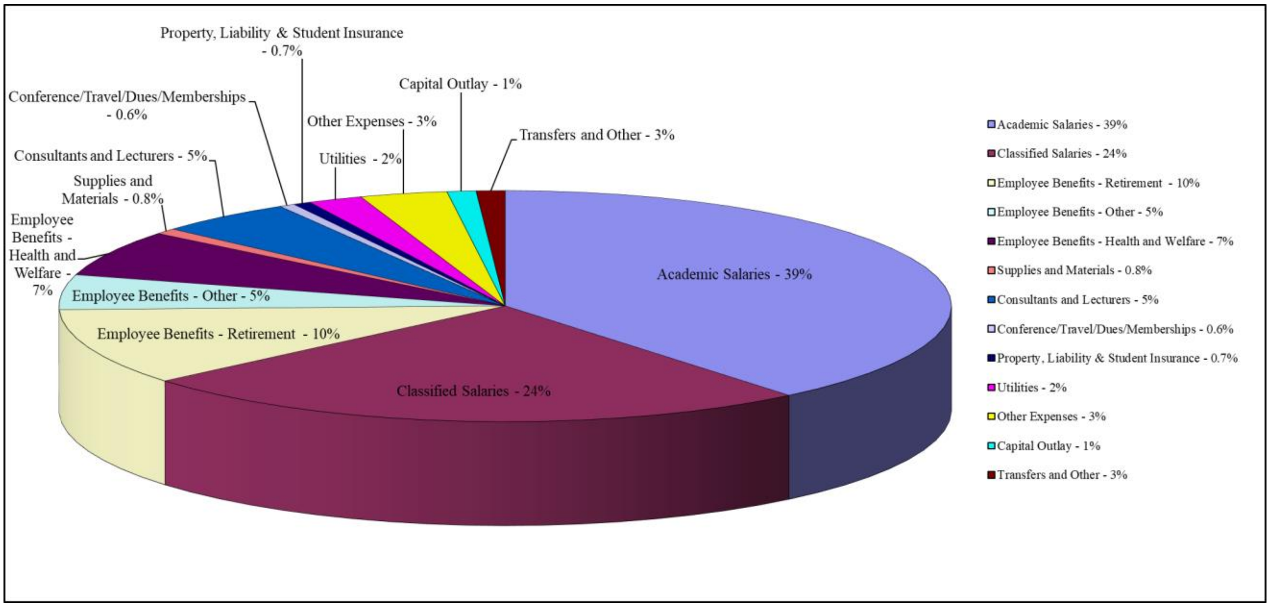
Expenditures associated with the instructional operations and related supporting activities of the District are recorded in the Unrestricted General Fund. In addition, expenditures resulting from Unrestricted General Fund resources being moved to other funds through interfund transfers are recorded here. The following chart summarizes the Unrestricted General Fund expenses by major category and provides a comparison of the last three years. It illustrates how the District's expenditures increased in 2017-18 and 2018-19 as the State provided additional on-going and one-time funding.

Unrestricted General Fund Expenditures by Major Category - 3 Year History

	2016-17	2017-18	2018-19
Academic Salaries	$ 38,949,718	$ 42,400,074	$ 43,925,153
Classified Salaries	$ 25,224,070	$ 26,068,290	$ 27,804,322
Employee Benefits - Retirement	$ 9,140,527	$ 10,362,219	$ 12,051,261
Employee Benefits - Other	$ 4,599,768	$ 5,225,788	$ 5,463,914
Employee Benefits - Health and Welfare	$ 6,566,121	$ 7,034,255	$ 7,258,054
Supplies and Materials	$ 934,775	$ 808,176	$ 899,327
Consultants and Lecturers	$ 4,825,998	$ 5,067,096	$ 5,581,633
Conference/Travel/Dues/Memberships	$ 519,976	$ 641,169	$ 646,035
Property, Liability & Student Insurance	$ 658,174	$ 733,434	$ 711,958
Utilities	$ 2,212,848	$ 2,331,417	$ 2,216,701
Other Expenses	$ 3,964,163	$ 2,756,402	$ 3,561,341
Capital Outlay	$ 1,824,717	$ 1,140,286	$ 1,178,142
Transfers and Other	$ 4,435,867	$ 2,988,277	$ 1,176,246
Total Expenses	**$ 103,894,242**	**$ 107,556,883**	**$ 112,474,087**
	0% Increase	**3.5% Increase**	**4.6% Increase**

The following chart provides a visual summary of the expenditures by type made in 2018-19, and shows that salaries and fringe benefits totaled 85% of all Unrestricted General Fund expenditures, which is average.

Unrestricted General Fund Expenditures by Major Category – 2018-19



Unrestricted General Fund Expenditures for 2018-19 as Compared to 2017-18

Expenditures and other financing uses in the Unrestricted General Fund totaled **$112,474,087** in fiscal year 2018-19. This is an **increase** of $4,917,204 over the prior year's expenditures. The following factors make up the increase in unrestricted expenditures:

- **Employee Salaries Increased by $3,261,111:**
  - Employee salaries increased due to several factors:
    - **Full Time Faculty and Staff** expenses increased as the District added approximately 10 new permanent positions.
    - **Contractually obligated step and column increases** for faculty and staff, and **negotiated increases** for groups whose collective bargaining increases were confirmed before the 2018-19 books were closed also contributed to the increased expenses. Costs associated with 2018-19 negotiations not yet completed before the books were closed will be reflected in the 2019-20 fiscal year.

- **Employee Fringe Benefits Increased by $2,150,967:**
  - Employee fringe benefit costs increased due to several factors:
    - District contribution rates for STRS and PERS retirement plans increased (STRS from 14.43% in 2017-18 to 16.28% in 2018-19 and PERS from 15.53% in 2017-18 to 18.06% in 2018-19).
      - Statutory increases to STRS rates were part of the 2014-15 State Budget Legislation, and impose increases to the District contribution rate through 2020-21.
      - PERS increases are determined by a statewide board and are based on an actuarial study and interest rate projections.
    - Beginning in 2015-16, the District was required by the State Chancellor's Office to include an entry for the State of California's STRS On-Behalf payments. The District is now required to include a revenue entry and an equal expense entry to show the amount the State of California contributed to STRS on behalf of District Faculty and Educational Administrators.
    - Increased salary costs associated with new positions, steps/columns, and negotiated increases led to increases in associated fringe benefit expenses.

- **Supplies/Materials and Operating Expenses Increased by $1,279,301:**
  - **$91,151 (Expense Increase) - Supplies and Materials**
    - In 2018-19 the expenses increased mainly in non-instructional supplies and materials for various programs.

  - **$514,537 (Expense Increase) - Consultants, Lecturers, and Instructional Contracts**
    Contracted services expenses increased mainly due to costs related to the District's Instructional Service Agreement (ISA) Public Safety classes, which exceeded original FTES and expense estimates and produced additional FTES.

  - **$4,866 (Expense Increase) - Conference/Travel/Dues/Memberships**
    Conference, Field Trip, and Membership expenses increased slightly due to various departments attending more conferences and trainings, taking students on field trips, and exploring new professional memberships.

  - **$(21,476) (Expense Decrease) - Property, Liability, and Student Insurance**
    Insurance premiums decreased for property and liability insurance coverage.

  - **$(114,716) (Expense Decrease) - Utilities**
    Utility costs decreased as the District experienced lower costs for electricity.

- **$804,939 (Expense Increase) - Other Operating Expenses**
  Other expenses increased mainly due to categories such as equipment rental/leases, maintenance/repairs, legal services, software licensing and Public Election costs. In 2017-18, the District did not have a Public Election expense as the District is required to pay costs for public elections every other year.

- **Capital Outlay Increased by $37,856:**
  - Capital outlay expenses increased in 2018-19 mainly due to new equipment purchased for the various departments.

- **Transfers and Other Disbursements Decreased by $(1,812.031):**
  - Interfund transfers are processed annually to move Unrestricted General Fund dollars to other designated funds for specific uses. Interfund transfers decreased in 2018-19 from 2017-18 due to the following factors:
    - $(1.0) million decrease in one-time savings in 2018-19 by not transferring funds to the Retiree Benefit Fund for future OPEB liability.
    - $(0.8) million decrease in the transfer to the Parking fund for Debt Service Liability as this was prefunded in 2017-18.

OTHER EXPENDITURES – SELECTED FUNDS

In addition to Unrestricted General Fund expenditures, significant expenditures occurred in other District funds for Grant/Categorical Programs (Fund 12), Student Financial Aid (Fund 74), and Capital Outlay (Funds 41-49).

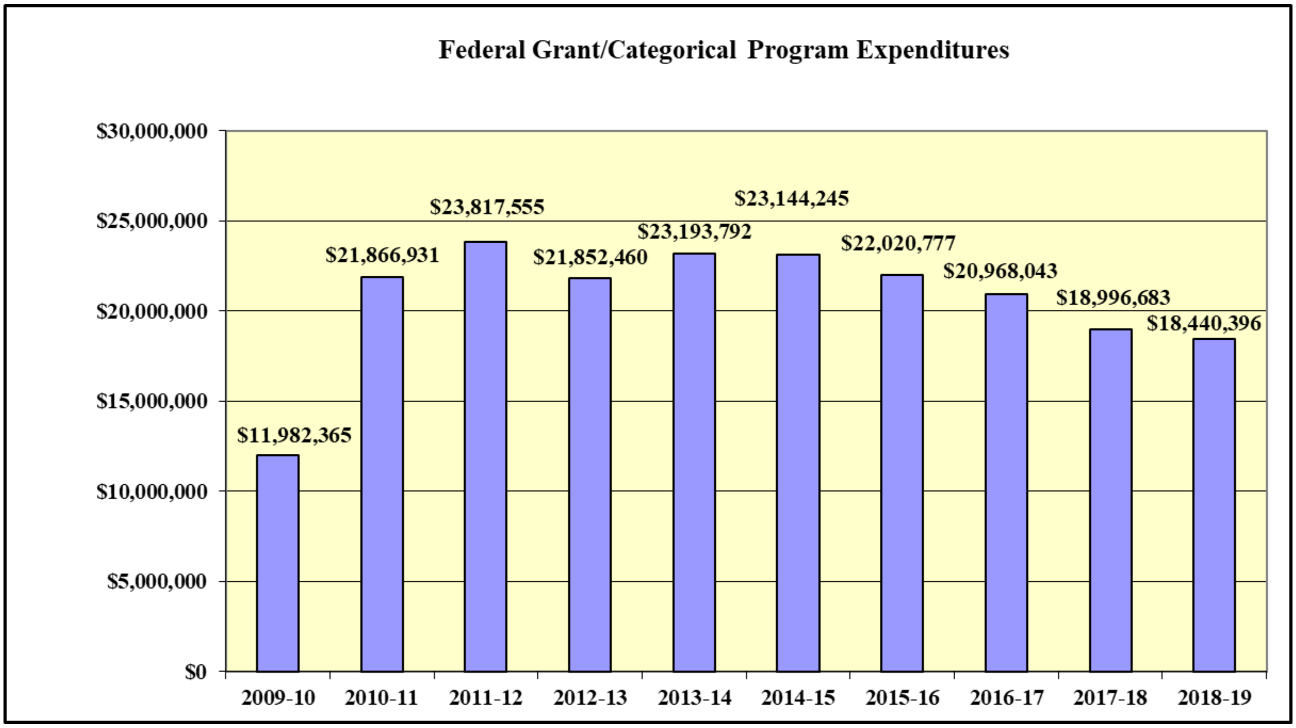
Federal Grant Program Expenditures

Federal funds provide substantial additional resources for the District and its students. Over the last ten years, Federal grant expenditures have increased 54%.

Federal grant program expenditures for fiscal year 2018-19 totaled $18,440,396. Compared to Federal grant/categorical expenditures for fiscal year 2017-18, this represents a **decrease of $(556,287)**, which is 3%. This decrease is attributable to student financial aid due to fewer Direct Student Loans and Federal grant activity.

In 2018-19, Federal grants provided diverse support to many significant initiatives:
- **Career and Technical Education – Perkins** funding provided support to emerging CTE programs.
- **National Science Foundation – California Regional Consortium for Engineering Advances in Technical Education (CREATE) & Science, Technology, Engineering and Mathematics Program (STEM)** funding provided for research and education in most fields of science and engineering.
- **Substance Abuse and Mental Health Service Administration – Campus Suicide Prevention Gran**t provided mental health services and awareness.
- **Title V - Hispanic Serving Institutions Grant** provided enhanced student services to under-represented students.

- **U.S. Department of Health and Human Services – Medical Administrative Activities (MAA)** funding provided support for the Student Health and Wellness Centers at both campuses.



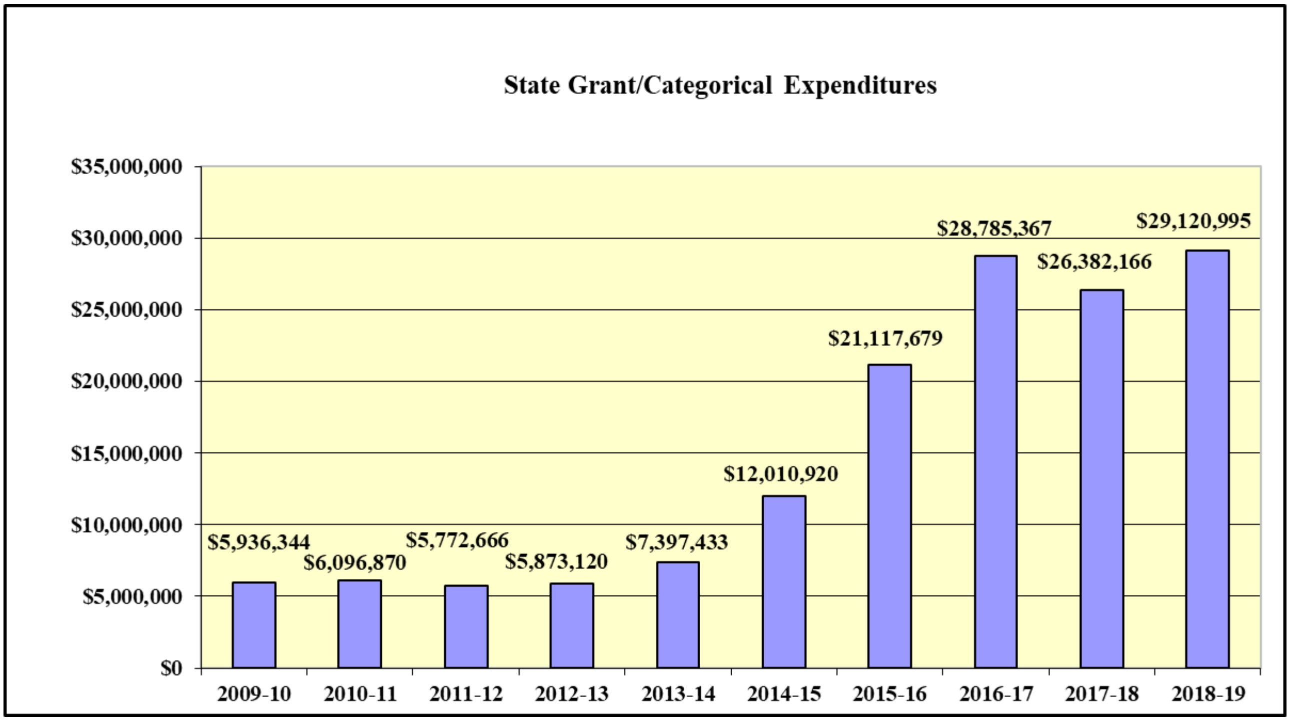
State Grant/Categorical Expenditures

The State of California provides grant and categorical funding to the District. Over the last ten years, State grant/categorical expenditures increased 283%. The chart below illustrates how the availability of State grant/categorical funding fluctuated widely over the last ten years in response to State Budget conditions.

In 2018-19, State Grant/Categorical expenditures totaled $29,120,995. Compared to State Grant/Categorical expenditures for fiscal year 2017-18, this represents an **increase of $2,738,829**, or 10%. The main reason for this increase is that the State approved IEPI Year 3 carryforward at the end of 2017-18 so expenditures were made against the grant in 2018-19. Noteworthy State funding included the following grant and categorical initiatives:

- **Adult Education AB 86/104** grants provide support to expand and improve adult education through linkages between high schools and community colleges.
- **Basic Skills and Student Outcomes Transformation Grant** is a $1.5 million grant to expand existing programs and implement new initiatives that improve student success. This grant will fund efforts that help students successfully transition from high school to college, and move more quickly from remedial classes to college-level coursework and ultimately achieve their higher education goals.
- **California College Promise AB19** is a $998,434 grant from the State Chancellor's Office, which provides a free year of college and extensive academic support services to new full-time students enrolled for the 2018-19 academic year.
- **CA Department of Education - Career Pathways Trust** grant provides funding to align five career technical education pathways from local high schools to College of the Canyons. This program builds partnerships between employers, high schools, and community colleges to better prepare students for the 21st century workplace and improve student transition into postsecondary education training and employment. This grant ended June 30, 2019.
- **Career Tech Education - SB1070 Career Pathways** grant provides South Central Regional Consortium support to develop and implement sustainable policies and infrastructure for measurable and successful transition of CTE students from high schools to postsecondary education and careers.
- **Statewide Closed Captioning – Distance Education** grant coordinates assistance to all California Community Colleges to facilitate and fund live and off-line captioning and transcription services.
- **Deputy Sector Navigator** grants provide regional support by building long-term relationships between Advanced Manufacturing, Health, and Information Communication Technologies employers and education providers in the South Central Region.
- **Economic Development Coordinator Services** grant provides support to the State Chancellor's Office Economic and Workforce Development Division to support the process, application, and integration of economic and workforce development and its tools into the community college system.
- **Full Time Student Success** grants are a new category of financial aid grants for students attending Community College full time.
- **The Institutional Effectiveness and Technical Assistance** grant under the leadership of our District, provides Statewide Technical Assistance Teams and Institutional Effectiveness grant awards to assist Districts with concerns such as accreditation or audit issues.

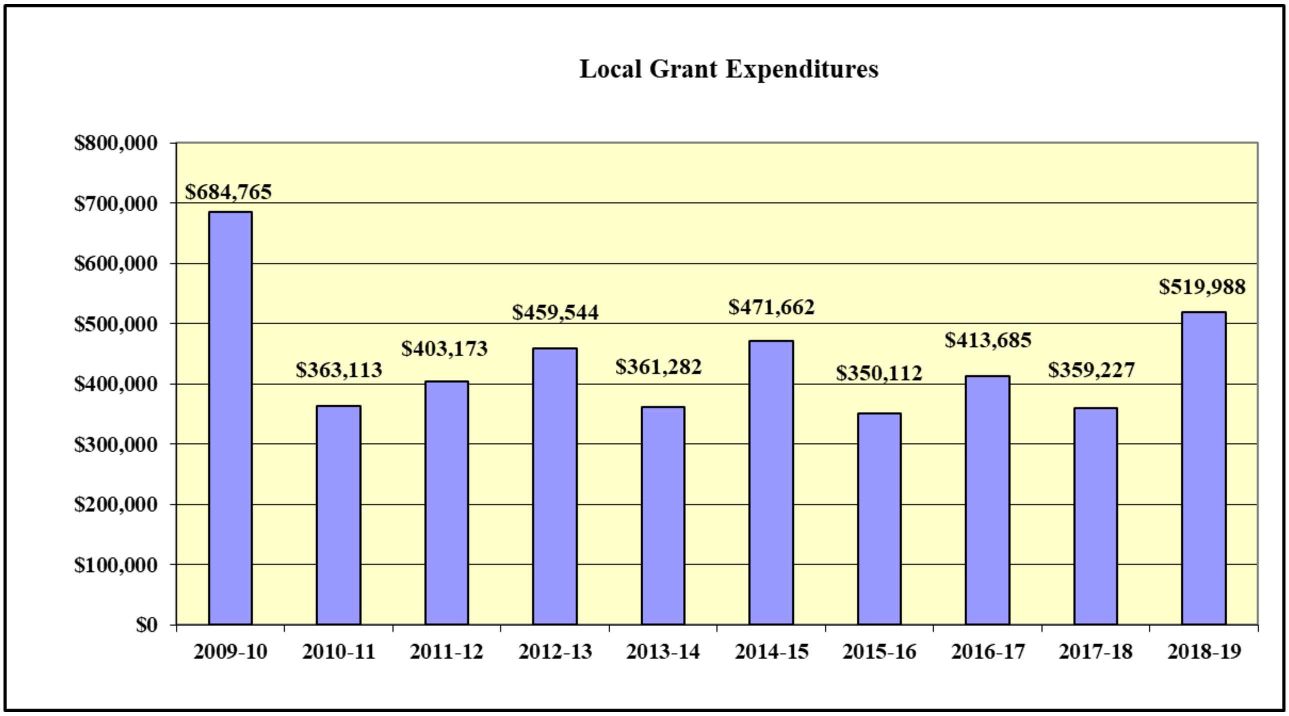
- **MakerSpace** grant provides a collaborative learning area that gives users free access to tools, materials, technological resources, skills training and a variety of entrepreneurial opportunities. Students and staff members interested in the science, technology, engineering, art and math (STEAM) fields now have a dedicated area designed to spark their creativity, spur collaboration, and fuel innovation. The new space is a unique learning environment that not only gives students an opportunity to bring their ideas to reality, but it also fosters the development of skills needed for successful 21st century careers.
- **Online Educational Resource** grants provide students with a more affordable college education by using Open Educational Resources (OER) instead of costly traditional textbooks. Open Educational Resources are teaching and learning materials that have been released in the public domain or under an intellectual property license as a no cost alternative to traditional textbooks. The grants Zero Textbook Cost Degree Technical Assistance Provider, Zero Textbook Cost Degree Grant and Textbook Affordability AB798 helps students who might otherwise be unable to attaining their educational goals due to financial constraints. College of the Canyons students save an estimated $1 million per year using OER materials.
- **Strong Workforce Local Share and Strong Workforce Regional Share** categorical funding increases the number of students enrolled in programs leading to high-demand, high wage jobs. The Strong Workforce programs are grouped into seven areas targeting student success, career pathways, workforce data and outcomes, curriculum, CTE faculty, regional coordination and funding.
- **Student Equity** categorical resources fund increased access, course completion, ESL and basic skills completion, degrees, certificates and transfer for all students as measured by success indicators linked to the CCC Student Success Scorecard, and other measures developed in consultation with local colleges. "Success indicators" are used to identify and measure areas for which disadvantaged populations may be impacted by issues of equal opportunity. Title 5 regulations specify that colleges must review and address the following populations when looking at disproportionate impact: American Indians or Alaskan natives, Asians or Pacific Islanders, Blacks, Hispanics, Whites, men, women, and persons with disabilities. The State Budget Trailer Bill added requirements to address foster youth, veterans, and low-income students.
- **Student Success and Support** categorical funding is used to enhance student access and promote and sustain the efforts of credit students to be successful in their educational endeavors. The goals of the Student Success and Support program are to ensure that all students complete their college courses, persist to the next academic term, and achieve their educational objectives through the assistance of student-direct components of the student success and support program process: admissions, orientation, assessment and testing, counseling, and student follow-up.



Local Grant Expenditures
Grants received from sources other than Federal or State funding are referred to as Local Grants. Local Grants come from private foundations, cities, and for-profit companies, and have been an important way to augment Federal and State Grant/Categorical funding.

The chart below illustrates how local grant funding varies from year to year. These variations were caused by large awards received in certain years. For example, a large grant from the Bill and Melinda Gates Foundation for the Early College High School initiative was received in 2009-10 and large grants from the Henry Mayo Foundation to renovate the Medical Laboratory Technician classroom and from the Mark Taper Forum for EOPS textbook grants were received in 2014-15.

In 2018-19, local grant expenditures totaled $519,988, a $160,761 or 45% **increase** over 2017-18. Local grant dollars received in 2018-19 benefited the Career Technical Education Welding program, Center for Civic Engagement, College Promise, Health and Information Communication Technology Deputy Sector Navigator programs, K-12 Arts Education, Makerspace, Nursing Program, and the Small Business Development Center.



Student Financial Aid Expenditures

In 2018-19, the District offered student financial aid in the form of PELL Grants, Cal Grants, Full Time Student Success Grants, and SEOG Grants totaling **$14,972,240**. Note that Financial Aid expenditures are also included in the Federal and State expenditures charts on the previous pages.

The PELL, Cal Grant, and Full Time Student Success Grants were funded **100%** from Federal and State allocations, and SEOG grants were funded 75% from Federal funds and 25% from a District match.

The District also disbursed Direct Student Loans to qualifying students based on legislation and provided paid Federal Work Study opportunities. The responsibility for disbursing Direct Student Loans was transferred from commercial banks to the District in 2010-11. Direct Student Loans were funded 100% from Federal funds, and Work Study was funded 75% from Federal funds and 25% from a District match. Students received **$2,031,039** in Direct Loans and earned **$418,064** in Federal Work Study wages from on-campus jobs. Providing students with opportunities to work on-campus improves student retention and success.

Student Financial Aid Expenditures

	2015-16	2016-17	2017-18	2018-19
Federal Pell Grants *	$ 15,348,499	$ 14,849,480	$ 13,651,309	$ 13,057,554
Cal Grants *	$ 1,186,252	$ 1,303,573	$ 1,456,787	$ 1,247,446
Full Time Student Success Grants*	$ 323,400	$ 335,435	$ 669,727	$ 2,000
Federal SEOG Grants **	$ 442,432	$ 407,167	$ 530,903	$ 665,240
Subtotal-Grants	**$ 17,300,583**	**$ 16,895,655**	**$ 16,308,726**	**$ 14,972,240**
Direct Student Loans***	$ 3,367,299	$ 2,970,029	$ 2,394,528	$ 2,031,039
Federal Work Study Wages **	$ 308,090	$ 343,177	$ 338,249	$ 418,064
Total-Grants and Work Study	**$ 20,975,972**	**$ 20,208,861**	**$ 19,041,503**	**$ 17,421,343**

***** Pell Grants, Cal Grants, and Full Time Student Success Grants are 100% funded from Federal and State sources.

** SEOG Grants and Federal Work Study Wages were funded 75% from Federal sources and require a 25% District match contribution.

*** Direct Student Loans were issued by Commercial Banks until Fall 2010, when the responsibility was transferred to community colleges.

Capital Outlay Expenditures

The District continued to plan, construct, and upgrade facilities in fiscal year 2018-19, through a combination of the funding sources highlighted below:

- **State Funding for Capital Projects**

  - The District expended **$660,142 in Prop 39 and Scheduled Maintenance Funding** in 2018-19.
    - LED Lighting – Campus Wide
    - HVAC Upgrade – Towsley Hall

- **Measure M Funding for Capital Projects**

  Measure M General Obligation Bonds were authorized in an election held on November 7, 2006. The election approved the issuance of $160 million of general obligation bonds. Measure M passed with 62.65% voter approval, and passed in 147 of the 150 precincts with over 55% voter approval. Measure M funds were approved to build out the Valencia Campus and provide funding for the new Canyon Country Campus as well.

  - The first issuance of Measure M bonds occurred in May 2007 in the amount of $79,997,270.
  - The second issuance of Measure M bonds occurred in May 2012 in the amount of $35,000,000.
  - The third issuance of Measure M bonds occurred in September 2014 in the amount of $25,000,000.
  - The fourth issuance of Measure M bonds occurred in November 2016 in the amount of $20,000,000.

  - **As of June 30, 2019, $175,329,254 of Measure M funds have been expended and the following projects have been completed:**
    - Dr. Dianne G. Van Hook University Center
    - Air Handler Replacement – Boykin and Bonelli
    - Applied Technology Building - Canyon Country Campus
    - Bonelli Hall Renovation
    - Canyon Country Campus site development, modulars, expanded scope
    - Canyon Country Campus Parking Lot #2
    - Canyon Country Campus Parking Lot Improvement
    - Culinary Arts Facility
    - Educational and Facilities Master Plan and Secondary Effects Master Plan
    - Educational Native Plant Garden
    - Fire Alarm Panel Replacement
    - Health and Safety
    - Library Expansion
    - Mentry Hall Expansion
    - Rebuild Chillers – Valencia Campus
    - Renovation of Laboratory Classrooms Boykin 207 & 208
    - Repairs and Modernization

- Secondary Effects Projects, including:
  - ✓ First Floor Bonelli Hall
  - ✓ First Floor Seco Hall
  - ✓ Mentry Hall
  - ✓ Second Floor Bonelli Hall
  - ✓ Student Support Center
  - ✓ Third Floor Bonelli Hall
- Site Upgrades
- Soccer Field Renovations/Improvements
- Student Services/Administration Building (Canyons Hall)
- Student Services/Administration Building Tenant Improvement
- Technology/Technology Infrastructure
- Valencia Campus Parking Structure

- **Measure M funding has funded the following projects in progress:**
  - ADA Doors and Hardware
  - Canyon Country Campus Science Building and Classroom Structure
  - Canyon Country Campus Central Plant

- **Measure E Funding for Capital Projects**

Measure E General Obligation Bonds were authorized in an election held on June 7, 2016. The election approved the issuance of $230 million of general obligation bonds. Measure E passed with 58.46% voter approval. Measure E funds were approved to for addition and renovation of facilities at the Valencia and Canyon Country Campus.

- The first issuance of Measure E bonds occurred in May 2017 in the amount of $50 million.

- **Through fiscal year 2018-19, Measure E proceeds in the amount of $36,448,577 were expended on the following approved projects and expenditures:**
  - ADA Doors and Hardware
  - Canyon Country Campus Central Plant
  - Canyon Country Campus Arts & Lecture
  - Canyon Country Campus Science Building and Classroom Structure
  - Canyon Country Campus Student Services and Learning Resource Center
  - PE West Modernization
  - Repairs and Modernization
  - Site Upgrades
  - Technology/Technology Infrastructure

- **The following projects were completed in 2018-19 with Measure E funding:**
  - Valencia Campus Parking Structure

- **Measure E funding will continue to fund the following projects in progress:**
  - ADA Doors and Hardware
  - Canyon Country Campus Arts & Lecture Facility
  - Canyon Country Campus Central Plant
  - Canyon Country Campus Quad Modernization
  - Canyon Country Campus Science Building and Classroom Structure
  - Canyon Country Campus Student Services and Learning Resource Center
  - PE West Modernization

- **Local Funding for Capital Projects**

  - The District uses local funding to supplement State, Measure M and Measure E capital funding. Securing local dollars for capital construction provides one more revenue source for construction and maintenance projects on the two campuses in the District (Valencia and Canyon Country). State, Measure M and Measure E dollars go further towards completing the projects in the District's Educational and Facilities Master Plan when augmented by local funding.

  - Local funding includes transfers from the Unrestricted General Fund, Capital Campaign donations from the COC Foundation, Certificate of Participation funding from issuing debt, energy incentive funding, facilities fees paid by international students, money collected from joint use partnerships with the local high school district, and charges from the use of District facilities.

  - **In 2018-19, local funding totaling $1,128,935 was expended on projects such as**:
    - Equipment for Various Instructional and Non-Instructional Departments:
      - Campus Wide Computer Replacement
      - Computer Support Services
      - Emergency Preparedness
      - Library
      - Media/Audio Visual
      - Performing Arts Center
      - Veteran's Services
      - Workplace Safety
    - Scheduled Maintenance/Repair projects

FUND BALANCE AND FUND BALANCE CLASSIFICATIONS

UNRESTRICTED GENERAL FUND ENDING FUND BALANCE

	2014-15	2015-16	2016-17	2017-18	2018-19
Reserved/Assigned	$ 277,702	$ 1,120,816	$ 1,237,961	$ 1,053,458	$ 1,736,591
Unassigned	9,279,591	8,887,932	9,394,204	9,807,833	9,497,190
Ending Fund Balance	**$ 9,557,293**	**$ 10,008,748**	**$ 10,632,165**	**$ 10,861,291**	**$ 11,233,781**
Percentage of Unrestricted Expenses	**11.3%**	**9.6%**	**10.2%**	**10.1%**	**10.0%**

Ending Fund Balance Details

- The District's Unrestricted General Fund ending fund balance consistently meets the State Chancellor's Office guidelines for reserves of at least 5% of Unrestricted General Fund expenditures.
  - **The average ending fund balance over the last five years was 10.25% each year.**

- The ending fund balance for the Unrestricted General Fund as of June 30, 2019, was $11,233,781, which was 10.0% of Unrestricted General Fund expenditures.
  - The District **avoided deficit spending in 2018-19** and did not spend down reserves.

- The 2018-19 ending balance was further analyzed to determine if any of these funds were "reserved/assigned" due to a commitment made by the District's Governing Board prior to June 30, 2019.

  - The reserved portion of the ending fund balance was $1,736,591 and consists of three components:
    - The $129,000 Revolving Cash Account, which holds funds, which are reserved by Board action/approval for the purpose of emergency cash disbursements.

    - Board authorized pre-paid expenses totaling $1,560,082. The District pre-paid software licenses, insurance premiums, and memberships in the last few months of the 2018-19 fiscal year in order to comply with vendors' payment deadlines and to ensure uninterrupted service. These expenses will be deducted from 2019-20 budget funds.

    - Health and Welfare Pool Balances totaling $47,509 for COCFA, CSEA, and Confidential employee groups. These estimated pool balances at June 30, 2019, are reserved for future health and welfare expenses for these groups in accordance with their Board Approved bargaining agreements.

SUMMARY

This Annual Financial Report for the Period Ending June 30, 2019, affirms the District's commitment to fiscal responsibility. The Financial Statements were found to be materially correct, with no audit findings or adjustments. For the fiscal year 2018-19, the District again received unmodified opinions on the Financial Statements, Federal Awards and State Awards, which is the best opinion an auditor can issue. There were no findings for the General Obligation Bond audit or for the COC Foundation audit, for which the District also has oversight. These opinions will position the District in a positive way in the future with the Accrediting Commission and Bond Rating Agencies.

In the past 18 years, the District has **only had 11 audit findings in 80 audits** (District, General Obligation Bonds and Foundation). These exceptional audits reflect the dedication of the District to providing fiscal oversight for daily operations and compliance with District policies and procedures as well as the regulations that govern community colleges. With the focus of audits moving from financial information to compliance with Federal and State regulations, it is commendable that hundreds of departments, programs and grant funded activities reflect such a high level of fiscal integrity. These positive audit results are the outcome of strategic planning and strong fiscal management, which is a testimony to the tone set at the top by the District Chancellor and Administrators who have ultimate responsibility for positive fiscal outcomes.

In 2018-19, the District provided oversight for the expenditure of $233.3 million for all funds, including $112.5 million in Operating Funds and $51.6 million in highly regulated Federal and State Financial Aid, State Competitive Grants and State Categorical Program funds. The District received $31.9 million in grant and categorical funding for over 100 programs that augment and complement District instructional programs.
Additionally there were expenditures in Capital Outlay funds of $43.5 million to continue the expansion of both campuses with the completion of a new parking structure in Valencia. Completion of Canyon Country campus capital projects such as the Science and Lecture building, Central Plant, and Student Services Learning Resources building are scheduled to be complete in 2019-20 and 2020-21.

To address the legislatively mandated increases to District contribution rates for STRS and the actuarially estimated increases to PERS Pension Plans, the District continues to strategically set aside some of the one-time savings for future STRS/PERS costs until ongoing funding can be identified with $6.9 million set aside in a separate fund. In 2017-18, GASB 75 established a new approach of how to record the District's full Post Employment Benefit liability on the Statement of Net Position to be in alignment with GASB 68 from 2015 which requires the District proportionate share of the CalPERS and CalSTRS unfunded pension liabilities to be included on the Total net Position in the financial statements. This new GASB requirement caused the District's liabilities to increase between 2017-18 and 2018-19.

The District is also providing leadership to the Community College system via a legislatively supported, grant funded program, IEPI – Institutional Effectiveness Partnership Initiative, to assist community colleges with assessment and improvement. In partnership with the State Chancellor's Office, College of the Canyons Administration has worked collaboratively with the Academic Senate and other Community College representatives who serve on the IEPI Advisory Committee, to establish a framework of fiscal and student success indicators that serve as a foundation for on-going improvement through technical assistance team visits and seed grants that provide funding for new initiatives. After five years, College of the Canyons has been recognized for moving the initiative forward quickly and successfully with accolades from the 72 Community College Districts that have benefited from Partnership Resource Team (PRT) visits. These PRT teams cover topics that include Enrollment Management, Non-Credit Programs and Budget/Program Reviews.

With a nationwide focus on workforce training and preparing the next generation of workers who will require some college or college degrees, the District has established a presence at the State level with the District Chancellor serving on the Community College "Doing What Matters" Regional Board. Funding allocations through regional initiatives will benefit local businesses and communities through a connected effort that reaches statewide and produces trained workers to fuel the State economy.

College of the Canyons continues to experience a high demand for programs that meet the needs of students planning to transfer to four-year colleges seeking jobs in the current economy. These programs result in growth funding that allows the District to hire faculty and support new and existing programs to sustain long-term growth. The District's ability to be innovative and responsive to labor market trends and to take advantage of new funding sources has expanded the options for our students.
Comprehensive planning through collaborative processes allowed the District to be well positioned for additional funding not able to be utilized by other districts. The result has been an exponential leap forward to serve our students, community and local business partners.

The District is fiscally stable and operationally sound, with a solid foundation and potential for continued growth. Strong and consistent leadership is the basis for the long-term success of College of the Canyons. The District has operated under the leadership of Dr. Dianne Van Hook for the last 31 years, with key Vice President positions occupied by the same individuals for 16 to 21 years and four of the five Board members with 16 to 30+ years of experience serving the district with two previously serving as president of the COC Foundation.

Dr. Van Hook is the longest seated Chancellor in the same District in the history of the Community College System. Her visionary leadership has made the Santa Clarita Community College District one of the leading, most innovative, and widely respected community colleges in the nation. Through the establishment of local and regional collaborative and professional development, she has won the respect of her peers and created a framework to achieve success through synergies that come from shared knowledge and experience. This past year she was asked to serve on the Bipartisan Policy Center's Higher Education Task Force, in Washington, D.C. This task force consists of 18 former policy makers and high-profile individuals, including senators, governors, congress people and a few higher education leaders who are tasked to make recommendations towards reforming financial aid, accreditation and certification standards and other issues that are affecting higher education at the national level. She has a clear vision, unparalleled leadership skills, strong technical knowledge regarding college finances, an astute ability to assess risk, and established lasting and impactful relationships with local, State and Federal Officials that will allow College of the Canyons to continue to pursue innovative solutions that meet the needs of our students, community and business partners in the achievement of excellence.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the District at: Santa Clarita Community College District, 26455 Rockwell Canyon Road, Santa Clarita, California 91355.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents - unrestricted	$ 652,469
Cash and cash equivalents - restricted	11,817
Investments - unrestricted	26,947,454
Investments - restricted	40,207,130
Accounts receivable	11,504,122
Student loans receivable	1,176,132
Due from fiduciary funds	148,027
Prepaid expenses	2,863,477
Total Current Assets	83,510,628
NONCURRENT ASSETS	
Nondepreciable capital assets	67,376,334
Depreciable capital assets, net of accumulated depreciation	238,412,547
Total Noncurrent Assets	305,788,881
TOTAL ASSETS	389,299,509
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	5,289,543
Deferred outflows of resources related to pensions	35,338,978
Deferred outflows of resources related to OPEB	521,530
Total Deferred Outflows of Resources	41,150,051
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	17,839,931
Accrued interest payable	4,253,405
Unearned revenue	7,526,426
Current portion of long-term obligations other than pensions	11,572,116
Total Current Liabilities	41,191,878
NONCURRENT LIABILITIES	
Noncurrent portion of long-term obligations other than pensions	301,508,409
Aggregate net pension obligation	117,783,112
Total Noncurrent Liabilities	419,291,521
TOTAL LIABILITIES	460,483,399
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	4,705,467
Deferred inflows of resources related to OPEB	83,129
Total Deferred Inflows of Resources	4,788,596
NET POSITION	
Net investment in capital assets	50,980,844
Restricted for:	
Debt service	11,121,395
Capital projects	3,439,655
Educational programs	1,850,519
Other activities	625,198
Unrestricted deficit	(102,840,046)
TOTAL NET POSITION	$ (34,822,435)

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
Student Tuition and Fees	$ 22,387,535
Less: Scholarship discounts and allowances	(8,540,769)
Net tuition and fees	13,846,766
Grants and Contracts, Noncapital	
Federal	2,852,317
State	29,064,677
Local	2,583,319
Total grants and contracts, noncapital	34,500,313
TOTAL OPERATING REVENUES	48,347,079
OPERATING EXPENSES	
Salaries	86,573,360
Employee benefits	43,916,044
Supplies, materials, and other operating expenses and services	27,736,405
Student financial aid	18,284,349
Equipment, maintenance, and repairs	4,349,805
Depreciation	9,023,575
TOTAL OPERATING EXPENSES	189,883,538
OPERATING LOSS	(141,536,459)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	64,768,138
Local property taxes, levied for general purposes	27,566,799
Taxes levied for other specific purposes	17,270,681
Federal financial aid grants, noncapital	15,587,523
State financial aid grants, noncapital	2,528,147
State taxes and other revenues	4,582,603
Investment income	1,299,885
Interest expense on capital related debt	(10,677,195)
Interest income on capital asset-related debt	213,836
Transfer to fiduciary funds	(12,700)
Transfer from fiduciary funds	1,800
Other nonoperating revenues	2,754,479
TOTAL NONOPERATING REVENUES (EXPENSES)	125,883,996
LOSS BEFORE OTHER REVENUES AND (LOSSES)	(15,652,463)
OTHER REVENUES AND (LOSSES)	
State revenues, capital	5,557,421
Local revenues, capital	218,409
Loss on disposal of capital assets	(150,880)
TOTAL OTHER REVENUES AND (LOSSES)	5,624,950
CHANGE IN NET POSITION	(10,027,513)
NET POSITION, BEGINNING OF YEAR	(24,794,922)
NET POSITION, END OF YEAR	$ (34,822,435)

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 13,873,226
Federal and State grants and contracts	29,936,711
Payments to or on behalf of employees	(122,917,874)
Payments to vendors for supplies and services	(34,679,466)
Payments to students for scholarships and grants	(18,284,349)
Net Cash Flows From Operating Activities	(132,071,752)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	64,768,138
Federal and State financial aid grants	18,115,670
Property taxes - nondebt related	27,566,799
State taxes and other revenue	4,582,603
Other nonoperating	3,549,224
Net Cash Flows From Noncapital Financing Activities	118,582,434
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State apportionments, capital projects	5,557,421
Local revenue, capital projects	218,409
Proceeds from capital debt	1,288,765
Acquisition and construction of capital assets	(40,876,096)
Property taxes - related to capital debt	17,270,681
Principal paid on capital debt	(12,594,660)
Interest received on capital debt	213,836
Interest paid on capital debt	(10,579,931)
Net Cash Flows From Capital and Related Financing Activities	(39,501,575)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,299,885
NET CHANGE IN CASH AND CASH EQUIVALENTS	(51,691,008)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	119,509,878
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 67,818,870

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (141,536,459)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	9,023,575
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	(5,172,608)
Prepaid expenses	(1,655,113)
Accounts payable and accrued liabilities	(1,619,474)
Unearned revenue	635,466
Deferred outflows of resources related to pensions	(2,067,926)
Deferred outflows of resources related to OPEB	(521,530)
Deferred inflows of resources related to pensions	(221,037)
Deferred inflows of resources related to OPEB	83,129
Aggregate net pension obligation	9,392,957
Aggregate net OPEB liability	1,792,505
Compensated absences and early retirement	(205,237)
Total Adjustments	9,464,707
Net Cash Flows From Operating Activities	$ (132,071,752)

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 664,286
Cash with county treasury	67,154,584
Total Cash and Cash Equivalents	$ 67,818,870

NONCASH TRANSACTIONS	
On behalf payments for benefits	$ 2,889,050

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Trust Funds
ASSETS	
Cash and cash equivalents	$ 1,401,239
Investments	7,674,559
Accounts receivable	66,830
Prepaid expenses	42,238
Total Assets	9,184,866
LIABILITIES	
Accounts payable	5,030
Due to primary government	148,027
Unearned revenue	105,967
Due to student groups	618,506
Total Liabilities	877,530
NET POSITION	
Unrestricted	8,307,336
Total Net Position	$ 8,307,336

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Trust Funds
ADDITIONS	
Local revenues	$ 952,888
DEDUCTIONS	
Employee benefits	363,796
Services and operating expenditures	725,410
Total Deductions	1,089,206
OTHER FINANCING SOURCES (USES)	
Transfer from primary government	12,700
Transfer to primary government	(1,800)
Total Other Financing Sources (Uses)	10,900
Change in Net Position	(125,418)
Net Position - Beginning of Year	8,432,754
Net Position - End of Year	$ 8,307,336

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

NOTE 1 - ORGANIZATION

The Santa Clarita Community College District (the District) was established in 1967 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one community college and one center located in Santa Clarita, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government and the District.

The following entity met the criterion for inclusion as a "blended" component unit and is consolidated within the financial statements of the District:

- **Public Property Financing Corporation**

  The Public Property Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements as the District as if the activity was the District's. Within the other supplementary information section of the report, the activity is included as the Capital Outlay Projects Fund and the Other Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities of the District. Individually-prepared financial statements are not prepared for the Public Property Financing Corporation. Condensed component unit information for the Corporation, the District's blended component unit, for the year ended June 30, 2019, is as follows:

Condensed Statement of Net Position

ASSETS	
Investments	$ (824,225)
Prepaid expenses	929,670
Total Assets	$ 105,445
NET POSITION	
Restricted for:	
Debt service	$ 105,445

Condensed Statement of Revenues, Expenses, and Changes in Net Position

NONOPERATING REVENUES (EXPENSES)	
Principal expense on capital related debt	$ (745,000)
Interest expense on capital related debt	(377,706)
Investment income	1,970
TOTAL NONOPERATING EXPENSES	(1,120,736)
LOSS BEFORE TRANSFERS	(1,120,736)
Transfers in	523,735
CHANGE IN NET POSITION	(597,001)
NET POSITION, BEGINNING OF YEAR	702,446
NET POSITION, END OF YEAR	$ 105,445

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid 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 financial aid grants 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 financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in County and State investment pools are determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 25 years; equipment, 3 to 15 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-Term Obligations

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

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method.

Deferred Charges on Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension and OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the aggregate net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB liability of the District Plan and information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District's Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB Plan and the MPP. For this purpose, the District's OPEB Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Payments for the aggregate net OPEB liability are made by the General Unrestricted Fund.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, compensated absences, early retirement programs, aggregate net OPEB liability, and the aggregate net pension obligation with maturities greater than one year.

Net Position

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $17,036,767 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in November 2001, November 2006, and June 2016 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG) Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

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

Change in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. 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.

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, consist of the following:

Primary government	$ 67,818,870
Fiduciary funds	9,075,798
Total Deposits and Investments	$ 76,894,668

Cash on hand and in banks	$ 1,401,239
Cash in revolving	130,000
Cash collections awaiting deposit	534,286
Investments	74,829,143
Total Deposits and Investments	$ 76,894,668

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Los Angeles County Investment pool.

Specific Identification

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

Investment Type	Book Value	Fair Value	Weighted Average Days/Date to Maturity
Los Angeles County Investment Pool	$ 74,513,585	$ 74,442,111	547
Certificate of Deposit	315,558	315,558	September 8, 2019
Total	$ 74,829,143	$ 74,757,669	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Investment Pool and the Certificate of Deposit are not required to be rated, nor have they been rated as of June 30, 2019.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance was insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Los Angeles County Investment Pool	$ 74,442,111	$ -	$ 74,442,111
Certificate of Deposit	315,558	315,558	-
Total	$ 74,757,669	$ 315,558	$ 74,442,111

All assets have been valued using a market approach, with quoted market prices.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	Primary Government
Federal Government	
Categorical aid	$ 1,276,905
State Government	
Categorical aid	8,383,117
Lottery	723,522
Apportionment	28,458
Other State	86,246
Local Sources	
Interest	291,041
Foundation	39,832
Other local	675,001
Total	$ 11,504,122
Student receivables	$ 1,176,132

	Fiduciary Funds
Other local	$ 66,830

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land	$ 14,309,904	$ -	$ -	$ 14,309,904
Construction in progress	16,610,153	40,682,614	4,226,337	53,066,430
Total Capital Assets Not Being Depreciated	30,920,057	40,682,614	4,226,337	67,376,334
Capital Assets Being Depreciated				
Site improvements	22,868,722	154,336	-	23,023,058
Buildings and improvements	289,684,698	4,072,001	-	293,756,699
Equipment	20,155,626	825,475	699,086	20,282,015
Total Capital Assets Being Depreciated	332,709,046	5,051,812	699,086	337,061,772
Total Capital Assets	363,629,103	45,734,426	4,925,423	404,438,106
Less Accumulated Depreciation				
Site improvements	12,447,102	1,065,319	-	13,512,421
Buildings and improvements	64,641,872	6,636,081	-	71,277,953
Equipment	13,084,882	1,322,175	548,206	13,858,851
Total Accumulated Depreciation	90,173,856	9,023,575	548,206	98,649,225
Net Capital Assets	$ 273,455,247	$ 36,710,851	$ 4,377,217	$ 305,788,881

Depreciation expense for the year was $9,023,575.

NOTE 7 - PREPAID EXPENSES

Prepaid expenses at June 30, 2019, consisted of the following:

	Primary Government
IT system database maintenance	$ 640,730
Retirement planning	690,353
Student insurance	929,670
Other	602,724
Total	$ 2,863,477

	Fiduciary Funds
Other	$ 42,238

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	Primary Government
Accrued payroll and benefits	$ 10,821,240
Instructional service agreements	1,709,580
Construction	3,256,386
State categorical	91,741
Insurance liability	466,919
Other liabilities	1,494,065
Total	$ 17,839,931

	Fiduciary Funds
Other liabilities	$ 5,030

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	Primary Government
Federal categorical	$ 63,147
State categorical	5,190,969
Student tuition and fees	1,566,445
Other local	705,865
Total	$ 7,526,426

	Fiduciary Funds
Student tuition and fees	$ 105,967

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2019, the amounts owed between the primary government and fiduciary funds were $148,027 and $0, respectively.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to $1,800. The amount transferred to the fiduciary funds from the primary government amounted to $12,700.

NOTE 11 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2019 fiscal year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
Bonds Payable					
General obligation bonds, Series 2003	$ 15,542,102	$ 824,395	$ 1,415,000	$ 14,951,497	$ 1,490,000
General obligation bonds, Series 2005	7,552,045	464,370	-	8,016,415	-
General obligation bonds, Series 2012	33,065,000	-	-	33,065,000	-
Unamortized premium	2,061,701	-	85,904	1,975,797	-
General Obligation bonds, Refunding Bonds 2013	31,615,000	-	1,005,000	30,610,000	1,065,000
Unamortized premium	3,471,408	-	341,450	3,129,958	-
General obligation bonds, Series 2014	23,945,000	-	135,000	23,810,000	240,000
Unamortized premium	1,021,583	-	47,515	974,068	-
General Obligation bonds, Refunding Bonds 2016	90,420,000	-	1,415,000	89,005,000	1,495,000
Unamortized premium	8,773,794	-	312,420	8,461,374	-
General obligation bonds, Series 2016	20,000,000	-	685,000	19,315,000	-
Unamortized premium	1,483,207	-	52,815	1,430,392	-
General obligation bonds, Series 2017	50,000,000	-	6,160,000	43,840,000	5,290,000
Unamortized premium	3,350,440	-	119,303	3,231,137	-
Certificate of participation Refunding 2017	9,580,000	-	745,000	8,835,000	745,000
Unamortized premium	984,564	-	75,253	909,311	-
Total Bonds Payable	302,865,844	1,288,765	12,594,660	291,559,949	10,325,000
Other Liabilities					
Early retirement plan	2,617,742	-	690,954	1,926,788	690,954
Aggregate net OPEB liability	13,365,190	2,259,591	467,086	15,157,695	-
Aggregate net pension obligation	108,390,155	9,392,957	-	117,783,112	-
Compensated absences (net)	3,950,376	485,717	-	4,436,093	556,162
Total Other Liabilities	128,323,463	12,138,265	1,158,040	139,303,688	1,247,116
Total Long-Term Obligations	$ 431,189,307	$ 13,427,030	$ 13,752,700	$ 430,863,637	$ 11,572,116

Description of Long-Term Obligations

Payments of the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. Payments for the certificates of participation (COPs) is made by the Other Debt Service Fund. The compensated absences and early retirement plan will be paid by the fund for which the employee worked. Pension expense related to the aggregate net pension obligation will be paid by the fund for which the employee worked. See Note 14 for further details of the aggregate net pension obligation. Payments for the aggregate net other postemployment liability will be made by the Unrestricted General Fund.

In November 2001, voters authorized a total of $82,110,000 in general obligation bonds. In July 2003, the District issued Election of 2001 Series 2003 General Obligation Bonds in the amount of $17,498,982. The bonds were issued as capital appreciation bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 1.05 to 5.60 percent. At June 30, 2019, the principal balance outstanding was $14,951,497.

In October 2005, the District issued Election of 2001 Series 2005 General Obligation Bonds in the amount of $42,981,087. The bonds were issued as current interest bonds in the aggregate principal amount of $39,310,000 and as capital appreciation bonds in the principal amount of $3,671,087. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 3.00 to 5.00 percent. At June 30, 2019, the principal balance outstanding was $8,016,415.

In May 2012, the District issued Election of 2006 Series 2012 General Obligation Bonds in the amount of $35,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00 percent. At June 30, 2019, the principal balance outstanding was $33,065,000. Unamortized premium received on issuance of the bonds amounted to $1,975,797 as of June 30, 2019.

In February 2013, the District issued the $33,765,000 2013 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2028, with interest rates from 2.00 to 5.00 percent. The net proceeds of $39,057,475 (representing the principal amount of $33,765,000 plus premium on issuance of $5,292,475) from the issuance were used to advance refund the District's outstanding 2001 General Obligation Bonds, Series 2005 maturing on August 1, 2016 through and including August 1, 2028, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of $4,520,284 over the life of the new debt and an economic gain of $3,730,822 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.403 percent. At June 30, 2019, the principal balance outstanding was $30,610,000. Unamortized premium received on issuance of the bonds amounted to $3,129,958 as of June 30, 2019.

In September 2014, the District issued Election of 2006 Series 2014 General Obligation Bonds in the amount of $25,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00 percent. At June 30, 2019, the principal balance outstanding was $23,810,000. Unamortized premium received on issuance of the bonds amounted to $974,068 as of June 30, 2019.

In May 2016, the District issued the $94,050,000 2016 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2046, with interest rates from 2.00 to 5.00 percent. The net proceeds of $103,474,669 (representing the principal amount of $94,050,000 plus premium on issuance of $9,424,669) from the issuance were used to currently refund the District's outstanding 2005 General Obligation Refunding Bonds, maturing on August 1, 2016 through and including August 1, 2021, and to advance refund a portion of the District's outstanding General Obligation Bonds, Series 2007 maturing on August 1, 2016 and including August 1, 2018 through August 1, 2046, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of $35,068,066 over the life of the new debt and an economic gain of $22,824,480 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.682 percent. At June 30, 2019, the principal balance outstanding was $89,005,000. Unamortized premium received on issuance of the bonds amounted to $8,461,374 as of June 30, 2019.

In November 2016, the District issued Election of 2006 Series 2016 General Obligation Bonds in the amount of $20,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities, to refund the 2009 certificates of participation, and to pay the cost of the issuance associated with the issuance of the bonds. The bonds bear interest rates of 3.00 to 5.00 percent. At June 30, 2019, the principal balance outstanding was $19,315,000. Unamortized premium received on issuance of the bonds amounted to $1,430,392 as of June 30, 2019.

In June 2016, voters authorized a total of $230,000,000 in general obligation bonds. In April 2017, the District issued Election of 2016 Series 2017 General Obligation Bonds in the amount of $50,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00 percent. At June 30, 2019, the principal balance outstanding was $43,840,000. Unamortized premium received on issuance of the bonds amounted to $3,231,137 as of June 30, 2019.

In April, 2017, the District issued the $9,580,000 2017 Refunding Certificates of Participation. The certificates have a final maturity to occur on August 1, 2031, with interest rates from 2.00 to 5.00 percent. The net proceeds of the certificates were used to currently refund the outstanding 2006 Certificates of Participation and to pay the cost of issuance associated with the refunding certificates. At June 30, 2019, the principal balance outstanding was $8,835,000. Unamortized premium received on issuance of the certificates amounted to $909,311 as of June 30, 2019.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding End of Year
2003	08/01/28	1.05%-5.60%	$ 17,498,982	$ 15,542,102	$ -	$ 824,395	$ 1,415,000	$ 14,951,497
2005	08/01/30	3.00%-5.00%	42,981,087	7,552,045	-	464,370	-	8,016,415
2012	08/01/42	2.00%-5.00%	35,000,000	33,065,000	-	-	-	33,065,000
2013	08/01/28	2.00%-5.00%	33,765,000	31,615,000	-	-	1,005,000	30,610,000
2014	08/01/39	2.00%-5.00%	25,000,000	23,945,000	-	-	135,000	23,810,000
2016	08/01/46	2.00%-5.00%	94,050,000	90,420,000	-	-	1,415,000	89,005,000
2016	08/01/46	3.00%-5.00%	20,000,000	20,000,000	-	-	685,000	19,315,000
2017	08/01/47	2.00%-5.00%	50,000,000	50,000,000	-	-	6,160,000	43,840,000
				$ 272,139,147	$ -	$ 1,288,765	$ 10,815,000	$ 262,612,912

The General Obligation Bonds, Series 2003, mature through 2029 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2020	$ 1,452,092	$ 37,908	$ 1,490,000
2021	1,441,846	118,154	1,560,000
2022	1,435,460	204,540	1,640,000
2023	1,422,991	297,009	1,720,000
2024	1,412,106	392,894	1,805,000
2025-2029	7,787,002	4,132,998	11,920,000
Total	$ 14,951,497	$ 5,183,503	$ 20,135,000

The General Obligation Bonds, Series 2005, mature through 2031 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2030-2031	$ 8,016,415	$ 7,648,585	$ 15,665,000

The General Obligation Bonds, Series 2012, mature through 2043 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ -	$ 1,518,050	$ 1,518,050
2021	135,000	1,514,675	1,649,675
2022	210,000	1,506,050	1,716,050
2023	285,000	1,493,675	1,778,675
2024	365,000	1,477,425	1,842,425
2025-2029	3,180,000	7,084,050	10,264,050
2030-2034	6,150,000	6,035,750	12,185,750
2035-2039	10,425,000	3,998,800	14,423,800
2040-2043	12,315,000	1,115,700	13,430,700
Total	$ 33,065,000	$ 25,744,175	$ 58,809,175

The 2013 General Obligation Refunding Bonds mature through 2029 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 1,065,000	$ 1,281,500	$ 2,346,500
2021	1,140,000	1,237,400	2,377,400
2022	1,210,000	1,190,400	2,400,400
2023	3,365,000	1,098,900	4,463,900
2024	3,570,000	942,350	4,512,350
2025-2029	20,260,000	1,908,200	22,168,200
Total	$ 30,610,000	$ 7,658,750	$ 38,268,750

The General Obligation Bonds, Series 2014, mature through 2040 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 240,000	$ 955,175	$ 1,195,175
2021	220,000	945,975	1,165,975
2022	275,000	936,075	1,211,075
2023	345,000	921,950	1,266,950
2024	415,000	902,950	1,317,950
2025-2029	3,415,000	4,084,500	7,499,500
2030-2034	6,280,000	3,057,157	9,337,157
2035-2039	10,025,000	1,589,962	11,614,962
2040	2,595,000	51,900	2,646,900
Total	$ 23,810,000	$ 13,445,644	$ 37,255,644

The 2016 General Obligation Refunding Bonds mature through 2047 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 1,495,000	$ 3,455,800	$ 4,950,800
2021	1,605,000	3,385,775	4,990,775
2022	1,725,000	3,302,525	5,027,525
2023	-	3,259,400	3,259,400
2024	-	3,259,400	3,259,400
2025-2029	2,450,000	16,138,500	18,588,500
2030-2034	8,890,000	14,994,625	23,884,625
2035-2039	17,500,000	12,829,450	30,329,450
2040-2044	29,715,000	8,327,900	38,042,900
2045-2047	25,625,000	1,596,700	27,221,700
Total	$ 89,005,000	$ 70,550,075	$ 159,555,075

The General Obligation Bonds, Series 2016, mature through 2047 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ -	$ 770,518	$ 770,518
2021	-	770,519	770,519
2022	-	770,519	770,519
2023	30,000	770,069	800,069
2024	60,000	768,719	828,719
2025-2029	910,000	3,756,395	4,666,395
2030-2034	2,270,000	3,380,320	5,650,320
2035-2039	4,060,000	2,804,309	6,864,309
2040-2044	6,520,000	1,791,400	8,311,400
2045-2047	5,465,000	339,700	5,804,700
Total	$ 19,315,000	$ 15,922,468	$ 35,237,468

The General Obligation Bonds, Series 2017, mature through 2048 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 5,290,000	$ 1,721,525	$ 7,011,525
2021	240,000	1,637,375	1,877,375
2022	290,000	1,626,775	1,916,775
2023	335,000	1,612,600	1,947,600
2024	395,000	1,594,350	1,989,350
2025-2029	2,940,000	7,589,375	10,529,375
2030-2034	4,925,000	6,679,937	11,604,937
2035-2039	7,435,000	5,310,325	12,745,325
2040-2044	10,675,000	3,386,100	14,061,100
2045-2048	11,315,000	939,500	12,254,500
Total	$ 43,840,000	$ 32,097,862	$ 75,937,862

Certificates of Participation

The certificates mature through 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 745,000	$ 359,082	$ 1,104,082
2021	760,000	332,707	1,092,707
2022	785,000	301,807	1,086,807
2023	805,000	270,006	1,075,006
2024	830,000	237,306	1,067,306
2025-2029	3,655,000	638,155	4,293,155
2030-2032	1,255,000	41,340	1,296,340
Total	$ 8,835,000	$ 2,180,403	$ 11,015,403

Early Retirement Plan

The District has entered into an agreement to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a total of $1,926,788 on behalf of the retirees over the next three years in accordance with the following schedule:

Year Ending June 30,	
2020	$ 690,954
2021	690,954
2022	544,880
Total	$ 1,926,788

Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 14,730,819	$ 521,530	$ 83,129	$ 1,368,582
Medicare Premium Payment (MPP) Program	426,876	-	-	(14,478)
Total	$ 15,157,695	$ 521,530	$ 83,129	$ 1,354,104

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Management of the Plan is vested in the District management.

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	187
Active employees	654
	841

Benefits Provided

The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's governing board. For fiscal year 2018-2019, the District contributed $359,582 to the Plan, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $14,730,819 was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	3.50 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of July 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 12,923,836
Service cost	436,238
Interest	492,562
Changes of benefit terms	747,173
Experience gains/losses	(93,026)
Changes of assumptions or other inputs	583,618
Benefit payments	(359,582)
Net change in total OPEB liability	1,806,983
Balance at June 30, 2019	$ 14,730,819

The changes in benefit terms since the previous valuation were as follows:

The benefit cap was increased for classified employees from $2,200 to $3,300. For classified and confidential employees with more than 20 years of service, the cap was increased from $4,000 to $6,000 pre-Medicare.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (2.50%)	$ 17,084,938
Current discount rate (3.50%)	14,730,819
1% increase (4.50%)	12,828,092

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	$ 13,658,369
Current healthcare cost trend rate (4.00%)	14,730,819
1% increase (5.00%)	15,985,112

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 83,129
Changes of assumptions	521,530	-
Total	$ 521,530	$ 83,129

Amounts reported as deferred outflows/(inflows) of resources related to the differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 9.4 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows(Inflows) of Resources
2020	$ 52,191
2021	52,191
2022	52,191
2023	52,191
2024	52,191
Thereafter	177,446
	$ 438,401

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of $426,876 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.1115 percent and 0.1049, respectively, resulting in a net increase in the proportionate share of 0.0066 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(14,478).

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	$ 472,147
Current discount rate (3.87%)	426,876
1% increase (4.87%)	386,001

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 389,268
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	426,876
1% increase (4.7% Part A and 5.1% Part B)	467,323

Aggregate Net Pension Obligation

At June 30, 2019, the liability for the aggregate net pension obligation amounted to $117,783,112. See Note 14 for additional information.

Compensated Absences

At June 30, 2019, the total unpaid compensated absences was $4,436,093.

NOTE 12 - LEASE REVENUES

The District has property held for lease with an estimated cost of $2,852,725 and accumulated depreciation of $1,549,190. Lease agreements have been entered into with various lessors for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	
2020	$ 783,796
2021	787,464
2022	791,179
2023	794,943
2024	798,756
Total	$ 3,956,138

NOTE 13 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of $250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $5,000,000 per occurrence, all subject to various deductibles.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2019, the District contracted with the Statewide Association of Community Colleges (SWACC)/Schools Association for Excess Risk (SAFER) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2019, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2019, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 60,375,178	$ 19,188,297	$ 4,702,233	$ 7,699,442
CalPERS	57,407,934	16,150,681	3,234	11,449,587
Total	$ 117,783,112	$ 35,338,978	$ 4,705,467	$ 19,149,029

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the District's total contributions were $6,288,844.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	60,375,178
State's proportionate share of net pension liability associated with the District		34,567,613
Total	$	94,942,791

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.0657 percent and 0.0616 percent, respectively, resulting in a net increase in the proportionate share of 0.0041 percent.

For the year ended June 30, 2019, the District recognized pension expense of $7,699,442. In addition, the District recognized pension expense and revenue of $4,060,915 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,288,844	$ -
Net change in proportionate share of net pension liability	3,332,785	1,500,425
Differences between projected and actual earnings on the pension plan investments	-	2,324,825
Differences between expected and actual experience in the measurement of the total pension liability	187,221	876,983
Changes in assumptions	9,379,447	-
Total	$ 19,188,297	$ 4,702,233

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 504,786
2021	(366,285)
2022	(1,950,438)
2023	(512,888)
Total	$ (2,324,825)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 2,017,412
2021	2,017,412
2022	2,017,409
2023	1,948,017
2024	2,071,645
Thereafter	450,150
Total	$ 10,522,045

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 88,442,571
Current discount rate (7.10%)	60,375,178
1% increase (8.10%)	37,104,586

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the total District contributions were $5,756,191.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $57,407,934. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.2153 percent and 0.2153 percent, respectively.

For the year ended June 30, 2019, the District recognized pension expense of $11,449,587. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,756,191	$ -
Net change in proportionate share of net pension liability	428,234	3,234
Differences between projected and actual earnings on the pension plan investments	470,874	-
Differences between expected and actual experience in the measurement of the total pension liability	3,763,453	-
Changes of assumptions	5,731,929	-
Total	$ 16,150,681	$ 3,234

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,712,672
2021	409,571
2022	(1,312,522)
2023	(338,847)
Total	$ 470,874

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 4,437,800
2021	4,242,238
2022	1,240,344
Total	$ 9,920,382

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 83,583,207
Current discount rate (7.15%)	57,407,934
1% increase (8.15%)	35,691,798

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2019, which amounted to $2,889,050 (7.479 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2019. 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 operating revenue and employee benefit expense.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-2019 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements.

Deferred Compensation

The District offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 403(b). The plans, available to all District employees with the exception of College Assistants, permit them to defer a portion of their salary until future years. Depending on the plan, the deferred compensation is not available to employees until termination, retirement, death, disability, hardship, or unforeseeable emergency.

All assets of the 457 plans are held in trusts for the exclusive benefit of participants. All assets of the 403(b) plan are individually owned by participants.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its plan for all employees, as well as the CalSTRS Cash Balance Benefit Program (an alternative plan) for adjunct faculty. Contributions made by the District and an employee vest immediately. The District contributes 6.20 percent of an employee's gross earnings (four percent for CalSTRS Cash Balance Benefit Program participants). An employee is required to contribute 6.20 percent of his or her gross earnings to the pension plan (four percent for CalSTRS Cash Benefit Program participants).

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Protected Insurance Program for Schools (PIPS), the Statewide Association of Community College (SWACC)/Schools Association for Excess Risk (SAFER), Alameda County Schools Insurance Group/Educational Dental Group Enterprise (ACSIG/Edge), Self-Insured Schools of California (SISC), and Alameda County Schools Insurance Group (ACSIG) JPAs. The District pays premiums for its workers' compensation and property liability coverage, as well as monthly premiums for employee Delta Dental and Vision Service Plan coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2019, the District made payments of $1,884,793, $661,724, $994,867, $207,816, and $5,254,484 to PIPS, SWACC/SAFER, ACSIG/Edge, ACSIG, and SISC JPAs, respectively.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

Operating Leases

The District has entered into various operating leases for classrooms/office facilities and equipment. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a six month written notice to lessors. It is expected that, in the normal course of business, most of these leases will be replaced by similar leases. Expenditures for rent under leases for the year ended June 30, 2019, amounted to approximately $15,600.

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECTS	Remaining Construction Commitments	Expected Dates of Completion
CCC - Arts and Lecture Bldg #4	$ 70,000	June 30, 2025
CCC - Central Plant	1,104,807	September 1, 2019
CCC - Science-Lecture Bldg #1	20,349,240	May 1, 2020
CCC - Student Services Learning Resources Bldg #2	784,000	December 31, 2021
ADA Transition Plan - Phase 1	1,057,443	August 31, 2019
Bloom Fuel Cell Project	5,100	January 31, 2020
CCC - Quad Modernization - HVAC	22,560	February 29, 2020
Door and Lock Replacement Phase 2	451,986	November 30, 2019
PE West Modernization	3,296,396	January 31, 2020
Pool Filter/Equipment Room Repair	123,511	October 31, 2019
Towsley HVAC Prop 39	37,000	August 31, 2019
ADA Transition Plan - Phase 2	502,000	June 30, 2020
Parking Lot 7 Utilities	60,130	June 30, 2020
	$ 27,864,173	

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

NOTE 17 - SUBSEQUENT EVENTS

On August 7, 2019, the District issued $85,000,000 General Obligation Bonds, Election of 2016, Series 2019. The bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the costs of issuance of the bonds. The bonds interest payments are due semiannually on February 1 and August 1 of each year, commencing February 1, 2020 with interest rates ranges from 3.00 percent to 5.00 percent.

On November 14, 2019, the District issued $34,400,000 General Obligation Refunding Bonds. The bonds are being issued to advance refund a portion of the District's General Obligation Bonds, Election of 2006, Series 2012 and pay the costs associated with the issuance of the bonds. The bonds interest payments are due semiannually on February 1 and August 1 of each year, commencing February 1, 2020 with interest rates ranging from 1.787 percent to 3.046 percent.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 436,238	$ 413,136
Interest	492,562	471,671
Changes of benefit terms	747,173	-
Experience gains/losses	(93,026)	-
Changes of assumptions or other inputs	583,618	-
Benefit payments	(359,582)	(346,593)
Net change in total OPEB liability	1,806,983	538,214
Total OPEB liability - beginning	12,923,836	12,385,622
Total OPEB liability - ending	$ 14,730,819	$ 12,923,836
Covered payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]	N/A[1]

[1] The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

See accompanying note to required supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.1115%	0.1049%
District's proportionate share of the net OPEB liability	$ 426,876	$ 441,354
District's covered-employee payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

See accompanying note to required supplementary information.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.0657%	0.0616%
District's proportionate share of the net pension liability	$ 60,375,178	$ 56,994,059
State's proportionate share of the net pension liability associated with the District	34,567,613	33,717,204
Total	$ 94,942,791	$ 90,711,263
District's covered-employee payroll	$ 36,652,349	$ 32,921,367
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.72%	173.12%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.2153%	0.2153%
District's proportionate share of the net pension liability	$ 57,407,934	$ 51,396,096
District's covered-employee payroll	$ 29,121,280	$ 28,198,934
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	197.13%	182.26%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information.

2017	2016	2015
0.0643%	0.0644%	0.0625%
$ 52,007,869	$ 43,356,157	$ 36,549,539
29,607,152	22,930,627	22,070,189
$ 81,615,021	$ 66,286,784	$ 58,619,728
$ 31,151,911	$ 25,442,973	$ 27,811,867
166.95%	170.41%	131.42%
70%	74%	77%
0.2101%	0.2102%	0.2058%
$ 41,487,302	$ 30,976,787	$ 23,365,441
$ 24,896,193	$ 21,783,893	$ 21,565,373
166.64%	142.20%	108.35%
74%	79%	83%

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 6,288,844	$ 5,288,934
Contributions in relation to the contractually required contribution	6,288,844	5,288,934
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 38,629,263	$ 36,652,349
Contributions as a percentage of covered-employee payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 5,756,191	$ 4,522,826
Contributions in relation to the contractually required contribution	5,756,191	4,522,826
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 31,869,068	$ 29,121,280
Contributions as a percentage of covered-employee payroll	18.062%	15.531%

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

See accompanying note to required supplementary information.

2017	2016	2015
$ 4,141,508	$ 3,342,600	$ 2,259,336
4,141,508	3,342,600	2,259,336
$ -	$ -	$ -
$ 32,921,367	$ 31,151,911	$ 25,442,973
12.58%	10.73%	8.88%
$ 3,916,268	$ 2,949,452	$ 2,564,182
3,916,268	2,949,452	2,564,182
$ -	$ -	$ -
$ 28,198,934	$ 24,896,193	$ 21,783,893
13.888%	11.847%	11.771%

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms **-** The changes in benefit terms since the previous valuation were as follows:

The benefit cap was increased for classified employees from $2,200 to $3,300. For classified and confidential employees with more than 20 years of service, the cap was increased from $4,000 to $6,000 pre-Medicare.

Changes of Assumptions **-** Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms **-** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions for Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2019

The Santa Clarita Community College District is a single college district established in November 1967 with two campuses: Valencia and Canyon Country. The Valencia Campus is comprised of an area of approximately 153 acres, and the Canyon Country Campus is comprised of an area of approximately 70 acres. Both campuses are located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Michael D. Berger	President	2022
Michele R. Jenkins	Vice President	2020
Joan W. MacGregor	Clerk	2022
Edel Alonso	Member	2020
Steve D. Zimmer	Member	2020

ADMINISTRATION

Dianne G. Van Hook, Ed.D.	Chancellor/Secretary/Parliamentarian to the Governing Board
Michael Wilding, Ph.D.	Assistant Superintendent/Vice President, Student Services
Joe Gerda	Interim, Assistant Superintendent/Vice President, Instruction
Sharlene L. Coleal	Assistant Superintendent/Vice President, Business Services
Diane Fiero, Ed.D.	Assistant Superintendent/Vice President, Human Resources
Jim Schrage	Assistant Superintendent/Vice President, Facilities Planning, Operations, and Construction
Eric Harnish	Vice President, Public Information, Advocacy, and External Relations
Jason Hinkle	Associate Vice President, Business Services

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	04362-CACFP-19-CC-CS	$ 31,187
Passed through Los Angeles County Office of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	[1]	18,669
Total Forest Service Schools and Roads Cluster			18,669
Total U.S. Department of Agriculture			49,856
NATIONAL SCIENCE FOUNDATION			
Research and Development Cluster			
California Regional Consortium for Engineering Advances in Technical Education (CREATE)			
ATE CREATE Center Longitudinal Targeted Research Study	47.076		47,614
Passed through Madison Area Technical College			
Center for Renewable Energy Advanced Technological Education Support Center (CREATE-SC)	47.076	1600934	109,696
CREATE: Energy Storage Project (CREATE-ESP)	47.076	1800893	48,670
Passed through Mathematical Association of America			
Professional Development Emphasizing Data-Centered Resources and Pedagogies for Instructors of Undergraduate Introductory Statistics (StatPREP)	47.076	3-8-711-889	6,219
Passed through Forsyth Technical Community College			
Skills for Biomedical Emerging Technology Applications	47.076	1800909	19,409
Promoting STEM Education at 2 Year Colleges	47.076	1931740	29,651
Promoting STEM Education at 2 Year Colleges	47.076	1931264	49,782
Total Research and Development Cluster			311,041
Total National Science Foundation			311,041
SMALL BUSINESS ADMINISTRATION			
Passed through Long Beach City Community College District			
Small Business Development Center	59.037	CN 99744.9	210,572
Small Business Development Center	59.037	CN 99753.3	191,987
Total Small Business Administration			402,559
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Outreach Program - Administration	64.117		7,410
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant Program (PELL)	84.063		13,057,554
Federal Pell Grant Program Administration Allowance	84.063		19,125
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		498,930
Federal Work-Study Program (FWS)	84.033		313,547
Federal Work-Study Program Administration Allowance	84.033		54,165
Federal Direct Student Loans	84.268		2,031,039
Total Student Financial Assistance Cluster			15,974,360

[1] Pass-Through Entity Identifying Number is unavailable.

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION, CONTINUED			
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part C	84.048A	18-C01-054	$ 433,352
CTE Transitions	84.048A	18-C01-054	41,377
Title V - Institutional Aid	84.031S		653,962
Passed through University Corporation (CSUN)			
Title III - Bridging the Gap: Enhancing AIMS2 for Student Success	84.031C	A17-0013-S001	81,329
Title V - Developing California's Workforce: Creating Pathways for Latino Transfer Students in High Demand Careers	84.031S	A17-0033-S002	147,895
Passed through Sulphur Springs Unified School District			
Title IV, Part A Student Support and Academic Enrichment	84.424A	[1]	17,565
Total U.S. Department of Education			17,349,840
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Medicaid Cluster			
Passed through Los Angeles County Office of Education			
Medical Administrative Activities (MAA)	93.778	[1]	74,913
Total Medicaid Cluster			74,913
Passed through California Community Colleges Chancellor's Office			
Foster and Kinship Care Education (FKCE)	93.658	[1]	40,738
Child Care and Development Fund (CCDF) Cluster			
Passed through Yosemite Community College			
Child Development Training Consortium	93.575	18-19-2888	7,500
Passed through California Department of Education			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	44,195
Child Care and Development Block Grant	93.575	15136	20,316
Total Child Care and Development (CCDF) Cluster			72,011
Temporary Assistance for Needy Families (TANF) Cluster			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	69,779
Passed through Los Angeles County Department of Public Social Services			
Temporary Assistance for Needy Families (TANF)	93.558	CCCP18011	62,249
Total TANF Cluster			132,028
Total U.S. Department of Health and Human Services			319,690
Total Expenditures of Federal Awards			$ 18,440,396

[1] Pass-Through Entity Identifying Number is unavailable.

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

	Program Entitlements		
Program	Current Year	Prior Year Carryforward	Total Entitlement
ADN Enrollment Growth (7/1/185-6/30/19)	$ 110,107	$ -	$ 110,107
Adult Education Block Grant - AB104 (Yr 3)	-	110,244	110,244
Adult Education Block Grant - AB104 (Yr 4)	-	386,508	386,508
Adult Education Block Grant - AB104 (Yr 5)	402,355	-	402,355
Basic Skills Reappropriation	704,764	704,764	1,409,528
Basic Skills & Student Outcomes Transformation	730,050	-	730,050
Board Financial Assistance Program (BFAP)	539,083	-	539,083
CACT	166,736	-	166,736
California Arts Council - Artists in School	8,544	-	8,544
California Career Pathways Trust Implementation	-	1,349,819	1,349,819
CA Apprenticeship Initiative	-	155,886	155,886
CA Pre-Apprenticeship Initiative	-	334,392	334,392
CA College Promise	-	407,700	407,700
CA College Promise AB19	998,434	-	998,434
CA Work Opportunities and Responsibilities	395,788	-	395,788
Cal Grant	1,244,729	-	1,244,729
Campus Safety and Sexual Assault	-	29,489	29,489
Certified Nursing Assistant Program	30,000	-	30,000
CCC Completion Grant	-	-	-
Chancellor's Office Statistics Institute	70,000	-	70,000
Student Success Completion Grant	1,278,701	-	1,278,701
CCC eTranscript Mini Grant	-	1,742	1,742
Career Tech Educ - SB1070 Career Pathway	-	122,844	122,844
Career Tech Educ- Data Unlocked	-	44,363	44,363
Child Development - Child Nutrition	1,414	-	1,414
Child Development - Foster Parent	50,289	-	50,289
Child Development - Foster Parent-CSEC	-	-	-
Child Development - General Childcare & Dev Programs	153,402	-	153,402
Child Development - State Preschool Contract	296,900	-	296,900
Closed Caption Grant - Distance Ed - Butte	-	119,853	119,853
Closed Caption Grant - Distance Ed - FY 17-18	-	520,090	520,090
Closed Caption Grant - Distance Ed - FY 18-19	1,000,000	-	1,000,000
Cooperative Agency Res for Education (CARE)	90,579	-	90,579
Deputy Sector Navigator-Advanced Manufacturing FY 17-18	-	68,001	68,001
Deputy Sector Navigator-Advanced Manufacturing FY 18-19	200,000	-	200,000
Deputy Sector Navigator-Health FY 17-18	-	66,605	66,605
Deputy Sector Navigator-Health	200,000	-	200,000
Deputy Sector Navigator-Info Comm Tech FY 17-18	-	68,475	68,475
Deputy Sector Navigator-Info Comm Tech	200,000	-	200,000
Deputy Sector Navigator-Water Project	-	44	44
Disabled Student Programs and Services	1,217,571	-	1,217,571
Economic Development - Econ Dev Center Coord Svcs (FY 17-18)	-	562,379	562,379
Economic Development - Econ Dev Center Coord Svcs (FY 18-19) #190	1,200,000	-	1,200,000
Education Futures	-	206,767	206,767
Extended Opportunity Program and Services	619,140	-	619,140
Financial Aid Technology	228,794	-	228,794
Full Time Student Success Grant	-	2,000	2,000
GIG Economy- Solano CCD	-	26,803	26,803

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
$ 110,107	$ -	$ -	$ -	$ 110,107	$ 110,107
110,244	-	-	-	110,244	110,244
386,508	-	-	32,691	353,817	353,817
402,355	-	-	402,355	-	-
704,764	-	-	-	704,764	704,764
179,268	550,782	-	-	730,050	730,050
539,083	-	-	-	539,083	539,083
166,736	-	-	115,179	51,557	51,557
7,690	854	-	-	8,544	8,544
1,349,819	-	91,741	-	1,258,078	1,258,078
18,257	82,000	-	-	100,257	100,257
123,164	121,104	-	-	244,268	244,268
407,700	-	-	-	407,700	407,700
998,434	-	-	725,754	272,680	272,680
395,788	-	-	-	395,788	395,788
1,235,244	9,485	-	-	1,244,729	1,244,729
29,489	-	-	29,489	-	-
30,000	-	-	30,000	-	-
-	-	-	-	-	-
-	42,581	-	-	42,581	42,581
1,278,701	-	-	-	1,278,701	1,278,701
1,742	-	-	1,244	498	498
122,844	-	-	-	122,844	122,844
44,363	-	-	29,788	14,575	14,575
1,236	178	-	-	1,414	1,414
50,289	-	-	-	50,289	50,289
-	-	-	-	-	-
142,139	11,263	-	-	153,402	153,402
263,790	4,962	-	-	268,752	268,752
119,853	-	-	119,853	-	-
-	520,090	-	-	520,090	520,090
400,000	-	-	170,320	229,680	229,680
37,770	52,809	-	-	90,579	90,579
68,001	-	-	-	68,001	68,001
80,000	14,072	-	-	94,072	94,072
66,605	-	-	-	66,605	66,605
80,000	23,734	-	-	103,734	103,734
68,475	-	-	-	68,475	68,475
80,000	49,672	-	-	129,672	129,672
44	-	-	-	44	44
1,217,571	-	-	-	1,217,571	1,217,571
562,379	-	-	-	562,379	562,379
480,000	191,955	-	-	671,955	671,955
166,152	-	-	32,694	133,458	133,458
600,913	18,227	-	-	619,140	619,140
228,794	-	-	208,403	20,391	20,391
2,000	-	-	-	2,000	2,000
23,643	345	-	-	23,988	23,988

SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	Program Entitlements		
Program	Current Year	Prior Year Carryforward	Total Entitlement
Guided Pathways (Year 1 of 5)	$ -	$ 372,630	$ 372,630
Guided Pathways (Year 2 of 5)	452,195	-	452,195
Hunger Free Campus FY 17-18	-	29,619	29,619
Hunger Free Campus FY 18-19	146,901	-	146,901
Industry Sector Projects In Common- Health (ISPICS)	131,000	-	131,000
Institutional Support Services	349,547	-	349,547
Institutional Support Services	12,874	-	12,874
Institutional Effectiveness and Technical Assistance Mini Grant (PRT Non C	-	144,708	144,708
Institutional Effectiveness and Technical Assistance (Year 5)	-	8,879,079	8,879,079
Institutional Effectiveness and Technical Assistance Carry Forward (Year 4)	-	1,923,111	1,923,111
Institutional Equipment Support (Block Grant)	422,242	312,449	734,691
Makerspace Implementation Grant Yr 1	-	30,928	30,928
Mental Health Support	146,249	-	146,249
OER Zero Textbook Cost Degree Technical assistance	225,000	105,306	330,306
OER Textbook Affordability AB798 #1	-	38,144	38,144
OER Textbook Affordability AB798 #2	49,000	-	49,000
OER Zero Textbook Cost Degree grant- ECE	-	127,779	127,779
Proposition 39 - Kern County	-	1,954	1,954
Proposition 39 - Kern County	13,486	-	13,486
Quality Start (QRIS)	18,000	18,810	36,810
SBDC - GO Biz (CN 99759.2)	100,000	-	100,000
SBDC - GO Biz (CN 99760.7)	300,000	-	300,000
Sector Navigator - Health	372,000	-	372,000
Song Brown	68,501	13,679	82,180
Song Brown	40,000	-	40,000
Staff Development	67,644	-	67,644
Staff Diversity	50,000	7,744	57,744
Strong Workforce Local Share	1,344,047	-	1,344,047
Strong Workforce Carry Forward	-	719,327	719,327
Strong Workforce Regional Share 16-17 allocation	-	284,195	284,195
Strong Workforce Regional Share 17-18 allocation	-	1,024,965	1,024,965
Strong Workforce Regional Share 18-19 allocation	1,149,500	-	1,149,500
Strong Workforce Program- Men in Nursing	40,000	-	40,000
Strong Workforce Program- C.N.A. Apprenticeship	45,000	-	45,000
Strong Workforce Program- Occupational/Physical Therapy	65,000	-	65,000
Strong Workforce Program-Licensed Nurse/Psychology Technician	65,000	-	65,000
Student Equity	1,352,853	151,866	1,504,719
Student Success - Mesa Grant	74,515	-	74,515
Student Success and Support Programs - Credit	3,216,289	440,585	3,656,874
Student Success and Support Programs - Non-Credit	68,167	40,850	109,017
Student Success - Middle College HS (AOC)	100,000	-	100,000
Veterans' Resource Center	68,796	29,228	98,024
Veterans' Resource Center Grant	200,000	-	200,000
Total State Programs	$ 22,891,186	$ 19,985,724	$ 42,876,910

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
$ 372,631	$ -	$ -	$ 58,425	$ 314,206	$ 314,206
452,195	-	-	452,195	-	-
29,619	-	-	-	29,619	29,619
146,901	-	-	146,356	545	545
131,000	-	-	131,000	-	-
349,547	-	-	-	349,547	349,547
12,874	-	-	-	12,874	12,874
144,708	-	-	-	144,708	144,708
-	3,997,892	-	-	3,997,892	3,997,892
-	1,923,111	-	-	1,923,111	1,923,111
422,242	-	-	-	422,242	600,186
30,912	-	-	-	30,912	30,912
146,249	-	-	141,140	5,109	5,109
-	193,666	-	-	193,666	193,666
38,144	-	-	-	38,144	38,144
41,650	-	-	33,550	8,100	8,100
37,780	89,999	-	-	127,779	127,779
1,954	-	-	-	1,954	1,954
12,854	-	-	-	12,854	12,854
36,810	-	-	-	36,810	36,810
73,988	26,012	-	-	100,000	100,000
-	79,907	-	-	79,907	79,907
148,800	177,777	-	-	326,577	326,577
2,226	55,931	-	-	58,157	58,157
-	40,000	-	-	40,000	40,000
67,644	-	-	67,572	72	72
50,000	-	-	-	50,000	50,980
1,344,047	-	-	640,914	703,133	703,133
719,328	-	-	-	719,328	719,328
284,195	-	-	-	284,195	284,195
1,024,965	-	-	559,748	465,217	465,217
1,149,500	-	-	1,000,185	149,315	149,315
40,000	-	-	-	40,000	40,000
45,000	-	-	-	45,000	45,000
65,000	-	-	-	65,000	65,000
65,000	-	-	-	65,000	65,000
1,352,853	-	-	-	1,352,853	1,347,695
29,806	44,709	-	-	74,515	74,515
3,216,289	-	-	-	3,216,289	3,274,507
68,167	-	-	-	68,167	108,068
40,000	60,000	-	-	100,000	100,000
68,796	-	-	-	68,796	91,871
80,000	-	-	62,114	17,886	17,886
$ 25,725,628	$ 8,383,117	$ 91,741	$ 5,190,969	$ 28,826,035	$ 29,120,995

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2019

CATEGORIES	**Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2018 only)			
1. Noncredit*	17.95	-	17.95
2. Credit	513.75	-	513.75
B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)			
1. Noncredit*	5.79	-	5.79
2. Credit	1,617.97	-	1,617.97
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	7,641.11	-	7,641.11
(b) Daily Census Contact Hours	1,056.29	-	1,056.29
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	352.39	-	352.39
(b) Credit	1,643.09	-	1,643.09
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1,298.97	-	1,298.97
(b) Daily Census Procedure Courses	2,234.94	-	2,234.94
(c) Noncredit Independent Study/Distance Education Courses	9.22	-	9.22
D. Total FTES	16,391.47	-	16,391.47
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	2,439.20	-	2,439.20
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	145.09	-	145.09
2. Credit	440.96	-	440.96
CCFS-320 Addendum			
CDCP Noncredit FTES	155.58	-	155.58
Centers FTES			
1. Noncredit*	34.22	-	34.22
2. Credit	1,462.39	-	1,462.39

* Including Career Development and College Preparation (CDCP) FTES.
** Revised October 1, 2019.

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2019

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 17,832,715	$ -	$ 17,832,715	$ 17,943,094	$ -	$ 17,943,094
Other	1300	16,927,954	-	16,927,954	16,927,954	-	16,927,954
Total Instructional Salaries		34,760,669	-	34,760,669	34,871,048	-	34,871,048
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	5,672,624	-	5,672,624
Other	1400	-	-	-	1,472,222	-	1,472,222
Total Noninstructional Salaries		-	-	-	7,144,846	-	7,144,846
Total Academic Salaries		34,760,669	-	34,760,669	42,015,894	-	42,015,894
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	16,781,628	-	16,781,628
Other	2300	-	-	-	1,166,937	-	1,166,937
Total Noninstructional Salaries		-	-	-	17,948,565	-	17,948,565
Instructional Aides							
Regular Status	2200	1,395,896	-	1,395,896	1,400,107	-	1,400,107
Other	2400	1,095,783	-	1,095,783	1,165,719	-	1,165,719
Total Instructional Aides		2,491,679	-	2,491,679	2,565,826	-	2,565,826
Total Classified Salaries		2,491,679	-	2,491,679	20,514,391	-	20,514,391
Employee Benefits	3000	11,563,880	-	11,563,880	21,201,281	-	21,201,281
Supplies and Material	4000	-	-	-	753,764	-	753,764
Other Operating Expenses	5000	2,212,469	-	2,212,469	11,949,218	-	11,949,218
Equipment Replacement	6420	-	-	-	1,158,919	-	1,158,919
Total Expenditures Prior to Exclusions		51,028,697	-	51,028,697	97,593,467	-	97,593,467

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 323,917	$ -	$ 323,917	$ 323,917	$ -	$ 323,917
Student Health Services Above Amount Collected	6441	-	-	-	71,976	-	71,976
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	367,036	-	367,036
Objects to Exclude							
Rents and Leases	5060	-	-	-	412,954	-	412,954
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 2,810,496	$ -	$ 2,810,496
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	1,158,918	-	1,158,918
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	1,158,918	-	1,158,918
Total Capital Outlay		-	-	-	1,158,918	-	1,158,918
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		323,917	-	323,917	5,145,297	-	5,145,297
Total for ECS 84362, 50 Percent Law		$ 50,704,780	$ -	$ 50,704,780	$ 92,448,170	$ -	$ 92,448,170
Percent of CEE (Instructional Salary Cost/Total CEE)		54.85%		54.85%	100.00%		100.00%
50% of Current Expense of Education					$ 46,224,085		$ 46,224,085

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2019

Activity Classification	**Object Code**			**Unrestricted**	
EPA Revenue:	8630				$ 15,103,406
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 15,103,406	$ -	$ -	$ 15,103,406
Total Expenditures for EPA		$ 15,103,406	$ -	$ -	$ 15,103,406
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION
JUNE 30, 2019

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balances and Due to Student Groups:		
General Fund - unrestricted	$ 11,233,781	
General Fund - restricted	1,850,519	
Special Revenue Funds	686,228	
Capital Projects Funds	22,062,441	
Debt Service Funds	15,374,800	
Enterprise Fund	312,903	
Internal Service Fund	5,935,607	
Fiduciary Funds and due to student clubs	9,057,672	
		$ 66,513,951
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	404,438,106	
Accumulated depreciation is	(98,649,225)	305,788,881
Amounts held in trust on behalf of others (Trust and Agency Funds)		(8,925,842)
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		5,289,543
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(4,253,405)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Changes of assumptions		521,530
Deferred inflows of resources related to OPEB represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Differences between expected and actual experience in the measurement of the total pension liability		(83,129)

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION, CONTINUED
JUNE 30, 2019

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	$ 12,045,035	
Net change in proportionate share of net pension liability	3,761,019	
Differences between projected and actual earnings on pension plan investments	470,874	
Differences between expected and actual experience in the measurement of the total pension liability	3,950,674	
Changes of assumptions	15,111,376	
Total Deferred Outflows of Resources Related to Pensions		$ 35,338,978
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(1,503,659)	
Differences between projected and actual earnings on pension plan investments	(2,324,825)	
Differences between expected and actual experience in the measurement of the total pension liability	(876,983)	
Total Deferred Inflows of Resources Related to Pensions		(4,705,467)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
General obligation bond payable	249,773,329	
Unamortized premium - Bonds	19,202,726	
Certificate of participation	8,835,000	
Unamortized premium- Certificates of participation	909,311	
Early retirement plan	1,926,788	
Aggregate net OPEB liability	15,157,695	
Compensated absences (less amount set up in Governmental Funds)	3,879,931	
Aggregate net pension obligation	117,783,112	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is:	12,839,583	(430,307,475)
Total Net Position		$ (34,822,435)

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2019.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		$ 18,439,840
Developing California's Workforce: Creating Pathways for Latino Transfer Students in High Demand Careers	84.031S	556
Total Expenditures of Federal Awards		$ 18,440,396

Schedule of Expenditures of State Awards

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

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statements of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Santa Clarita Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on Compliance for Each Major Federal Program

We have audited Santa Clarita Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2019. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2019

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on State Compliance

We have audited Santa Clarita Community College District's (the District) compliance with the types of compliance requirements as identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2019.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds programs for the funding; therefore, the compliance tests within this section were not applicable.

The District reports no To Be Arranged (TBA) Hours for Apportionment Funding; therefore, the compliance test within this section were not applicable.

The District did not have expenditures under Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, and 84.268	Student Financial Assistance Cluster
84.031S	Title V - Institutional Aid
84.031C	Title III - Bridging the GAP: Enhancing AIMS2 for Student Success
84.031S	Title V - Developing California's Workforce: Creating Pathways for Latino Transfer Students in High Demand Careers

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

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

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.