



**SANTA CLARITA
COMMUNITY COLLEGE
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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December 10, 2015

Vavrinek, Trine, Day & Co. LLP
10681 Foothill Blvd., Suite 300
Rancho Cucamonga, CA 91730

TO WHOM IT MAY CONCERN:

At the close of each fiscal year, audits are performed by an independent Certified Public Accounting firm that specializes in doing work for community colleges. These audits include financial and compliance audits for the District and the College of the Canyons Foundation, as well as financial and performance audits for the District's General Obligation Bond funds. The auditors work with various individuals at the District who have responsibility for fiscal oversight to assess the systems and procedures of accounting utilized by the District, 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 determine that the accountability and propriety of expenditures have been carried out in accordance with the above.

We value the audit process and the opportunity it provides for the District to find ways to improve its business procedures and accountability mechanisms. I am pleased that the District has received Unmodified Opinions for Financial Statements, Federal Awards, and State Awards in the 2014-2015 audit report, with only one audit finding. An Unmodified opinion is the best opinion that can be issued for an audit and means that "the financial statements present fairly, in all material aspects, the financial position of the business type activities of the District as of June 30, 2015." Since 2002, the District has received Unqualified/Unmodified Opinions on 98 percent of its audits.

With these Unmodified Opinions, the District's audit reaffirms a high level of fiscal responsibility in the Santa Clarita Community College District and attests to our compliance with appropriate accounting procedures and controls:

- The District remains committed to sound fiscal risk management practices, and the audit reaffirms our ability to deal with the State of California's unpredictable funding mechanism for education and maintain a strong financial position with adequate reserves.
- At the same time, as state funding has begun to rebound after the economic downturn, we are moving forward to carry out our vision, to engage in systematic planning, and to seek out all opportunities to expand access to our students and the businesses in our service area.
- For more than two decades, the District has successfully grown its staff, students, programs, and faculty and is one of the most well respected community colleges in the State.

We are recognized as one of the most innovative community college districts in California and the 2nd fastest growing college in the Nation. Specifically, we have:

- Continued to expand our curriculum and programs to meet the needs of emerging and developing industries and our students. Since this time last year, we have:
 - ✓ Implemented new degrees and certificates of achievement for our students and the community. We currently have a grand total of 19 transfer degrees which have been approved by the State, hosting the highest transfer rate of any community college in Los Angeles County.
 - ✓ Ranked third in the State for the percent of target of students utilizing transfer degrees and ranked in the top five statewide for completion rates.
 - ✓ Shortened English basic skills sequence which was implemented in Fall 2015.
 - ✓ Expanded Math 075 to provide non-STEM students with an accelerated pathway to statistics-based math courses.
 - ✓ Continued promoting and have been recognized for the use of Open Educational Resources (OER) in the classroom to help reduce student costs and increase access to higher education.
 - ✓ Expanded our International Services and Programs (ISP), hosting individuals from other countries, promoting educational partnerships for study at College of the Canyons with high schools in other countries.
- Developed an Educational Alliance partnership with the Santa Clarita Valley's K-12 District leadership for purposes of collaboration to eliminate duplication of efforts, scale up initiatives, and identify resources to achieve mutually attainable goals to benefit our students.
- Earned reaccreditation and commendation by the Accrediting Commission of Community and Junior Colleges (ACCJC) in February 2015, receiving the highest possible rating.
- Selected by the California Community College's Chancellor's Office to partner with and lead a statewide best practices initiative, the Institutional Effectiveness Partnership Initiative (IEPI). The IEPI taps the collective expertise of the system and leverages it to provide technical assistance to promote student success reforms.
- Completed construction of the last two buildings that resulted in the completion of our Facilities Master Plan for the Valencia site:
 - ✓ Opened the new Canyons Hall, our Center for Student Services and Community Engagement, a two-story structure designed to make support services available to students in a centralized location. All occupants have moved into the space, to date, and include:
 - Counseling, Transfer
 - Financial Aid & Admissions and Records
 - Career Services
 - Chancellor, Public Information Office, Chief Instruction Officer and Student Services Administrators

- Mail/Switchboard, Veterans Affairs, Community Education and the COC Foundation
- ✓ Opened our on-campus Institute for Culinary Arts Education (ICuE) facility offering hands-on training to students in state of the art facilities. The dining room and demonstration kitchens serve as venues for campus and community events, showcasing student success in the culinary arts.
- Expanded upon our award-winning programs to facilitate the economic development of our region:
 - ✓ Opened the first SCV Business Incubator in conjunction with the City of Santa Clarita to support entrepreneurs and business startups seeking access to expert guidance, tools and the connections to flourish in the community;
 - ✓ Generated \$3.8 million in revenue to support training for local businesses offered by our Employee Training Institute, Small Business Development Center and Center for Applied Competitive Technologies, launching 102 businesses in the past year.
 - ✓ Served 7,226 employees and 1,699 companies during this past year through our Economic Development Office, which encompasses our Employee Training Institute, Center for Applied Competitive Technologies (CACT), and Small Business Development Center (SBDC).
 - ✓ Assisted more than 12,600 visitors seeking employment at our WorkSource Center, a partnership with the City of Santa Clarita which is an initiative of the LA County Workforce Investment Board.
- 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:
 - ✓ Been awarded up to \$6 million from the California Career Pathways Trust for two years in local grant categories to provide students with career technical training that employers will, in turn, reward with good paying jobs.
 - ✓ Secured \$9.3 million in grant revenue to fund innovation and needed programs, such as Nursing, Early Childhood Education, MESA, Welding, Medical Lab Technician, K-12 Arts Education Outreach, Plumbing and the Academy of the Canyons.
 - ✓ Raised more than \$1.2 million through our Foundation in the last year, benefitting nearly every department and program on campus.
 - ✓ Made more than 40 bachelor's, master's, doctoral, and credentialing programs from six colleges and universities available on our campus through the University Center, which has resulted in having more than 2,339 students obtain advanced degrees.

At the same time, 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, we have developed a Santa Clarita Valley Business Alliance which engages local chief executive officers to solicit information based on their needs and trends in workforce training and development. Their feedback has most recently contributed to data provided to the State Workforce and Economic Development Performance Advisory Committee (WEDPAC) by our college.

Given the rise in enrollment resulting from the ability to offer more classes now that there has been some budget relief at the State level, we are aggressively pursuing projects to meet that demand at both campuses. We have converted inadequate space in our Science building into two new labs and are designing an entire modernization of our Physical Science space in that same building; we are in the planning stages for an entirely new, 22,000 square foot Science building at our Canyon Country campus; and, we're adding parking and accessibility improvements at both campuses to handle the increased demand, as we capture and retain students in this very welcome time of growth in the Community College system.

The report confirms the District's consistent practice of complying with general accounting standards, anticipating new requirements, and maintaining adequate internal 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.

In summary, the District excels by:

- Supporting student success and student equity;
- Functioning pursuant to all Federal and State statutory requirements and our Board policies;
- Prudently expending the funds of the District;
- Serving the educational needs of the community and the State in an exemplary manner;
- Anticipating the need for and plans for cutting edge facilities; and
- Developing budget plans that support enrollment management and student access; 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.

We are at a new stage in the life of the College as we now look forward to:

- Continuing the development of the Canyon Country Campus with permanent buildings;
- Implementing additional innovative programs to support student success, such as Latino Outreach, Future Instructors in Training (FIT), MakerSpaces and OER, to name a few;
- Driving participation and leadership for the implementation of the Doing What Matters initiatives designed to prepare students for high value jobs in California as well as creating more jobs through workforce training;
- Updating and collecting data relevant to our Educational Facilities Master Plan and producing a final document by March 2016;

- Moving forward with implementation of our Educational Alliance and Business Alliance collaborative initiatives that focus on both student success and training program requirements as well as expanding participation throughout the region;
- Continuing to drive our award-winning Math and English acceleration initiatives for purposes of increasing access, equity and success for students from diverse backgrounds;
- Expanding faculty and staff, as well as initiating new curriculum, technology, programs, and partnerships that will enable us to meet our community's needs and enhance the transfer possibilities for our students.

As we move forward with action plans to achieve our Strategic Goals for the year 2015-2016 and beyond, we remain committed to developing our abilities to communicate, solve problems, open new doors, innovate and stay ahead of the curve. The dynamic nature of our community and our college requires that we keep pace with future demand while being ever-focused on student success. To achieve these goals, we will continue to be vigilant to the growing and changing nature of our students and the community and provide them with a place where they can achieve their dreams, develop their potential and reach new heights – positioned for even greater accomplishments.

Sincerely,

A handwritten signature in black ink, reading "Dr. Dianne G. Van Hook". The signature is written in a cursive, flowing style.

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 16 to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4 through 73, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 123, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 124, and the Schedule of District Contributions on page 125 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vannine, Tine, Day & Co., LLP.

Rancho Cucamonga, California
December 21, 2015

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 twelve 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, 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, 2015. This report was prepared using an entity-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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

COMPONENTS OF THE ANNUAL REPORT

The 2014-2015 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 74 through 77.

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 21 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 (\$5,839,637):

- **\$73,470,664 in Net Investment in Capital Assets.** This category includes the ending fund balance in the General Obligation Bond funds (Fund 45 and 47) of \$25,848,906. GASB 35 manual entries are then applied as follows: **Add** the value of capital assets based on acquisition cost of \$333,818,036 **deduct** accumulated depreciation of \$65,340,021, **add** the value of debt issuance expenses (costs of issuance) amortized over the life of the debt of \$264,324, **deduct** related debt (General Obligation Bond debt, Certificates of Participation, and notes payable) of \$221,120,581.
- **\$6,912,998 in Assets Restricted for Debt Service Expenditures.** This amount represents the ending fund balances in the District's two debt service funds (Funds 21 and 29) set aside for future debt service repayments – one for general obligation bond repayment and the second for all other debt repayment for a total of \$10,185,931. GASB 35 manual entries are then applied as follows: **Deduct** un-matured interest on long-term obligations of \$3,272,933. 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.
- **\$1,112,556 in Assets Restricted for Capital Projects Expenditures.** This amount represents the ending fund balances in the District's capital funds (Funds 41, 43, 44, and 49) as of June 30, 2015 - except the General Obligation Bond Fund.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- **\$1,372,464 in Assets Restricted for Educational Programs.** This category represents the ending fund balance of the Restricted General Fund (Fund 12), which is restricted for the Basic Skills, Staff Diversity, Credit Student Success and Support, Non-Credit Student Success and Support, and Student Equity Categorical Programs, and funds from Student Health Center fees to be used for expenses related to the operation of the Health Center.
- **\$561,817 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 per unit until it is needed to pay debt service on the Student Center Remodel Project.
- **(\$89,270,136) 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 liability, and prepaid expenses in the District's operating funds (Funds 11, 32, 33, 37, 57, 58, 59, 69, 72, 74 and Associated Student Government) of \$15,451,391.

GASB 35 manual entries are then applied as follows: **Deduct** other District liabilities from early retirement incentives, capital leases and Net OPEB obligation of \$5,212,344, **deduct** Trust and Agency funds containing amounts held in trust on behalf of others (Fund 72, Fund 69, and Associated Student Government) of \$5,630,042, **deduct** general obligation bond capital appreciation bond accreted interest to date of \$21,335,459, and **deduct** the District's share of STRS and PERS aggregate net pension obligations and related adjustments of \$72,543,682. 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 required with the June 30, 2015 financial statements and have not previously been the responsibility of the District.

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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Fiduciary Funds

This section reports net position and changes in net position for the funds held by the District in trust funds for 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 January 1, 2015. The District's current actuarial accrued liability is \$8.6 million. Although the District set aside over \$4.1 million towards this liability in a Retiree Benefits fund as of June 30, 2015, 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 new 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, 2015. These schedules are included in response to GASB 68, a new 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:

- 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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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 Report 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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

CONDENSED FINANCIAL INFORMATION - ENTITY WIDE

The detailed entity-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,

(Amounts in thousands)

	2015	2014 as restated	Change 2014-2015
ASSETS			
Current Assets			
Cash and investments	\$ 60,758	\$ 39,145	\$ 21,613
Accounts receivable	6,694	14,307	(7,613)
Other current assets	179	545	(366)
Total Current Assets	<u>67,631</u>	<u>53,997</u>	<u>13,634</u>
Capital Assets (net)	<u>268,478</u>	<u>263,134</u>	<u>5,344</u>
Total Assets	<u>336,109</u>	<u>317,131</u>	<u>18,978</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	264	1,850	(1,586)
Current year pension contribution	4,824	4,771	53
Total Assets and Deferred Outflows	<u>\$ 341,197</u>	<u>\$ 323,752</u>	<u>\$ 17,445</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued interest payable	\$ 17,486	\$ 18,814	\$ (1,328)
Unearned revenue	3,779	2,329	1,450
Current portion of long-term obligations	7,190	5,802	1,388
Total Current Liabilities	<u>28,455</u>	<u>26,945</u>	<u>1,510</u>
Long-Term Obligations	<u>301,130</u>	<u>295,979</u>	<u>5,151</u>
Total Liabilities	<u>329,585</u>	<u>322,924</u>	<u>6,661</u>
DEFERRED INFLOWS OF RESOURCES			
Net change in proportionate share of net pension liability	423	-	423
Difference between projected and actual earnings on pension plan investments	<u>17,029</u>	<u>-</u>	<u>17,029</u>
Total Liabilities and Deferred Outflows	<u>347,037</u>	<u>322,924</u>	<u>24,113</u>
NET POSITION			
Net investment in capital assets	73,470	79,047	(5,577)
Restricted	9,960	9,939	21
Unrestricted	<u>(89,270)</u>	<u>(88,158)</u>	<u>(1,112)</u>
Total Net Position	<u>(5,840)</u>	<u>828</u>	<u>(6,668)</u>
Total Liabilities, Net Position, and Deferred Inflows	<u>\$ 341,197</u>	<u>\$ 323,752</u>	<u>\$ (7)</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Total Assets and Deferred Outflows

The District's Total Current Assets at June 30, 2015 were valued at \$67.6 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 deferred State Apportionment payments to be paid in the next fiscal year. Total current assets include prepaid items.

Total Noncurrent Assets consisted of 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, 2015 were \$268.5 million, which included land, site improvements, buildings and improvements, and equipment.

Deferred Outflows of Resources consisted of the cost of issuance related to General Obligation Refunding Bonds that was fully expensed when the bonds were issued, but for financial statement purposes the costs are amortized over the life of the debt, and current year pension contributions. The District's Total Deferred Outflows of Resources at June 30, 2015 were valued at \$5.1 million and increase the net worth of the District.

Total Assets and Deferred Outflows at June 30, 2015 of \$341.2 million reflected an **increase of \$17.4 million** from June 30, 2014 (as restated for GASB 68). This increase can be analyzed as follows:

- \$21.6 million **increase** in cash and investments in the LA County Treasury was attributable to the issuance of \$25 million in General Obligation Bonds in September 2014 partially offset by the decrease in cash due to construction activity and increased cash on hand due to the State no longer deferring apportionment payments at June 30th.
- \$5.3 million **increase** in capital assets was attributable to new construction and equipment offset by depreciation expense for the fiscal year.
- \$0.3 million **decrease** in other current assets was attributable to a difference in the timing of retirement incentive payments which were processed as "pre-paid" items in the 2013-2014 fiscal year but were not processed as "pre-paid" items in the 2014-2015 fiscal year.
- \$1.6 million **decrease** in the outstanding value of deferred charges on refunding of GO Bonds.
- \$7.6 million **decrease** in accounts receivable was attributable to the elimination of State Apportionment deferrals.

Total 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, Notes Payable, Capital Leases, Early Retirement Incentives, and net Other Postemployment Benefits obligations). The District's Total Current Liabilities at June 30, 2015 were \$28.5 million.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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, Notes Payable, Capital Leases, Early Retirement Incentives, and net Other Postemployment Benefits obligations), and totaled \$301.1 million at June 30, 2015.

Total Liabilities and Deferred Outflows at June 30, 2015 of \$347 million reflected an **increase of \$24.1 million** from June 30, 2014 (as restated for GASB 68). This increase can be analyzed as follows:

- \$30.1 million **increase** in outstanding debt due to the District issuing an additional series of General Obligation Bonds in September 2014 for \$25 million, increases in accreted interest on outstanding bonds totaling \$4.2 million, and increases in Other Post-Employment Benefits and compensated absences liabilities totaling \$.9 million.
- \$17.4 million **increase** in deferred inflows of resources for two new required entries representing the net change in proportionate share of net pension liability and the difference between projected and actual earnings on pension plan investments based on STRS and PERS Actuarial Studies.
- \$1.4 million **increase** in unearned (deferred) revenue due to an apportionment adjustment related to Redevelopment Agency revenue and additional unearned revenue from grant funds that were received but will be spent in the following fiscal year.
- \$1.3 million **decrease** in accounts payable and accrued interest payable due to the timing of payments to vendors and for debt service.
- \$23.5 million **decrease** in outstanding debt due to payments made towards General Obligation Bonds, Certificates of Participation, Capital Leases, Retirement Incentives, and Other Post-Employment Benefits. This decrease also includes a reduction in the District's Aggregate Net Pension Obligation for STRS and PERS, which was \$77 million at June 30, 2014 (as restated for GASB 68) and decreased to \$59.9 million at June 30, 2015.

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, 2015 was (\$5.8) million. Total Net Position (formerly Total Net Assets) is the sum of all Assets and Liabilities and is negative this year because of the increased liability for STRS/PERS that the District is being required to recognize. This liability is the result of pension reform requiring the State to acknowledge pension shortfalls resulting from an increased number of retirees as well as poor investment results during the economic downturn. The State of California is working to eliminate the unfunded pension liabilities in both retirement systems over the next 20 years by increasing employer contributions, so future years' financial statements should reflect an improvement in this liability entry. The new accounting pronouncement **GASB 68** requires that the District's share of the CalPERS and CalSTRS unfunded pension liabilities be included in the Total Net Position in the financial statements. These required entries totaled (\$59.9) million in 2014-2015, and adjust the positive net position to the negative net position reflected in the financial statements. It is important to note that in the past the District's Net Position has been positive, representing the large investments the District has made in capital assets such as buildings and equipment at the District's two campuses.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

OPERATING RESULTS - ENTITY WIDE

For the Year Ended June 30,

(Amounts in thousands)

	2015	2014	Change 2014-2015
Operating Revenues			
Tuition and fees, net	\$ 11,743	\$ 11,707	\$ 36
Total Operating Revenues	<u>11,743</u>	<u>11,707</u>	<u>36</u>
Operating Expenses			
Salaries and benefits	83,205	75,361	7,844
Supplies, maintenance, and other expenses	43,803	40,512	3,291
Depreciation	7,987	7,812	175
Total Operating Expenses	<u>134,995</u>	<u>123,685</u>	<u>11,310</u>
Loss on Operations	<u>(123,252)</u>	<u>(111,978)</u>	<u>(11,274)</u>
Nonoperating Revenues			
State apportionments	53,794	51,627	2,167
Property taxes	14,241	12,852	1,389
Taxes levied for other specific purposes	895	848	47
Grants and contracts	37,721	31,737	5,984
State revenues	4,068	2,836	1,232
Net interest expense	(11,451)	(10,681)	(770)
Investment income	346	246	100
Other nonoperating revenues and transfers	15,651	15,935	(284)
Total Nonoperating Revenue	<u>115,265</u>	<u>105,400</u>	<u>9,865</u>
Other Revenues and Losses			
State and local capital income	2,000	2,137	(137)
Loss on disposal of capital assets	(680)	(2)	(678)
Total Other Revenues and Losses	<u>1,320</u>	<u>2,135</u>	<u>(815)</u>
Net Change in Net Position	<u>\$ (6,667)</u>	<u>\$ (4,443)</u>	<u>\$ (2,224)</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

STATEMENT OF CASH FLOWS - ENTITY WIDE

For the Year Ended June 30,

(Amounts in thousands)

	2015	2014	Change 2014-2015
Cash From			
Operating activities	\$ (115,894)	\$ (100,408)	\$ (15,486)
Noncapital financing activities	134,567	111,198	23,369
Capital financing activities	2,661	(23,151)	25,812
Investing activities	279	246	33
Net Change in Cash	21,613	(12,115)	33,728
Cash, Beginning of Year	39,145	51,260	(12,115)
Cash, End of Year	<u>\$ 60,758</u>	<u>\$ 39,145</u>	<u>\$ 21,613</u>

FUNCTIONAL EXPENSES CLASSIFICATION

For the Year Ended June 30, 2015

The District's operating expenses by functional classification for the fiscal year ended June 30, 2015, 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	\$ 43,265	\$ 3,520	\$ 5,368	\$ 964	\$ 3,435	\$ 56,552
Academic support	3,566	271	406	143	319	4,705
Student services	9,759	812	875	164	799	12,409
Community services and economic development	3,560	338	1,320	20	399	5,637
Institutional support	10,743	1,218	3,698	2,368	1,198	19,225
Plant operations and maintenance	3,549	(6,768)	3,135	84	-	-
Ancillary services and auxiliary operations	7,434	609	901	26	639	9,609
Student aid	-	-	21,724	-	-	21,724
Physical property and related acquisitions	1,329	-	1,208	1,399	1,198	5,134
Total	<u>\$ 83,205</u>	<u>\$ -</u>	<u>\$ 38,635</u>	<u>\$ 5,168</u>	<u>\$ 7,987</u>	<u>\$ 134,995</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

FINANCIAL INFORMATION BY FUND

In accordance with the State Chancellor's Office Budget and Accounting Manual, the District uses Fund Accounting. Fund Accounting is required because the District receives varied sources of revenue, some with restrictions and some without restrictions. By organizing the District's accounting system on a fund basis, revenue and expenses from these different sources can be segregated and easily tracked. Using many different funds to carry out specific activities or objectives also provides the necessary controls to ensure resources are used for their intended purposes and assists with reporting on the various resources used in the District's operations and capital construction.

Because GASB Statement No. 35 requires that all funds be combined in the District's Audited Financial Statements, the District is providing the following detail for each fund to supplement the required GASB Statement No. 35 Financial Reports presented in this audit.

The District's accounting system contained twenty separate funds in 2014-2015. These funds can be separated into major categories, with each category representing a different area of focus:

- **Governmental Funds Group - General Funds**
 - Funds in this group are used to carry out the District's educational objectives. These funds are often referred to as the "General" or "Operating" funds of the District, and include the full scope of operations for the District. The Unrestricted General Fund is used for general operations and the Restricted General Fund is used for recording grant and categorical program funds.

<u>General Funds</u>		
	Unrestricted General Fund (Fund 11)	Restricted General Fund (Fund 12)
Revenue	84,535,050	16,441,642
Transfers In (from Other Funds)	582,113	592,407
Expenditures	(81,903,130)	(15,595,272)
Transfers Out (to Other Funds)	<u>(2,614,647)</u>	<u>(1,068,741)</u>
Subtotal	599,386	370,036
Fund Balance, Beginning of Year	<u>8,957,907</u>	<u>1,002,428</u>
Fund Balance, End of Year	9,557,293	1,372,464
Fund Balance Percentage	11.31%	

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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- **Debt Service Funds**

- Funds in this group are used to record the accumulation of resources and subsequent principal and interest payments which are required based on the payment schedules associated with the District's general long-term obligations.

<u>Debt Service Funds</u>		
	GO Bond Interest and Redemption Fund (Fund 21)	District Debt Service Fund (Fund 29)
Revenue	11,804,167	1,729
Transfers In (from Other Funds)	-	1,566,208
Expenditures	(10,098,161)	(2,032,426)
Transfers Out (to Other Funds)	-	-
Subtotal	1,706,006	(464,489)
Fund Balance, Beginning of Year	7,326,053	1,618,361
Fund Balance, End of Year	9,032,059	1,153,872

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- **Special Revenue Funds**

- Funds in this group are used to record revenues collected and expensed for specific support services that are not directly related to the educational program of the District. These include the Cafeteria, Child Development Center, Asset Management and Student Center Remodel Funds.

<u>Special Revenue Funds</u>				
	Cafeteria Fund (Fund 32)	Child Development Center Fund (Fund 33)	Asset Management Fund (Fund 37)	Student Center Remodel Fund (Fund 39)
Revenue	65,404	964,598	118	193,732
Transfers In (from Other Funds)	-	190,000	-	-
Expenditures	(66,536)	(1,084,630)	-	-
Transfers Out (to Other Funds)	-	-	-	(190,126)
Subtotal	(1,132)	69,968	118	3,606
Fund Balance, Beginning of Year	38,033	-	17,376	558,212
Fund Balance, End of Year	36,901	69,968	17,494	561,818

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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- **Capital Projects Funds**

- Funds in this group are used to account for resources used to acquire or construct major capital facilities and other capital outlay projections. The Funds and their descriptions are below:
 - **State Construction Fund**: Funds come from the State as match for District Capital Construction Projects and are to be used on those projects identified by the State Chancellor's Office based on prior approval by the Board of Governors. In addition, State Proposition 39 funds received for energy efficiency projects are recorded in this fund.
 - **Locally Funded Capital Projects Fund**: These funds are transferred from the District's Unrestricted Fund or come from other local revenues like Foundation capital campaign funds or partnerships with other entities like the City or High School District which contribute to facility projects.
 - **Scheduled Maintenance Fund**: Funding comes from State Block Grant funding which has been designated for scheduled maintenance.

<u>Capital Projects Funds</u>			
	State Construction Fund (Fund 41)	Locally Funded Capital Projects Fund (Fund 43)	Scheduled Maintenance Fund (Fund 44)
Revenue	732,046	414,873	868,071
Transfers In (from Other Funds)	-	164,620	-
Expenditures	(1,139,892)	(1,909,665)	(403,148)
Transfers Out (to Other Funds)	-	-	-
Subtotal	(407,846)	(1,330,172)	464,923
Fund Balance, Beginning of Year	419,521	1,803,313	60,966
Fund Balance, End of Year	11,675	473,141	525,889

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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<u>Capital Projects Funds, Continued</u>			
	Measure M GO Bond Fund- Second Issuance (Fund 45)	Measure M GO Bond Fund - Third Issuance (Fund 47)	Replace Field Turf Fund (Fund 49)
Revenue	50,089	26,315,418	25,572
Transfers In (from Other Funds)	-	-	25,000
Expenditures	(12,314,876)	(1,414,827)	-
Transfers Out (to Other Funds)	-	-	-
Subtotal	(12,264,787)	24,900,591	50,572
Fund Balance, Beginning of Year	13,213,102	-	51,280
Fund Balance, End of Year	948,315	24,900,591	101,852

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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- **Enterprise Funds**

- Funds in this group are used to account for operations that are run more like a business and are financed primarily through user charges such as the Employee Training Institute and the Performing Arts Center. These operations are supposed to be self-supporting, meaning that revenues earned from outside funding sources like patron ticket revenue or employer training contracts should offset all expenses related to running the operations, without District subsidy.

<u>Enterprise Funds</u>			
	K-12 Arts Education Outreach (Fund 57)	Performing Arts Center Fund (Fund 58)	Employee Training Institute Fund (Fund 59)
Revenue	271,791	358,067	863,245
Transfers In (from Other Funds)	-	74,595	-
Expenditures	(280,860)	(437,383)	(960,610)
Transfers Out (to Other Funds)	<u>-</u>	<u>(2,818)</u>	<u>-</u>
Subtotal	(9,069)	(7,539)	(97,365)
Fund Balance, Beginning of Year	<u>22,421</u>	<u>7,539</u>	<u>126,711</u>
Fund Balance, End of Year	13,352	-	29,346

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- **Internal Service Funds**

- Funds in this group are used to accumulate moneys and record costs of other internal services such as retiree health benefits as delineated in employee bargaining agreements.

<u>Internal Service Funds</u>	
	Retiree Benefits Fund (Fund 69)
Revenue	26,165
Transfers In (from Other Funds)	736,660
Expenditures	(272,338)
Transfers Out (to Other Funds)	-
Subtotal	490,487
Fund Balance, Beginning of Year	3,614,999
Fund Balance, End of Year	4,105,486

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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- **Trust Funds**

- Funds in this group account for assets held by the District in a trustee capacity. Examples include the \$1 Student Representation Fee collected from students each semester and held in trust for the Associated Student Government, and Federal and State financial aid funds held in trust pending distribution to eligible students.

<u>Trust Funds</u>		
	Student Representation Fund (Fund 72)	Financial Aid Fund (Fund 74)
Revenue	47,102	21,571,174
Transfers In (from Other Funds)	-	132,890
Expenditures	(12,328)	(21,723,638)
Transfers Out (to Other Funds)	<u>(1,800)</u>	<u>-</u>
Subtotal	32,974	(19,574)
Fund Balance, Beginning of Year	<u>183,137</u>	<u>116,568</u>
Fund Balance, End of Year	216,111	96,994

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

REVENUES

UNRESTRICTED GENERAL FUND REVENUES

Revenues associated with the instructional operations and related supporting activities of the District are recorded in the Unrestricted General Fund. In past years, the District's primary funding for the Unrestricted General Fund came from a combination of **State apportionment, property taxes, and student fees.**

The levels of the District's funding sources changed in 2012-2013 with the Passage of Proposition 30, The Schools and Local Public Safety Protection Act of 2012. Proposition 30 temporarily increases California State sales and use tax by .25 percent for four years from January 2013 through December 2016, and increases California State Income Tax on high income earners (\$250,000 single/\$500,000 joint) for seven years from January 2012 through December 2018. The goal of Proposition 30 was to stabilize funding for Public Education. Community colleges received devastating cuts in fiscal years 2009-2010 and 2011-2012 close to 10 percent, which reduced the number of classes COC could offer. Thanks to support from California voters, the passage of Proposition 30 allowed the District to avoid another large cut in 2012-2013 and, instead, receive status quo funding. **Revenue generated by Proposition 30 was distributed to the District through the Education Protection Act account, and the District's State apportionment revenue was decreased by an equal amount.**

The State uses a funding formula (SB361) to determine the total amount each community college district will receive from the combination of funding sources described above. It is important to be familiar with the funding categories included in the SB361 model in order to understand how the District's funding is derived.

The SB361 Funding Formula for Community Colleges

Beginning in fiscal year 2006-2007, the Community College System was funded based on the provisions in SB361, a new Community College Funding System adopted by the Board of Governors on January 16, 2007. SB361 revised the old Program Based Funding mechanism and finally achieved equalized funding between college districts by instituting a standard revenue per FTES (full-time equivalent students).

The SB361 regulations provide for funding in the following categories:

- **Basic Allocations for Each District/Center**
 - Basic Allocations allotted to Colleges and Centers provide a set amount of base funding to cover core maintenance and operations costs.
 - In years when a Cost of Living Adjustment (COLA) is provided, the Basic Allocations for Colleges and Centers are permanently increased by the COLA percentage.
 - Basic Allocations for Colleges are paid at different rates dependent on whether a district has a single college or multiple colleges and depending on the amount of FTES served.
 - The District's Basic Allocation for Colleges for 2014-2015 was **\$4,536,493** based on a single college district with more than 9,647 FTES, but less than 19,293 FTES.

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- Basic Allocations for all State approved Centers are all paid at the same rate, and Centers must report at least 965 FTES annually to receive an allocation.
 - The District's Basic Allocation for Centers for 2014-2015 was **\$1,134,123** based on one State approved Center in Canyon Country.
- **Base Funding**
 - The funding rates per FTES are based on the initial State-wide base funding rates established by SB361, increased annually by any COLA provided.
 - Base Funding is calculated by taking a district's funded credit, non-credit, and enhanced non-credit FTES from the prior year and multiplying each of these by the respective current year funding rates.
 - For 2014-2015, the funding rates were:
 - **\$4,676 for credit base FTES.**
 - ✓ Credit courses are approved courses, both degree and non-degree applicable, that provide students with units earned and often lead to an Associate's Degree or a Certificate of Competency.
 - **\$2,812 for noncredit base FTES (Non-Career Development College Prep).**
 - ✓ Noncredit courses are no cost programs that assist students in reaching their personal and professional goals. They are intended to provide students with lifelong learning, college transfer, and career preparation opportunities. Noncredit often serves as a first point of entry for many underserved students, as well as a transition point to credit instruction.
 - **\$3,311 for noncredit base FTES (Career Development College Prep).**
 - ✓ A special subset of noncredit courses that receive enhanced funding because they are part of a sequence of courses that lead to either a certificate of completion or a certificate of competency with the intended result of improving student progress towards a college or career path.
- **COLA Funding**
 - In years when a COLA or Cost of Living adjustment is included in the State Budget for community colleges, the COLA percentage is applied to the total base funding to determine a district's COLA allocation. This allocation is awarded to districts to assist with the additional cost of doing business due to inflation. For 2014-2015 a COLA of 0.85 percent was provided.

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JUNE 30, 2015

- **Growth Funding**

- Traditionally, the State Chancellor's Office distributed growth based on a growth rate calculated for each district. These rates were based on the factors listed below, and were specific to each district and not standardized.
- The regulations that established the formula for the growth rate calculation expired in 2008-2009. Due to the recession and large base cuts there was no urgency to develop a new growth rate formula until 2015-16.
 - Change in Adult Population
 - Change in High School Graduation Rates
 - New Facilities Factor
 - Adjustment for Underserved Areas

- **Access**

- Beginning in 2010-2011, any funding received from the State earmarked to increase the number of students served has been referred to as "Access" funding instead of "Growth" funding.
- Access to community colleges was reduced by more than 125,000 students Statewide as a result of \$575 million in system-wide base apportionment cuts in 2009-2010 and 2011-2012.
- Access funding is distributed to districts in proportion to their base cuts instead of based on calculated growth rates.
- Access funding of \$126 million was received in 2010-2011, \$50 million was received in 2012-2013, \$86 million was received in 2013-2014, and \$140 million was received in 2014-2015. The State Chancellor's Office has indicated that 2014-2015 was the last year system-wide funding would be distributed to Districts as access funding to restore the base cuts.

- **SB860 – New Formula**

- In 2015-16 the State Chancellor's Office released details on SB860, the new access formula regulations to become effective July 1, 2015 which specified primary "need" factors that must be included in the formula:
 - Number of people who do not have a college degree.
 - Number of people who are unemployed.
 - Number of people with limited English skills.
 - Number of people who are in poverty.
 - Number of people who exhibit other signs of being disadvantaged.
- The new growth formula attempts to comply with this statutory language and also blend in actual growth patterns. The new calculation will:
 - Calculate need based on the statutorily required factors
 - Blend with recent growth trends for the District
 - Be reduced or "constrained" to match the amount funded by the State
- In years when Access funding is included in the State Budget for community colleges, it enables districts to expand their scope of offerings and offer more seats to students.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- **Revenue Adjustments**

- A district's funding may be adjusted due to the following factors:
 - Audit adjustments.
 - Stability adjustments.
 - Deficit factor adjustments: RDA Timing, Property Tax Shortfall
 - ✓ If funding received for the community colleges is not adequate, which occurs in years where property tax revenues or student fee revenues are received below estimated levels, funding may be reduced to all districts to alleviate the shortfall.
 - ✓ K-12 does not experience this type of adjustment mid-year. They are funded at one 100% and held harmless from any State or local revenue shortfalls.
 - ✓ The Community College System continues to ask the Governor and Legislature to provide statutory backfill for these shortfalls.

Under SB361, State apportionment continues to be paid to districts monthly. Payments are adjusted as needed based on changes in FTES reported twice each fiscal year on the CCFS320 Report. The First Principal Apportionment Statement (P1) in February and the Second Principal Apportionment Statement (P2) in June reflect corresponding changes in revenue. In the subsequent fiscal year, a recalculation and adjustment of the prior fiscal year's funding is received in February.

Unrestricted General Fund Revenues for 2014-2015 as Compared to 2013-2014

Revenues and other financing sources in the Unrestricted General Fund totaled \$85,117,163 in fiscal year 2014-2015. This is an **increase** of \$3,787,250 (five percent **increase**) over the prior year's revenues. The following factors make up this increase in unrestricted revenue:

- **Apportionment Funding from State General Apportionment, Education Protection Act, Access/Growth, COLA, Property Taxes, and Enrollment Fees Increased by \$3,276,456:**
 - **\$3,386,024 (Revenue Increase) – Access Funding to Restore FTES Cuts**
 - The District provided additional Access by increasing funded FTES by 5 percent in 2014-2015.
 - Access funding was provided by the State to partially restore the \$8 million in base cuts that occurred in 2009-2010 and 2011-2012.
 - This revenue increase represents an on-going increase to the District's base revenue.
 - **\$630,821 (Revenue Increase) – Lower Property Tax and Enrollment Fee Shortfall**
 - The District's apportionment is reduced by a deficit factor due to estimated shortfalls in system-wide Property Tax and Enrollment fees.
 - In 2013-14, the deficit was estimated at 1.2 percent or \$873,320.
 - In 2014-15, this shortfall was estimated at .32 percent, or \$242,499, which was an improvement of \$630,821 from the previous year.

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- **\$614,381 (Revenue Increase) – Cost of Living Allocation (COLA) – Statutory Increase**
 - The State provided a .85 percent inflation adjustment on the District's base apportionment which represents an on-going increase to the District's base revenue.
- **\$361,522 (Revenue Decrease) – Prior Year Apportionment and EPA Adjustments (Prop 30)**
 - Each February, State funding for the past fiscal year is finalized and prior year apportionment and EPA (Educational Protection Act) funding adjustments are made.
 - The prior year apportionment and EPA adjustments realized in 2014-2015 were \$361,522 less than the previous year.
 - ✓ Apportionment was adjusted one-time to account for RDA (Redevelopment Agency) backfill the District received from the CA Department of Finance which was provided as a "cash float" and not as revenue for the prior year.
 - ✓ EPA funding was adjusted one-time to match actual revenues received at the State from the increased sales tax and income tax receipts for the prior year.
- **\$993,248 (Revenue Decrease) – Prior Year Growth**
 - The District received a one-time adjustment of \$496,624 due to the State reducing funded growth in 2013-14 from 4.55 percent to 3.73 percent.
 - Since growth funding is applied to the base as on-going revenue, this prior year adjustment also had an on-going current year effect of \$496,624.
- **Unrestricted Lottery Revenues Increased by \$409,658:**
 - **\$409,658 (Revenue Increase) - Higher FTES Produces Larger Lottery Allocation**
 - Lottery funding is based on the number of students served. The District's lottery allocation increased in 2014-2015 as a result of more FTES being served (from 14,304 FTES to 15,793 FTES).
- **Other State Revenues Increased by \$702,007:**
 - **\$683,358 (Revenue Increase) - 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 2014-2015 the District participated (for the third 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 2014-2015 as compared to 2013-2014, the District's allocation increased from \$396,682 to \$406,402, an increase of \$9,720.
 - In addition to the increase in on-going funding above, the District received one-time mandate funding in the amount of \$673,638 due to an increase in State revenues allocated as one-time.

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- **\$23,649 (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 percent revenue adjustment for enrollment fees waived for BOG students. The allocation increased in 2014-2015 due to the increased number of students served.
- **\$5,000 (Revenue Decrease) – CA Community College Electronic Transcript Program**
 - Last year the District received a one-time payment to implement Electronic Transcripts, so 2014-2015 revenue is lower by this amount.
- **Federal Revenues Increased by \$19,923:**
 - **\$23,618 (Revenue Increase) – Medical Administrative Allocation (MAA)**
 - The District participates in the MAA program where various departments, in partnership with the Student Health Center, receive funding for informing students of different State health programs available to them. The Federal Government had put this program on hold in the previous year due to a nationwide audit, and in 2014-2015 the Federal Government resumed payments for this program.
 - **\$7,023 (Revenue Increase) - Financial Aid Administrative Allowances**
 - The District receives allowances for administering financial aid, and these allowances increased by \$7,023 in 2014-2015 as the number of students receiving financial aid increased.
 - **\$5,364 (Revenue Decrease) – Forest 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 2004-2005 when the District began participating. The program is administered by the LA County Office of Education.
 - **\$5,354 (Revenue Decrease) – Veteran's Administrative Allowance**
 - The Veteran's Administrative Allowance paid to colleges for assisting Veteran's with their educational needs decreased in 2014-2015 because the previous year included an adjustment for the prior period. The average yearly allowance from the Veteran's Administration is \$5,000.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- **Rents and Leases Revenue Decreased by \$82,654:**
 - **\$71,505 (Revenue Increase) - Bookstore Rental Income**
 - Bookstore sales commissions increased as funding was restored by the State to serve more students and the Bookstore added more textbook options such as textbook rentals and electronic books.
 - **\$154,159 (Revenue Decrease) - Facility Use Fees**
 - Facility Use revenue decreased 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.
- **Non Resident/Out of State Tuition Increased by \$210,425:**
 - **\$224,245 (Revenue Increase) - International Students**
 - International Students income increased as the International Services Program added a full time Director and initiated new recruiting efforts.
 - **\$13,822 (Revenue Decrease) - Out of State Students**
 - Out of State Students income declined. The District does not actively recruit out of State students, and 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 \$69,131:**
 - Community Education revenue is established on a fee for service basis for the types of programs offered.
 - Community Education registration fee revenue increased due to higher enrollments in the Personal Interest and GED High School Equivalency Testing, and the implementation of a new International Students Cultural Program in partnership with the International Services Program.
- **All Other Local Revenue Decreased by \$886,843:**
 - The District's miscellaneous revenues decreased from the previous year. This decrease was due to a number of variances in revenue received vs. revenue budgeted:
 - the previous year's local revenue included a one-time payment from a local public agency agreement that wasn't repeated in 2014-2015;
 - an increase in support from the COC Foundation; and,
 - an increase in local revenue as a result of less student fee write-offs for non-payment because of a revised payment policy requiring students to pay their fees the day they register.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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- **Other Financing Sources Increased by \$69,147:**
 - Other Financing Sources represent transfers from other District funds into the Unrestricted General Fund. This revenue source increased in 2014-2015 due to the District receiving more indirect support revenue from grants such as the Institutional Effectiveness Partnership Initiative and the State-wide Closed Captioning Grant. More information on grant funding is provided in upcoming sections of this Management's Discussion and Analysis.

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.

In 2009-2010 and 2011-2012, Unrestricted General Fund revenue was reduced by two large State Apportionment cuts totaling \$8 million (a 10 percent cut) which eroded ongoing funding.

In 2012-2013, additional State Apportionment cuts were avoided due to the passage of Proposition 30, and Apportionment revenue was stabilized at the prior year reduced level. Other revenue sources increased slightly by two percent. **Proposition 30 did not provide new State funding for the Community Colleges.**

In 2013-2014, the State provided Access and COLA funding, and the District's Unrestricted General Fund revenues increased by 7 percent overall to \$81.3 million. This Access funding restored some of the base cuts and enabled the District to add back sections cut during the years when State apportionment was reduced.

In 2014-2015, the State provided the last year of Access funding and a COLA allocation. Revenues increased by 4.7 percent overall to \$85.1 million, and State Apportionment, which is the majority of revenue in the Unrestricted General Fund, finally reached its pre-recession level:

- 2008-2009 - \$75.1 million, Pre-Recession Level
- 2014-2015 - \$75.6 million, Finally Restored to Pre-Recession Level

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

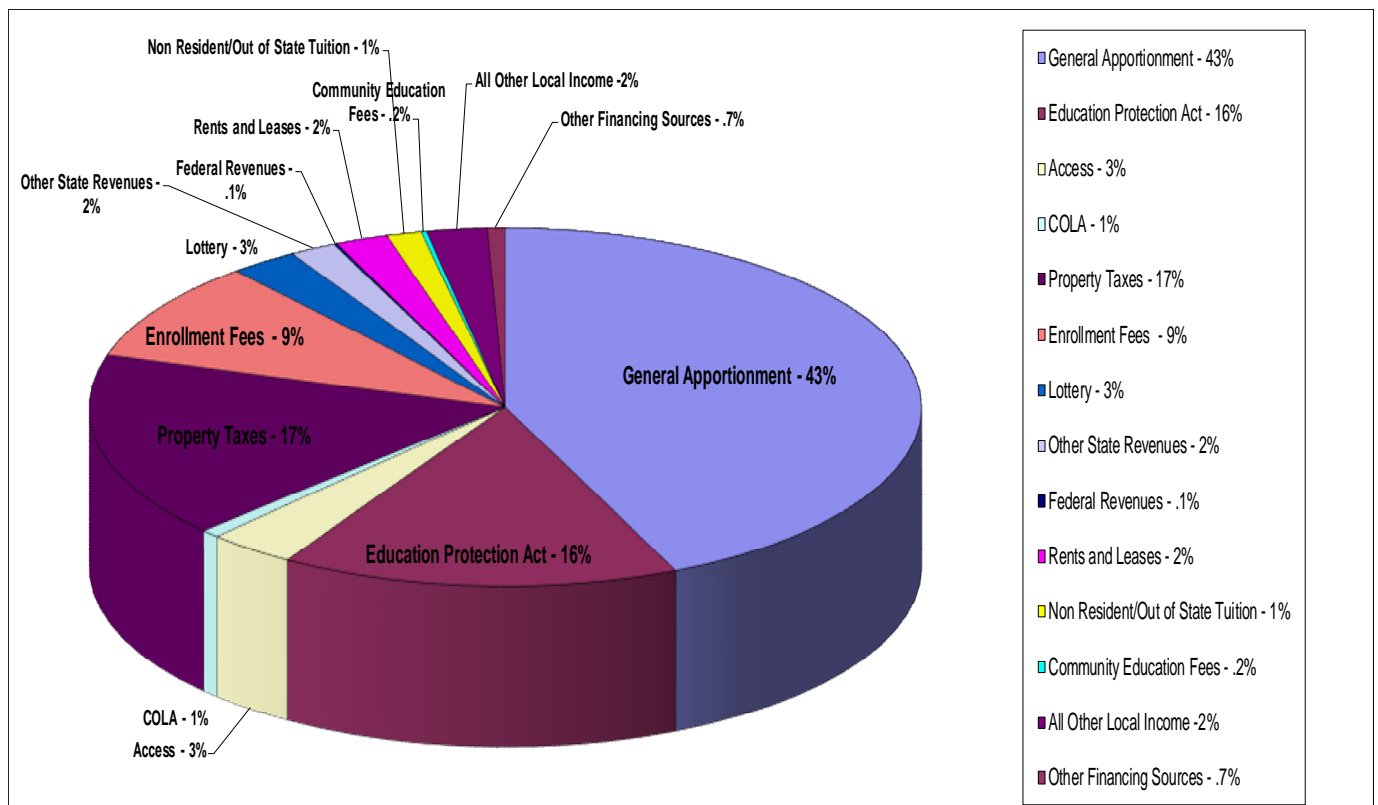
Unrestricted General Fund Revenues by Major Category

	2012-2013	2013-14	2014-15
General Apportionment (Includes Access and COLA funding from Prior Year)	\$ 37,032,891	\$ 37,433,264	\$ 36,855,133
Education Protection Act	10,737,815	9,956,759	13,143,367
Access	-	2,873,794	2,889,400
COLA	-	1,080,512	614,381
Property Taxes	13,561,456	12,978,092	14,354,637
Enrollment Fees	7,388,995	7,981,095	7,723,053
Lottery	1,671,339	1,839,602	2,249,260
Other State Revenues	828,729	837,278	1,539,285
Federal Revenues	61,499	80,765	100,688
Rents and Leases	1,379,996	1,825,249	1,742,595
Non Resident/Out of State Tuition	960,576	934,831	1,145,256
Community Education Fees	97,894	113,781	182,912
All Other Local Income	1,786,060	2,881,926	1,995,083
Other Financing Sources	339,657	512,966	582,113
Total Revenue	\$ 75,846,907	\$ 81,329,914	\$ 85,117,163
		7% Increase	5% Increase

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

The following chart provides a visual summary of the sources of revenue received by major category in 2014-2015, and illustrates that State General Apportionment, Access funding, COLA, Property Taxes, and Student Enrollment Fees account for 73 percent of the District's Unrestricted General Fund Revenues. The Education Protection Act, which is temporary funding expiring in 2016 and 2018, represents 16 percent of the District's Unrestricted General Fund Revenues. The remaining 11% includes Lottery, Rents Leases, Community Education Fees, Other State Revenue, Other Local Income, Non Resident/Out of State Tuition, Other Financing Sources and Federal Revenues.



SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

History of System-Wide and College of the Canyons Growth Funds

Growth funding has historically been an important component of the District's Unrestricted General Fund revenues. Because our District experienced exponential growth over 14 years, the additional revenue received from growth in past years allowed us to meet the demand and serve our community as more homes were built and the community grew. Growth revenue allowed the District to hire full-time faculty above required levels and develop new programs and services.

The following chart illustrates the history of the Chancellor's Office System-wide Growth Funding allocations, the District's approved growth factors, and the revenue streams associated with growth funding. The chart provides insights into the significance of growth funding to the District:

- **Since 1995, the District's annual approved growth rate ranged from 6.32 percent to 28.41 percent, with an average of 14.41 percent per year. During this same time period, the System-wide rate averaged 2.13 percent.**
- **In 1995-1996 through 2009-2010 the District's approved growth factor percentage was significantly higher than the system-wide allocation.** After 2009-2010, the State Chancellor's Office stopped issuing District specific growth rates since the regulations governing the growth rate calculation expired. As previously mentioned, a new growth formula will be introduced for the 2015-2016 fiscal year.

In the past, the District actively worked with the Chancellor's Office to ensure that our growth rate reflected our entire service area, not just the City of Santa Clarita. In addition, the District actively pursued increases in our growth factor that are provided by the facility factor. The facility factor was a component of the growth cap based on additional square feet reported on the new facilities "coming on-line" form.

- **2008-2009 was the last time the District received traditional growth revenue, based on a growth factor of 28.41 percent which was constrained by the State due to lack of funding.**
- In 2010-2011, 2012-2013, 2013-14, and 2014-2015 the 2.2 percent, 0.92 percent, 1.63 percent, and 2.75 percent system-wide "growth" allocations available for community colleges were distributed by the State Chancellor's Office as "Access" funding to partially restore the 3.35 percent (\$190 million) base apportionment cut made in 2009-2010 and the 7.36 percent (\$385 million) base cut made in 2011-2012. Each district received funding to offset the base cuts, instead of using district growth rate factors to distribute the funding.
- Since 2014-2015 the District's Vice President, Business Services, has served on the Chancellor's Office Fiscal Advisory Workgroup, and provided input into the growth rate calculation revisions. The District continues to advocate for future growth funding to provide the necessary resources to serve our community's needs.
- Funded growth is added to the District's On-Going Base Revenue, so the **District's Base Revenue increased by over \$51 million from 1995-1996 through 2014-2015 due to growth funding.** Total revenue was enhanced by over \$552 million due to the cumulative, on-going effect of these growth funds over the last 20 years.

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- Since growth and access funding are added to a district's base funding in subsequent years, the limited availability of State-wide growth and access funding represents an on-going gap. Without adequate funding, the District was not able to provide enough class sections to meet the demand and students were added to waiting lists for popular classes.
- Limited availability of funding from the State in recent years occurred at the worst possible time, as the community colleges were experiencing a large demand for classes. With unemployment in California still above the National average, many students turned to community colleges for retraining that would lead to gainful employment. In addition, the CSU and UC campuses were cutting back on freshman enrollments, which increased the demand for community college enrollments.

History of Systemwide and College of the Canyons Growth/Access Funding							
		<u>COC</u>	<u>COC</u>	<u>\$ Value of</u>	<u>Total</u>	<u>Cumulative Value</u>	
	<u>Systemwide</u>	<u>Approved</u>	<u>Funded</u>	<u>Growth Funds</u>	<u>\$ Value of</u>	<u>of Growth Funds</u>	<u>Cumulative</u>
	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Received Over</u>	<u>Growth Funds</u>	<u>Received Over</u>	<u>\$ Value of</u>
<u>Year</u>	<u>Funding</u>	<u>Factor</u>	<u>Rate</u>	<u>Systemwide %</u>	<u>Received</u>	<u>Systemwide %</u>	<u>Growth Funds</u>
1995-96	1.17%	7.00%	6.60%	537,822	623,432	537,822	623,432
1996-97	1.46%	16.33%	16.20%	2,032,363	2,237,977	2,570,184	2,861,409
1997-98	3.00%	15.20%	11.50%	1,401,231	1,745,796	3,971,415	4,607,205
1998-99	3.00%	15.29%	16.60%	2,140,648	2,663,186	6,112,063	7,270,391
1999-00	3.50%	21.69%	22.70%	3,578,376	4,215,438	9,690,439	11,485,829
2000-01	3.50%	13.94%	15.50%	2,597,420	3,468,204	12,287,858	14,954,033
2001-02	3.00%	11.50%	7.90%	1,503,662	2,371,160	13,791,521	17,325,193
2002-03	3.00%	14.22%	11.00%	2,494,097	3,429,384	16,285,618	20,754,577
2003-04	1.50%	12.22%	7.20%	2,104,926	2,658,854	18,390,544	23,413,431
2004-05	3.00%	14.02%	5.10%	849,257	2,062,481	19,239,801	25,475,912
2005-06	3.00%	17.99%	8.90%	2,834,914	4,276,396	22,074,715	29,752,308
2006-07	2.00%	6.81%	8.43%	3,357,366	4,401,648	25,432,082	34,153,956
2007-08	2.00%	15.28%	6.72%	2,722,554	3,876,668	28,154,636	38,030,624
2008-09	2.00%	28.41%	9.00%	4,284,709	5,508,911	32,439,344	43,539,535
2009-10	0.00%	6.32%	0.00%	-	-	32,439,344	43,539,535
2010-11	2.20%	not released	2.31%	83,452	1,752,490	32,522,796	45,292,025
2011-12	0.00%	not released	0.00%	-	-	32,522,796	45,292,025
2012-13	0.92%	not released	0.00%	-	-	32,522,796	45,292,025
2013-14	1.63%	not released	3.73%	1,338,353	2,377,170	33,861,149	47,669,195
2014-15 (est.)	2.75%	not released	4.98%	3,386,024	3,386,024	37,247,173	51,055,219
Totals	42.63%	216.22%	164.37%	37,247,173	51,055,219	412,094,099	552,387,859
Average	2.13%	14.41%	8.22%		Total Base		Total Cumulative
					Funding Increases		Value of \$'s Recd.
Note: In 2007-2008, the Chancellor's Office began issuing a <u>constrained growth factor</u> that was reduced to match available funding statewide and precluded the District from growing to the approved growth factor. In 2010-2011, 2011-2012, 2012-2013, 2013-2014, and 2014-2015, growth rates were not published. Statewide Access allocations in 2010-2011, 2012-2013, 2013-2014 and 2014-2015 were used to partially restore the 2009-2010 and 2011-2012 base cuts and were not distributed using District Growth Factors.							

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

GRANT REVENUES

To augment the resources available to the District for program development, new initiatives, innovative projects, and instructional equipment, the District pursues grant revenue from the State of California, the Federal Government, and private foundations.

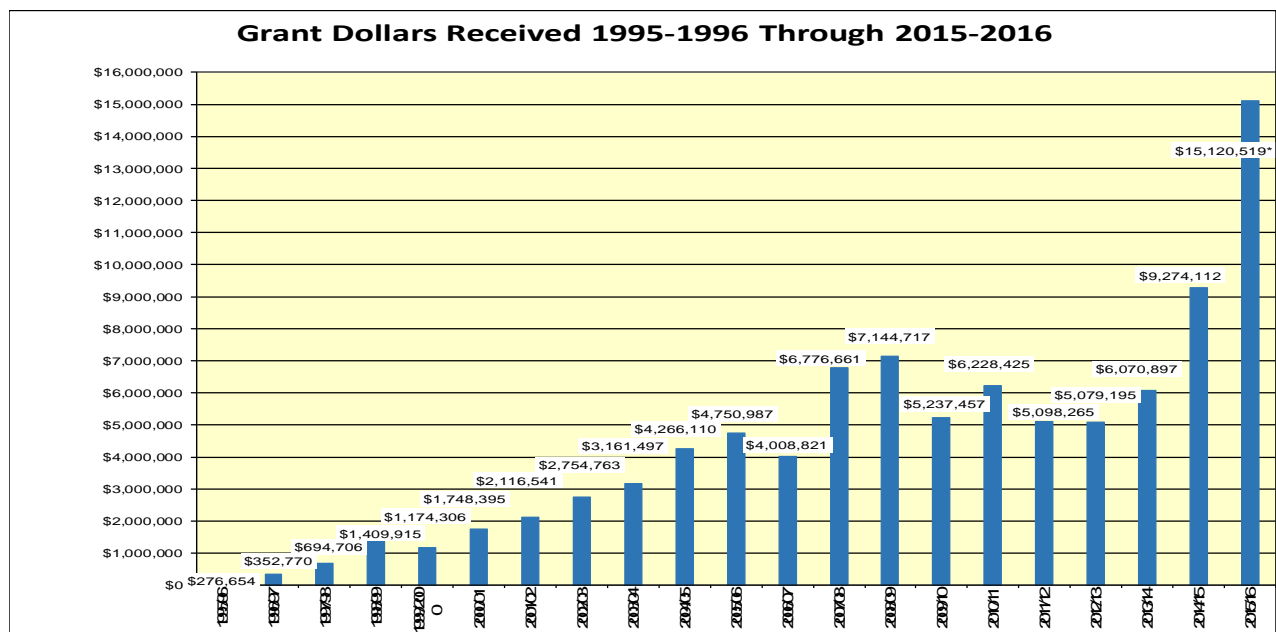
Beginning in 2009-2010, severe funding cuts were made to all State grants, including Nursing and Economic Development grants. As a result, the District saw a decline in grant revenues that were awarded in 2008-2009 and intended to continue at the same funding levels in 2009-2010. Also, the end of multi-year grant projects in 2008-2009, including Title III and CREATE, attributed to the reduction in grant revenue in 2009-2010.

From 2009-2010 through 2013-2014 the District's grant funding remained consistently above \$5 million, despite years of State economic challenges, and in 2013-2014, grant revenues increased over 19 percent compared to 2012-2013, exceeding \$6 million.

In 2014-2015, grant awards totaling \$9,274,112 represent an increase of 53% over 2013-2014 as the District secured many new grants including the Statewide Institutional Effectiveness Partnership Initiative grant, NSF Statistics Educators grant, and a Title V grant. Comparing 1995-1996 to 2014-2015, the District's efforts in grants development resulted in an increase of 3,252 percent. **Cumulatively, grant revenues received since 1995-1996 total over \$77.7 million.**

Just five months into the 2015-2016 fiscal year, grants awarded greatly exceed the previous year's total at over \$15 million and growing!

More information on grants awarded to the District in 2014-2015 is included in the expenditure section of this Management's Discussions and Analysis.



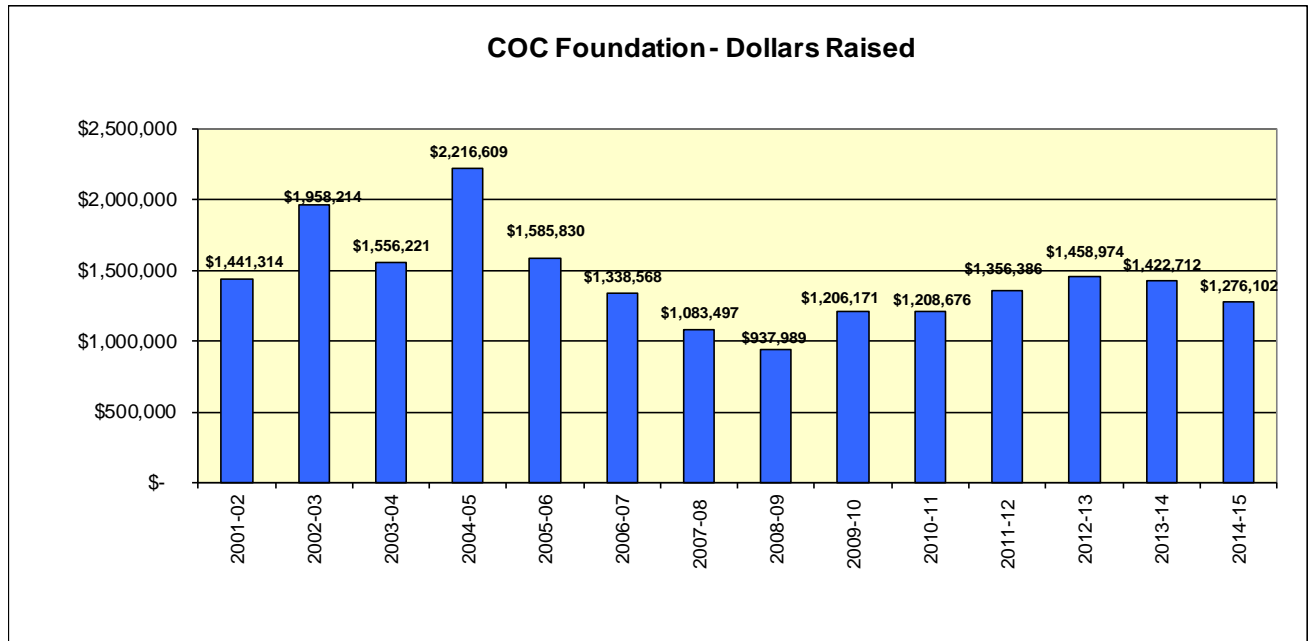
* Note: The 2015-2016 amount is estimated and reflects funding confirmed as of November 30, 2015.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

FOUNDATION REVENUES

The College of the Canyons Foundation (the COC Foundation) has been a valuable source of supplemental revenue for academic support and student programs. Over the last 14 years, the COC Foundation raised over \$20 million to benefit the District and its educational programs.



In 2014-2015, the COC Foundation contributed \$1,377,837 to support the District and its students. These contributions funded Instructional and Student Program expenses, student scholarships, and assisted with capital construction costs:

- \$749,874 to support Instructional and Student Programs
- \$296,075 in Student Scholarships
 - 300 Scholarships Awarded
- \$262,600 for construction of the new Culinary Arts Facility
- \$49,473 in donated assets transferred to the District
- \$19,343 in Special Grants to the District to fund innovative projects:
 - Sociology Club Student Conference
 - Future Business Leaders of America State Conference
 - COC Forensic (Speech) Team Competitions
 - Gamma Beta Phi Honors Program IMPACT Conference
 - Sports Medicine Club Educational Conference
 - Phi Theta Kappa Honors Program Conferences
 - Chamber Singers Performance in France
 - Model United Nations Student Participation
 - Jazz Festival Student Participation
- \$472 for capital improvements to the University Center

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

EXPENDITURES

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.

Unrestricted General Fund Expenditures for 2014-2015 as Compared to 2013-2014

Expenditures and other financing uses in the Unrestricted General Fund totaled **\$84,517,777** in fiscal year 2014-2015. This is an **increase** of \$3,217,630 (a four percent increase) over the prior year's expenditures. The following factors make up the increase in unrestricted expenditures:

- **Employee Salaries Increased by \$3,811,325:**
 - Employee salaries increased due to several factors:
 - **Full time and Permanent Part Time** expenses increased as the District added new permanent positions, many due to conversions of short term employee funding to permanent part time support positions.
 - **Adjunct and Full Time Faculty Overload** expenses increased due to additional sections in 2014-2015. The District increased access and grew enrollment by 5 percent in 2014-2015, earning access funding from the State earmarked to restore colleges to pre-recession student enrollment levels. In fact, the college grew beyond its original target and was able to earn access funding "left on the table" by other Districts that were not able to grow back their enrollment.
 - **Contractually obligated step and column increases** for faculty and staff, and **negotiated increases** for groups whose bargaining agreements were settled by June 30, 2015 also contributed to the increased expenses. Costs associated with 2014-2015 negotiations not completed by June 30, 2015 will be reflected in the 2015-2016 fiscal year.
 - Additional **short term and student workers**, many assigned to the Tutoring Learning Center to assist students and increase student success rates, were added in 2014-15.
- **Employee Fringe Benefits Increased by \$755,077:**
 - Employee fringe benefits costs increased due to State initiated increases in the District contribution rates for PERS, STRS, and Workers' Compensation. In addition, the increased salaries above led to increases in fringe benefit expenses.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- **Supplies/Materials and Operating Expenses Decreased by \$1,338,883:**
 - **Supplies and Materials - \$220,311 (Expense Increase)**

Supplies and materials expense increased as a result of several factors:

 - Instructional and non-instructional supplies expense increased as the District increased the number of sections and related student and support services in response to available State access funding.
 - Supply inventory expense increased as new facilities were brought on line and required more custodial and maintenance supplies to maintain.
 - Transportation supplies expense increased as the District's fleet of vehicles required more supplies to keep the vehicles in good operation.
 - **Consultants, Lecturers, and Instructional Contracts - \$142,338 (Expense Increase)**

Contracted services expenses increased due to costs related to the District's Accreditation Self-Study and site visit, and temporary staff as some departments utilized staffing agencies to backfill vacancies until position recruitments were completed.
 - **Conference/Travel/Dues/Memberships - \$7,758 (Expense Increase)**

Membership expenses increased due to higher membership rates, and field trip expenses increased as several academic departments, with some of the cost offset by COC Foundation grants and department fundraising, provided "once in a lifetime" off campus experiences for their students. Departments that participated in field trips included: Business, Music/Choir, Speech/Forensics, Political Science, Distance Education, Sociology, Sports Medicine, and the Honors Program.
 - **Property, Liability, and Student Insurance - \$11,504 (Expense Increase)**

Insurance premiums increased for property and liability insurance coverage due to additional facilities brought online and new equipment purchased in 2014-2015.
 - **Utilities - \$1,900 (Expense Decrease)**

Utility costs decreased slightly as the District continued to identify the lowest rates and vendors for utilities and implement energy conservation measures whenever possible.
 - **Other Expenses - \$1,718,894 (Expense Decrease)**

Other expenses decreased as compared to the previous year, because in the previous year this category of expenses included legal and settlement costs for a legal case regarding CVRA. This one-time expense was offset by savings in other areas and did not adversely affect the District's overall financial position in 2013-2014, and since these costs were not repeated in 2014-2015 this category of expenses shows a decrease year over year.
- **Capital Outlay Decreased by \$295,473:**
 - Capital outlay expenses decreased as the State offered One-Time Instructional Equipment Block Grant funding in 2014-2015 and some instructional equipment expenses were recorded against this funding instead of the Unrestricted General Fund.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- **Transfers and Other Disbursements Increased by \$285,584:**
 - Interfund transfers are processed annually to move Unrestricted General Fund dollars to other designated funds for specific uses. Interfund transfers increased in 2014-2015 due to increased amounts for the required Retiree Benefits Fund contribution (GASB), higher required debt service transfers, and increased financial aid match commitments due to higher financial aid disbursements to students.

History of Unrestricted General Fund Expenditures

The following chart summarizes the Unrestricted General Fund expenses by major category and provides a comparison to the last two years. It illustrates how the District's expenditures increased in 2013-2014 and 2014-2015 as the State provided additional funding for student access and class sections were added back.

Unrestricted General Fund Expenditures by Major Category

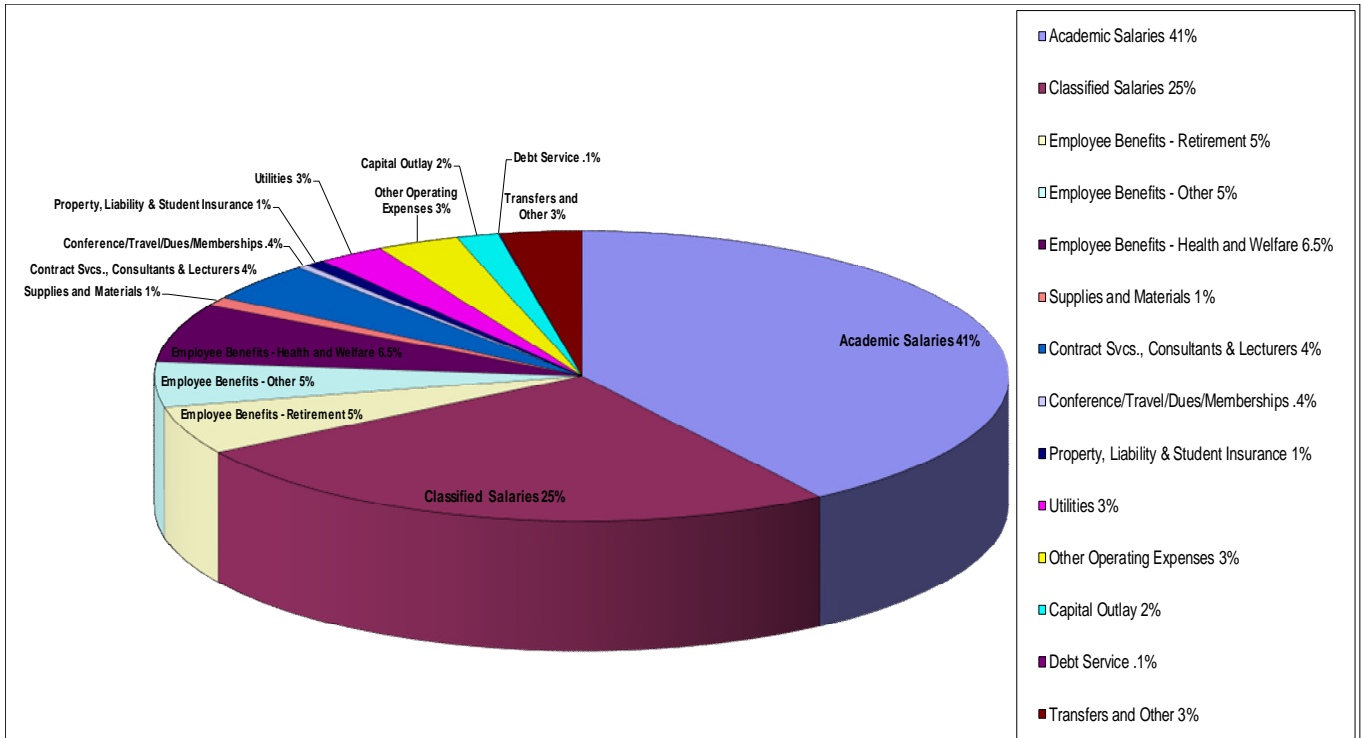
	2012-2013	2013-2014	2014-2015
Academic Salaries	\$ 29,813,977	\$ 31,845,952	\$ 34,344,584
Classified Salaries	19,588,283	20,273,160	21,585,853
Employee Benefits - Retirement	3,958,641	4,098,127	4,553,739
Employee Benefits - Other	4,325,188	3,989,803	4,212,233
Employee Benefits - Health and Welfare	5,479,511	5,509,149	5,586,184
Supplies and Materials	924,911	625,397	845,708
Consultants and Lecturers	2,754,557	3,483,013	3,625,351
Conference/Travel/Dues/Memberships	273,621	339,222	346,980
Property, Liability & Student Insurance	639,604	620,874	632,378
Utilities	2,063,346	2,157,105	2,155,205
Other Expenses	2,498,230	4,341,993	2,623,099
Capital Outlay	1,317,374	1,642,265	1,346,792
Debt Service	60,087	45,024	45,024
Transfers and Other	2,148,839	2,329,063	2,614,647
Total Expenses	\$ 75,846,170	\$ 81,300,147	\$ 84,517,777
		7% Increase	4% Increase

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

The following chart provides a visual summary of the types of expenditures made in 2014-2015, and shows that salaries and fringe benefits totaled more than 83 percent of all Unrestricted General Fund expenditures.



SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

OTHER EXPENDITURES

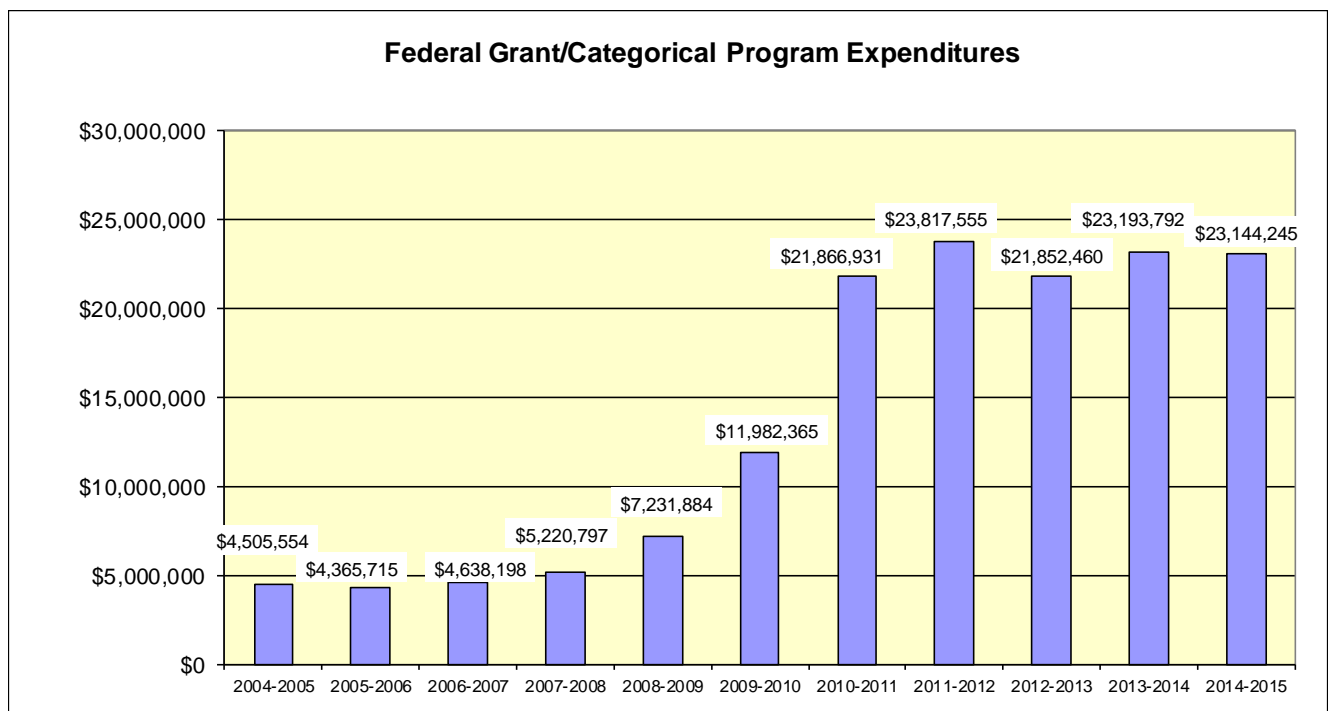
In addition to Unrestricted General Fund expenditures, significant expenditures occurred in other District funds for grant/categorical programs (Fund 12), student financial aid (Fund 74), and capital outlay (Funds 41-49).

Federal Grant Program Expenditures

Federal funds provide substantial additional resources for the District and its students. Over the last ten years, expenditures of Federal grants have increased 414 percent.

Federal grant program expenditures for fiscal year 2014-2015 totaled \$23,144,245. Compared to Federal grant/categorical expenditures for fiscal year 2013-2014, this represents a **decrease of \$49,547** (.2 percent). This slight decrease is attributable to an \$118,119 decrease in student financial aid offset by an increase in Federal grant activity of \$68,572.

In 2014-2015 the District was awarded a five year, \$2.5 million Title V grant from the U.S. Department of Education for Developing Hispanic-Serving Institutions, and a three year, \$296,530 Suicide Prevention grant from the U.S. Department of Health and Human Services.



SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

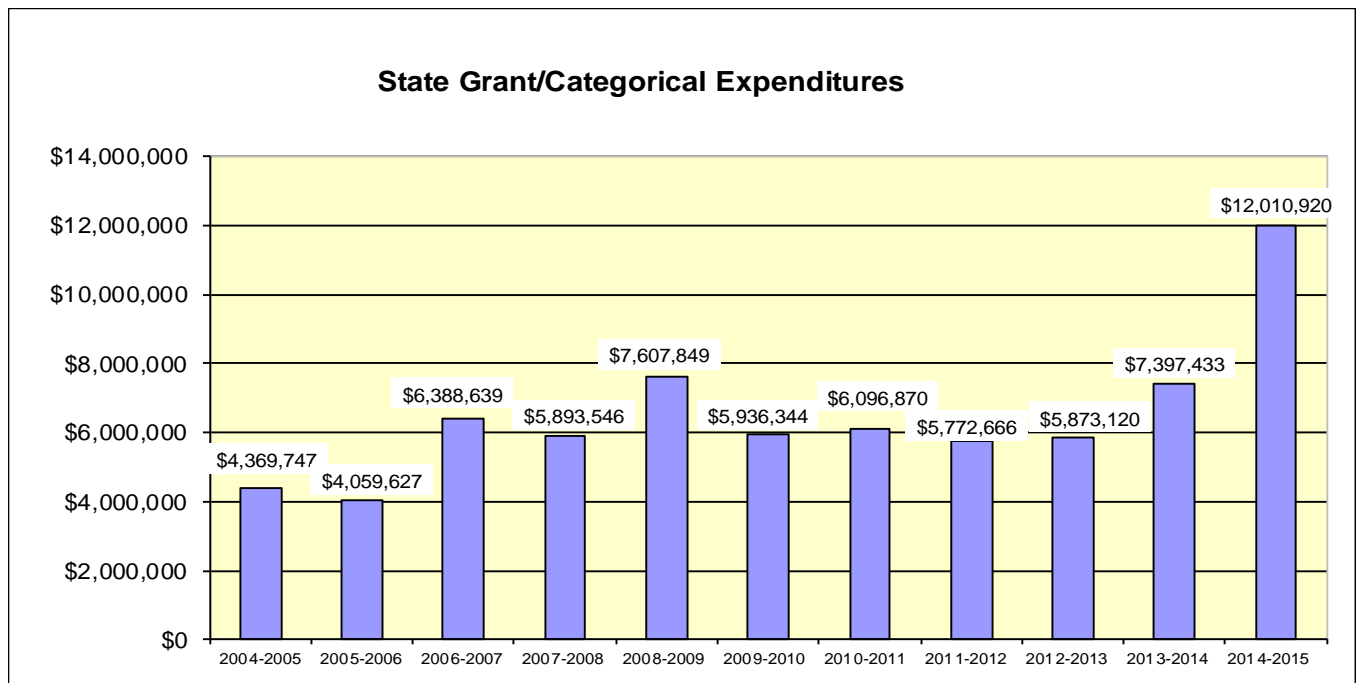
State Grant/Categorical Expenditures

The State of California provides grant and categorical funding to the District. Over the last ten years State grant/categorical expenditures increased 174 percent. 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.

The largest fluctuation was a decline that took place in 2009-2010 due to State-wide budget cuts. In fact, 2014-2015 is the first year that funding has exceeded 2009-2010 levels after five years of reduced funding. The reductions in 2009-2010 affected many key areas of the campus, including vocational instructional programs, the Child Care Center, Student Services programs, and Economic Development programs.

In 2013-2014, restoration of Categorical Funding occurred in Extended Opportunities Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), and the Student Success and Support Program (3SP). Also, three new State Grants to promote Career Technical Education (CTE) Programs were secured by the District in the areas of Digital Media, Advanced Manufacturing, and Allied Health/Nursing.

In 2014-2015 State grant/categorical expenditures totaled \$12,010,920. Compared to State grant/categorical expenditures for fiscal year 2013-2014, this represents an **increase of \$4,613,487** (62 percent). Additional restoration occurred in the Disabled Students Programs and Services (DSPS). Funding increased in the Board Financial Assistance Program (BFAP), Career Tech Ed Grant (SB1070), Teacher Prep Pipeline Grant, Closed Captioning/Distance Education Statewide Grant, Instructional Equipment Block Grant, and Student Success and Support Program (3SP). The District secured several new grants, including the Career Technical Education Enhancement Grant, Institutional Effectiveness Partnership Initiative Grant (supports the entire Community College System), and the GO BIZ Grant. A new categorical program, Student Equity, was introduced in 2014-2015 to fund Districts' efforts to more effectively serve underserved student populations.



SANTA CLARITA COMMUNITY COLLEGE DISTRICT

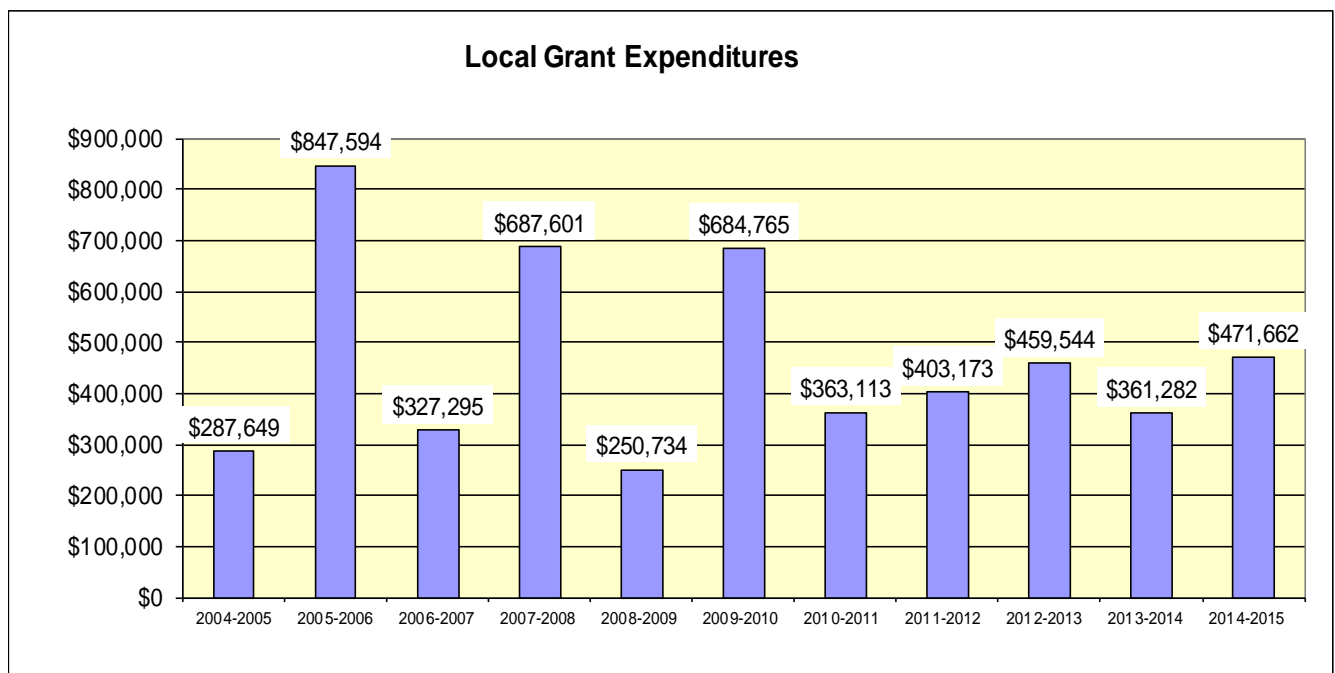
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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 bridge the gap caused by severe cuts to State Grant/Categorical programs.

The chart below illustrates how local grant funding is quite variable from year to year. Large awards from various partners for the Nursing Collaborative were received in 2005-2006 and 2007-2008. In addition, a large grant allocation was received in 2009-2010 from the Bill and Melinda Gates Foundation for the Early College High School initiative.

In 2014-2015, local grant expenditures totaled \$471,662, a 31 percent **increase** over 2013-2014. Local grant dollars received in 2014-2015 benefited the Nursing Program, Articulation, K-12 Arts Education, Adult Re-Entry, International Services Program (ISP), Health and Digital Media Deputy Sector Navigator Programs, the Child Development Center, and the Small Business Development Center.



SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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Student Financial Aid Expenditures

In 2014-2015, the District offered student financial aid in the form of PELL Grants, SEOG Grants, and Cal Grants totaling **\$17,526,400**. Note that Financial Aid expenditures are included in the Federal and State expenditures charts on the previous pages.

The PELL and Cal Grant awards were funded 100 percent from Federal and State allocations, and SEOG grants were funded 75 percent from Federal funds and 25 percent from a District match. **Over the last five years, student grant awards have increased by 85 percent.**

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 2010-2011. Direct Student Loans were funded 100 percent from Federal funds, and Work Study was funded 75 percent from Federal funds and 25 percent from a District match. Students received **\$4,151,266** in Direct Loans and earned **\$268,033** 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

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Federal Pell Grants *	11,575,947	12,677,944	14,120,205	15,673,434	16,001,751
Cal Grants *	514,545	571,664	650,488	845,849	1,093,088
Federal Academic Competitiveness Grants *	211,396	n/a	n/a	n/a	n/a
Federal SEOG Grants **	168,297	199,529	249,268	281,461	431,561
Subtotal-Grants	12,470,185	13,449,137	15,019,961	16,800,744	17,526,400
Direct Student Loans***	6,947,800	7,305,409	4,927,749	4,900,680	4,151,266
Federal Work Study Wages **	157,320	182,332	216,805	227,614	268,033
Total-Grants and Work Study	19,575,305	20,936,878	20,164,515	21,929,038	21,945,699

* Pell Grants and Cal Grants were 100 percent funded from Federal and State sources. Academic Competitiveness Grants were 100 percent funded from Federal sources until they were discontinued by the U.S. Department of Education in 2011-2012.

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Capital Outlay Expenditures

The District continued to plan, construct, and upgrade facilities in fiscal year 2014-2015, through a combination of the funding sources highlighted below:

- **State Funding for Capital Projects**

- The District expended **\$1,543,040 in State Capital Funding** in 2014-2015:
 - \$1,264,040 for various scheduled maintenance and energy efficiency projects:
 - ✓ Canyon Country Campus Restrooms Ventilation
 - ✓ Bonelli, Boykin, Student Center, Library HVAC
 - ✓ Bonelli and Boykin Air Handlers
 - ✓ Irrigation Controllers and Communication
 - ✓ Boykin Laboratory Classroom Renovations
 - \$279,000 for furniture and equipment for Canyons Hall.

- **Measure M Funding - General Obligation Bonds, Election of 2006**

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 percent voter approval, and passed in 147 of the 150 precincts with over 55 percent 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 remaining \$20 million will be issued as needed.
- In addition, it is estimated that Measure M funds will be used to leverage approximately **\$30 million** in State Capital Facilities Funding (not including any future State funding for Canyon Country Campus permanent buildings two and three).
- During the 2014-2015 fiscal year, Measure M proceeds in the amount of \$13,729,701 were expended on approved projects and expenditures.
- **Measure M Projects Completed:**
 - Dr. Dianne G. Van Hook University Center
 - Canyon Country Campus site development, modulars, expanded scope
 - Canyon Country Campus Parking Lot #2
 - Applied Technology Building - Canyon Country Campus
 - Library Expansion

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- Repairs and Modernization
 - Site Upgrades
 - Health and Safety
 - Technology
 - Mentry Hall Expansion
 - Student Services/Administration Building (Canyons Hall)
 - Culinary Arts Facility
 - Secondary Effects Projects, including:
 - ✓ Mentry Hall
 - ✓ First Floor Bonelli Hall
 - ✓ Second Floor Bonelli Hall
 - ✓ Third Floor Bonelli Hall
 - ✓ First Floor Seco Hall
 - ✓ Student Support Center
 - Equipment and Tech Replacement
 - Facilities Master Plan and Secondary Effects Master Plan
- **Measure M Projects in Progress:**
- Student Services/Administration Building Tenant Improvement
 - ✓ Switchboard/Mailroom
 - ✓ Non-Credit and Community Extension
 - ✓ COC Foundation
 - ✓ Outreach and Adult Re-Entry
 - Secondary Effects Projects including:
 - ✓ Bonelli Hall Renovations
 - Canyon Country Campus Parking Lot Improvement
 - Canyon Country Campus Science Building and Classroom/Office Building Structure
 - Repairs and Modernization
 - Site Upgrades
 - Technology/Technology Infrastructure
- **Local Funding for Capital Projects**
- The District uses local funding to supplement State and Measure M 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 and Measure M 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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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- In 2014-2015, local funding totaling \$1,909,664 was expended on projects such as:
 - Culinary Arts Facility
 - Student Services/Administration Building
 - Campus-wide Computers/Technology
 - Performing Arts Center equipment and improvements
 - University Center improvements
 - Various scheduled maintenance projects
 - Equipment for Various Instructional and Non-Instructional Departments:
 - ✓ Photography
 - ✓ Astronomy
 - ✓ Reprographics
 - ✓ Facilities (Custodial, Grounds, Maintenance, and Civic Center)

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

FUND BALANCE AND FUND BALANCE CLASSIFICATIONS

UNRESTRICTED GENERAL FUND ENDING FUND BALANCE

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Reserved/Assigned	\$ 469,443	\$ 555,045	\$ 854,115	\$ 783,208	\$ 277,702
Unassigned	12,283,679	8,372,358	8,074,025	8,174,699	9,279,591
Ending Fund Balance	\$ 12,753,122	\$ 8,927,403	\$ 8,928,140	\$ 8,957,907	\$ 9,557,293
Percentage of Unrestricted Expenses	15.98%	11.55%	11.77%	11.02%	11.31%

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 five percent of Unrestricted General Fund expenditures.
 - **The average ending fund balance over the last five years was 12.33 percent.**
- The ending fund balance for the Unrestricted General Fund as of June 30, 2015, was \$9,557,293, which was 11.31 percent of Unrestricted General Fund expenditures.
 - The District **avoided deficit spending in 2014-2015** and did not spend down reserves.
- The 2014-2015 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, 2015.
 - The reserved portion of the ending fund balance was \$277,702 and consists of three components:
 - The \$104,000 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 \$157,832. The District pre-paid software licenses, conference/travel expenses, and memberships in the last few months of the 2014-2015 fiscal year in order to comply with vendors' payment deadlines and to ensure uninterrupted service to various software programs. These expenses will be deducted from 2015-2016 budget funds.
 - Health and Welfare Pool Balances totaling \$15,870 for COCFA and Confidential employee groups. These pool balances at June 30, 2015, are reserved for future health and welfare expenses for these groups in accordance with their Board Approved bargaining agreements.

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THE STATE ECONOMY AND THE CALIFORNIA COMMUNITY COLLEGES

CALIFORNIA COMMUNITY COLLEGES – A PARTNER IN CALIFORNIA'S ECONOMIC GROWTH

The California Community College System plays an important role in boosting our state's economy by serving more than 2.6 million students a year. One out of four community college students in the U.S. is enrolled in a California Community College, making it the nation's largest system of higher education. The 112 Community Colleges in California provide students with the knowledge and background necessary for today's competitive job market, providing workforce training, basic skills courses in English and math, certificate and degree programs and preparation for transfer to four-year colleges and universities. **California Community Colleges are the nation's largest workforce training provider**, and also serve as a gateway for veterans seeking a degree or job skills to transition to civilian life.

With leadership from the California Community College State Chancellor's Office, California Community Colleges have seized the opportunity to become essential catalysts in California's economic recovery and jobs creation at the local, regional, and state levels by launching the **Doing what MATTERS for Jobs and the Economy** initiative. After a series of Community College, Town Hall, and Task Force Meetings, comprehensive strategies and goals have been developed and recommended in a report to the Board of Governors.

The strategy is a four-pronged framework to close the skills gap:

- Give Priority for jobs and the economy
- Make Room for jobs and the economy
- Promote Student Success
- Innovate for jobs and the economy

The goals of Doing What MATTERS are to:

- Supply in-demand skills for employers
- Create relevant career pathways and stackable credentials
- Promote student success and get Californians into open jobs

The roadmap to accomplish these goals involves:

- Focusing on priority/emergent sectors and industry clusters
- Taking effective practices to scale
- Integrating and leveraging programming between funding streams
- Promoting common metrics for student success
- Removing structural barriers to execution

With the demand for skilled workers outpacing supply, Doing What MATTERS will be investing in innovation such as highly specialized industry training, technical consulting, and a multitude of services that solve a complex workforce training need. The end result will be the ability to better deliver for employers, sectors, and their workers. The initiative will be supported by several streams of State and Federal Funding, including:

- Governor's Career Technical Education Pathways Initiative (SB70)
- Carl D. Perkins Career and Technical Education Act of 2006
- Proposition 98 dollars for Apprenticeships
- Economic and Workforce Development (EWD) and Career Technical Education (CTE)

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

STATE FUNDING OVERVIEW

The economic position of the Santa Clarita Community College District is closely tied to the State of California's economy. Over 89 percent of the District's Unrestricted General Fund revenue in 2014-2015 came from a combination of State Apportionment, Education Protection Act funding, Property Taxes, and student enrollment fees.

Proposition 98 Sets State Funding Level

The stability of State funding allocated to the District is critical to our future. Apportionment funding is currently driven by Proposition 98, which sets minimum funding levels for K-14 education at 40 percent of total State revenue. The State Budget is funded by Income Taxes, Property Taxes, and Sales Taxes. Per Proposition 98, the community college split should be **10.93 percent** and K-12 should receive 29.07 percent. For 2014-2015, the minimum guarantee was provided for **only the eighth time since 1990-1991**. Unfortunately, this minimum funding level is not consistently provided to the community colleges. In addition, when State revenues are lower due to an economic downturn, the minimum funding level is also contracted.

The 2015-2016 State Budget

The 2015-2016 State Budget was approved by the Governor on June 24, 2015. For the fifth consecutive year, the State Budget was passed on time with no Republican votes. The Budget includes State General Fund expenditures totaling \$115 billion, which is \$7 billion higher than the approved 2014 State Budget and exceeds 2007-2008 pre-recession levels. The State Budget included a reserve of \$3.4 billion and is built on conservative revenue projections, with the Governor intending to protect the State from boom and bust budgeting cycles. The Budget includes increased funding for education, health care, In-Home Supportive Services, workforce development, drought assistance and the judiciary. The State Budget pays down debt and saves for a rainy day.

2015-2016 California Community College System Funding

Over the next few years, the passage of Proposition 30 stabilizes the funding provided to California community colleges. Proposition 30, known as the *Schools and Local Public Safety Protection Act of 2012*, was approved by the voters in November 2012. It temporarily raises California State sales and use tax by .25 percent for four years, ending December 31, 2016, and California State Income Tax on high income earners for seven years, ending December 31, 2018. While Proposition 30 is temporary funding and does not provide additional resources, it does provide protection from further funding reductions over the next few years.

In 2015-2016, increases in State revenues led to a rise in the Proposition 98 Funding Guarantee, and as a result the State increased its investment in K-14 education. The Budget provided Community College System funding increases for the following programs and initiatives:

General Fund Increases:

- \$632.0 million in one-time funding for Mandate Cost Reimbursement
- \$266.7 million Base Funding
 - Assists Districts with CalSTRS and CalPERS increases
- \$156.5 million in Access Funding to increase enrollments by 3 percent
- \$94.5 million to eliminate State Apportionment Deferrals
- \$62.3 million to increase the number of full time faculty
- \$61.0 million in COLA to provide 1.02 percent in funding, the third COLA since 2007-2008

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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Categorical/Special Programs Funding Changes:

- \$200 million for Student Success and Support Program:
 - \$100 million for Student Success and Support (3SP)
 - \$85 million for Student Equity Plans
 - \$15 million for Institutional Effectiveness Partnership Initiative
- \$148.0 million in one-time funding for Instructional Equipment and Deferred Maintenance
- \$60.0 million in one-time funding for Basic Skills (to be disbursed over several years)
- \$38.7 million in Prop 39 funding for Energy Efficiency Capital Projects
- \$33.7 million for Extended Opportunities Programs and Services (EOPS)
- \$29.1 million for Apprenticeship Programs
- \$2.5 million for COLA for EOPS, DSPS, CalWORKs, and Childcare Tax Bailout Programs

District Leadership and Advocacy

The District's management team provides leadership and takes an affirmative approach to influencing or proposing legislation that has positive fiscal impacts on the community college system. Through years of commitment to establishing valuable relationships and open communication with local and State level elected officials, District leadership provides background and input on many key issues that affect the District, the community, and the State.

While the funding picture for community colleges was very positive in 2015-2016, the District's administration continues to advocate for policy and structural improvements that will further enhance our District's ability to serve the community. The District is actively providing input on several State-wide funding issues, including:

- Ensuring that the new Growth Allocation Formula matches funding with demand.
- Securing State Funding to keep up with basic cost increases such as utility rate hikes.
- Receiving Future on-going Base Funding to assist with STRS/PERS employer contribution increases.
- Simplifying the complexity and uncertainty of community college funding by providing Districts with accurate and timely allocation information.
- Addressing the temporary nature of Proposition 30 and Redevelopment Agency dissolution funding.
- Voicing the need for predictable funding:
 - Community colleges continue to have exposure from shortfalls in property taxes and student fees
 - Unlike K-12 education, community colleges **do not receive backfill if estimates are not accurate**

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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COLLEGE OF THE CANYONS CONTINUES TO INNOVATE - PROVIDING SERVICE TO OUR COMMUNITY, OUR REGION, AND THE STATE

NEW INITIATIVES, PARTNERSHIPS, AND INNOVATIVE PROJECTS

Innovation is central 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 to also create the very steps they wish to take. In the past year there have been numerous projects and efforts that reflect this innovative spirit. The following is an overview of some of the many new initiatives and innovative projects, all in pursuit of a brighter tomorrow:

College Earns Reaccreditation and Commendations

During an Accreditation visit in the normal course of the six year cycle of review, the District earned reaccreditation, receiving the highest possible rating from the Accrediting Commission of Community and Junior Colleges (ACCJC). In February 2015 the commission approved College of the Canyon's accreditation for another six-year term, which is the highest level of approval awarded only when an institution "substantially meets or exceeds the Eligibility Requirements, Accreditation Standards and Commission Policies." This clear accreditation confirmed that College of the Canyons is a strategic, forward-thinking college committed to continuous improvement and the success of our students. The results of the accreditation are a testament to administrators, faculty, and staff whose team effort, dedication and enthusiasm were apparent to the accrediting team. The team commended the college for successful fiscal management; developing a welcoming, student-centered learning environment; promoting effective student leadership; highlighting the talents of students by displaying student artwork throughout both campuses; and cultivating robust community partnerships.

College of the Canyons Leads Statewide Best Practices Initiative - IEPI

College of the Canyons was selected by the California Community Colleges Chancellor's Office to partner in a new effort to help the state's community colleges improve their fiscal and operational effectiveness and provide technical support that will promote student success. Under the direction of the State Chancellor's Office new division of Institutional Effectiveness, this initiative taps the collective expertise of our system and leverages it to ensure all colleges keep pace with changes designed to help more students succeed. As part of this grant funded initiative, the District will build a robust technical assistance infrastructure to promote institutional effectiveness. The technical assistance includes the deployment of subject experts to colleges seeking assistance in various areas, such as integrated planning, enrollment management, student learning outcomes, and governance. The District has received a five-year, \$24.5 million grant from the State Chancellor's Office to provide the leadership of this effort to the benefit of the community colleges Statewide.

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Open Educational Resources

The District has been recognized for its ongoing leadership in promoting the use of Open Educational Resources in the classroom to help reduce student costs and increase access to higher education. Open Educational Resources (OER) are free, electronic educational content materials, which are increasingly used as an alternative to traditional textbooks. OERs are licensed in a way that they can be legally and freely shared, reproduced, and modified. Students save approximately \$750,000 each year by using these openly licensed materials rather than commercial textbooks. The District has been engaged in the global OER movement for many years, with the Dean of Educational Technology, Learning Resources, and Distance Learning serving as the President of the Open Education Consortium, a worldwide community organization advancing open education. Statistics like a recent national survey noting that 50 percent of students report taking fewer college courses or different courses due to textbook costs has led the District to embrace OER with the goal of offering zero cost textbook degrees using only openly licensed materials.

Culinary Arts Facility

The College of the Canyons Institute for Culinary Education (iCuE) officially opened its doors in the Spring of 2015, offering state-of-the-art teaching kitchens and educational facilities to train the next generation of culinary arts professionals. The 12,200 square-foot building includes a Show Kitchen, Savory Kitchen, Sweets Kitchen, Banquet Kitchen, Wine Studies Room, Culinary Lab, and a glass enclosed dining room where students can demonstrate their skills. This new permanent home for the Culinary Program was funded by Measure M and proceeds of a capital fundraising campaign led by the College of the Canyons Foundation, and replaces the use of off-site leased space. The facility is enabling the District to expand the Culinary Arts Program whose quality is comparable to and competitive with, but far less expensive than, culinary programs offered by private institutions.

Center for Student Services and Community Engagement

Providing students with the services and support they need to be successful is a top priority, and Canyons Hall was designed with students' success in mind. This new center (a 46,370 square foot building) features a Welcome Center, computer kiosks for student use, Admissions and Records, Financial Aid, Counseling, the Transfer Center, the Job and Career Center, Chancellor's Office, Academic Affairs, District Communications, Non-Credit and Community Education, and the COC Foundation.

International Services and Programs (ISP)

The International Services and Programs office recruits and supports the college's international student population. The department has been spreading the message about the educational opportunities offered at California Community Colleges and specifically College of the Canyons. Much of the Department's success has been achieved through partnerships and collaborations with many countries. International Services and Programs has hosted individuals from many other countries as well as traveled to other countries as part of partnerships established with other schools, and the program reached new milestones in 2014-2015:

- Grew full-time equivalent students by 61 percent.
- Increased full-time and part time students combined by 85 percent.
- Increased International Student fee revenue from \$541,000 in 2013-14 to \$765,000 in 2014-2015.
- Increased Chinese-speaking International Student population from 4 to 28 due to partnership building and strategic planning.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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- Awarded participation in Summer 2015 Proyetca Project with 46 participants.
- Recruited in 15 countries.
- Provided information to 20,000 prospective students and interacted with 5,000 students.
- Began social media campaigns for recruitment and retention.
- Expanded partnerships with high schools and colleges in China, Taiwan, Mongolia, France, Spain, and Mexico.

SCV Incubator

College of the Canyons, the City of Santa Clarita and the Small Business Development Center, along with several business organizations and partners, opened the first SCV Business Incubator in the SCV. It supports entrepreneurs and business startups seeking access to expert guidance, tools and the connections they need to grow their companies and flourish in the community with a building that features a reception area, several work spaces, a conference room and a classroom.

Education Partnership Alliance

This visionary alliance brings together leaders from across the Santa Clarita Valley to move Education forward in a collaborative manner. The group has expanded in its members to include district Superintendents from all local K-12 districts. The discussions include: an overview of K-12 initiatives, ideas for expanding the Education Alliance partnership, developing curriculum and expanding communication, discussions to further support business and industry partnerships through ongoing and future career pathways development, and interdisciplinary collaborations between STEM and the Arts/Humanities in an effort to support STEAM initiatives throughout K-12 and College of the Canyons.

Business Alliance

The Business Alliance was developed to engage executives of local companies and solicit their input on their needs and major trends in workforce development to ensure that we continue to be responsive to meeting their needs. The feedback from the members is used to not only ensure that our efforts continue to be responsive to local needs, but also to provide input into the statewide workforce and economic development efforts, for which our Chancellor also is providing leadership.

Career Pathways Trust Grant

College of the Canyons was awarded \$5.5 Million from the California Career Pathways Trust to create four career pathway programs with help from the William S. Hart Union High School District and local business leaders. The "Pathway to My Future" program will enable high school students to complete dual enrollment courses offered on their high school campus or at College of the Canyons and earn an Associate Degree or industry certification. This program brings industry and educators together to help students launch careers in high-skill, high-wage, and high-growth fields, focusing on pathways to careers in Advanced Manufacturing, Computer Networking, Construction Technology, or Legal Studies.

Out of 123 applicants there were 40 grant recipients and 7 community college districts. Chancellor Brice Harris said, "With the Career Pathways program, we are strengthening partnerships among industry, K-12 public schools and community colleges and we are providing students with the type of career technical training that employers will reward with good paying jobs."

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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Economic Development Division

Economic Development Division (EDD) fuels the local economy by providing wide-ranging support to businesses to help them grow and develop their workforce and improve processes through Lean methodologies. EDD programs provide a broad array of services that complement the college's occupational programs, ranging from customized contract training to workshops and consulting services. The EDD has served more than 800 employers and more than 2,900 employees annually for the past three years. It generates resources from many sources, including contract education and grants, and has generated more than \$4 million in funding in the last fiscal year and over \$13 million in funding over the past five years.

Key functions include:

- The Small Business Development Center (SBDC)
- The Center for International Trade Development (CITD)
- Center for Applied Competitive Technologies (CACT)
- Employee Training Institute (ETI)
- Fast Track Institute
- America's Job Center of California (WorkSource Center)
- Regional Directors for Advanced Manufacturing, Health, and Information Systems & Digital Media (Deputy Sector Navigators)

STUDENT ACHIEVEMENT AND SUCCESS

The **College of the Canyons Future Business Leaders of America – Phi Beta Lambda Club** placed first in Division "A" Business Case Analysis competition held at FBLA-PBL California State Business Leadership Conference. All teams received the same Harvard Business Review case of a detailed scenario describing actual problems and decisions faced by a company. Each team of four members made a seven-minute presentation before a panel of judges outlining their analysis of the case and their recommendations. The FBLA continued to excel at the Spring California State Business Leadership in Ontario where students competed in Knowledge Events to demonstrate their mastery of essential business concepts and skills and analyzed issues in a business case. They won 13 medals between first, second, third, fourth and five place awards. 12 students qualified to represent California at the national competition in Chicago.

The **College of the Canyons Chemistry Club** was selected to receive the American Chemical Society (ACS) Green Chemistry Award for its activities conducted during the 2013-14 academic year. There were over 134 reports submitted with 97 recognized as meeting the requirement of 3 or more "green" activities. The college and the club were recognized in the following publications of the ACS: Chemical & Engineering News, in Chemistry and The Nexus. The club was also honored at the 249th ACS National meeting in Denver, CO.

The **2015 Phi Theta Kappa All-USA Community College Academic Team** included 2 COC students who were nominated as members, recognizing two-year college students who "demonstrate academic excellence and intellectual rigor combined with leadership and service that extends their education beyond the classroom to benefit society." Over 1,700 student from over 1,000 community, technical and junior colleges competed for the 2015 All-USA team.

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The College of the Canyons Forensics Team had another amazing year. After a 5-day competition with 57 colleges from across the nation, the team won 2 gold medals, 2 silver medals and 3 bronze medals. They ended their local tournament season with a 2nd place in Limited Entry at the PSCFA Spring Championships and earned the top 3 spots in Prose Interpretation at the PSCFA Spring Championships. At the national tournament, the team had its best finish ever, earning bronze medal in team sweepstakes.

The **College of the Canyons Model United Nations program** continues to excel in competitions, winning awards at conferences in throughout the State and nationally. They finished with top awards at Conferences at University of California Riverside, University of California, Los Angeles and College of the Canyons. At Riverside, the team won 5 of 9 awards including 2 Distinguished Delegate awards, 2 honorable Mention awards and the Committee Award in the General Assembly. At Cal State La they won 2 Honorable Mention awards and at COC they won 5 more awards.

Nurses Honor Society Induction was held by the national honor society for Nurses which was established for the first time at COC last spring. It recognizes the academic excellence of students in the study of Associated Degree in Nursing, promotes scholarships and encourages the pursuit of advanced degrees in Nursing. This year, 39 nursing students were inducted into this honor society while over 80 of their friends and family were present to celebrate with them.

Regional Professional Development:

LACCD/COC Collaboration Meeting

College of the Canyons met with LACCD representatives to focus on Professional Development, approaches to New Funding Initiatives (Student Equity, SSSP, and Adult Education), Regional Grants (including Pathways grants recently funded and additional ideas) and Workforce Development Taskforce recommendations and possible partnerships.

Regional Chairs Academy Meetings

The first Regional Chairs Academy Meetings were held three times this year as a new mentoring program for new chairs who were matched up with experienced chairpersons to help guide the way and provide assistance where needed. Department Chairs from around the Southern California area discussed important issues and created a network among their own disciplines for brainstorming and support in the future.

4 County Regional Professional Development Initiative

College of the Canyons is hosting a regional workshop series in 2015-2016 that will provide an opportunity for conversation and the sharing of best practices on topics important to all community college employees. The workshops in this series are open to community colleges serving the Los Angeles, Ventura, Orange, and Kern County Districts and will provide information, resources, and opportunities to network with colleagues.

Workshops offered in Fall 2015 and Spring 2016 include:

- Overlap and Coordination of 3SP, Student Equity, Basic Skills, and Diversity Plans
- Deans: What You Need to Know Now!
- Emergency Preparedness and Response: Best Practices
- Social Media in an Emergency
- Acceleration: A Powerful Lever for Increasing Completion and Closing Equity Gaps
- What You Need To Know To Protect Your District – Developing and Implementing an ADA Transition Plan

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

GROWTH, DEVELOPMENT, PROGRESS, AND RESULTS: A LONGITUDINAL PERSPECTIVE

Since 1988, we have seen three recessions, growth spurts, and tremendous changes in the Santa Clarita Valley. College of the Canyons has been impacted by what has gone on around us and at the same time has led much of the change. As a result, we are not the same. So how have we changed? We have grown, developed, responded as indicated below, continued to meet the community's needs, and positioned ourselves to continue to do so. As we report on where we are at June 30, 2015, it is important to reflect on from where we have come. COC has gone:

<u>From 1988-1989</u>	<u>To 2014-2015</u>
○ 60 Full-time faculty (Fall 1988)	○ 176 Full-time faculty
○ 77 Full-time classified staff	○ 204 Full-time classified staff
○ 430 class sections per Fall semester	○ 1,709 class sections (Fall 2014)
○ 17 certificate programs	○ 71 certificate training programs
○ 27 disciplines/majors	○ 83 disciplines/majors
○ Traditional sections offered only	○ GO, PAL, and NOW Programs
	○ Math 075
	○ English 096
	○ 100% Online
○ Offered HITE	○ Creation of full blown honors program, including: <ul style="list-style-type: none">▪ Phi Theta Kappa Chapter▪ COC Honors Club▪ Alpha Gamma Sigma▪ Gamma Beta Phi▪ Phi Rho Pi▪ Psi Beta▪ Sigma Chi Eta▪ Sigma Delta Mu▪ Sigma Kappa Delta▪ Sigma Zeta
○ 199,347 square feet of space	○ 949,833 square feet of space
○ \$8 million annual budget	○ \$234.3 million annual budget
○ 3,409 funded FTES	○ 15,162 funded FTES (estimated)
○ 4,823 students	○ 20,303 students (Fall 2014)

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

- 2 computer labs
- No classes in Canyon Country
- 6 men's and 6 women's sports
- Under **\$100,000** per year in grant funds
- **\$30,000** a year raised by Foundation
- Fewer than **\$50,000** in scholarships (total endowed amount)
- No leadership training
- 60 computer labs
- Currently serving 5,147 students at the Canyon Country Campus (larger than the eight smallest Community College District in the state)
- 8 men's and 8 women's sports. Added:
 - Men's Football
 - Men's and Women's Soccer
 - Women's Golf, and
 - Men's and Women's Swimming/Diving
- **\$9.3 million** received in grant funds for 2014-2015
- **\$77.7 million** in grant funds since 1995-1996
- **\$1,276,102** raised by the Foundation
- **\$24,550,161** raised by Foundation since 1988-1989
- Nearly \$1.9 million in Scholarship Endowments:
 - Osher endowed scholarship donations in the amount of \$1,065,262 plus \$532,631 match invested to generate annual scholarships from earnings
 - Additional \$259,712 invested for future student scholarships
 - In 2014-2015, scholarship awards set a new record with 264 students receiving 300 scholarships
- Multi-faceted leadership training including:
 - LEAP
 - LEAP 2 (2008-2015) 262 Participants
 - LEAP 1 (Spr 2015) 235 Participants
 - Mentor/Mentee program
 - Administrator Leadership Series
 - Management Academy
 - Cultural Diversity Training
 - Administrative Retreats held annually
 - New Administrator Orientation

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- No development for staff and faculty except for Faculty Flex
 - Created an award winning Professional Development department which offers:
 - A variety of workshops, both personal and professional. For example:
 - ✓ Technology Training; Online Instructor Certificate; Cultural Diversity Workshops; Math Ideas; Books and Ideas; Sociology Lecture Series; History Lecture Series; Suicide Intervention and Prevention; and, Art Gallery Speaker Series
 - Mentorships and new employee orientations.
 - Added:
 - ✓ Opening Day lunch and celebrations of service awards
 - ✓ Associate Program
 - ✓ Institute of Teaching and Learning, TEACH Program, Area Certification Program
 - ✓ Classified Professionals Certificate Program
 - ✓ Student Success Skills Symposiums
 - ✓ Summer Technology Institute
 - ✓ Center for Excellence in Teaching and Learning launched (Fall 2015)
- No support programs for Athletics
 - Added an athletic counselor
 - Initiated a strength conditioning lab and hired a full-time coach
 - Developed an Athletic Hall of Fame
 - Developed the Student-Athlete Academic Achievement Dinner
- No master construction plan and no money to build
 - Developed a **\$397 million** building program plan by securing funds from various sources:
 - **\$215 million** in Local GO Bond funds
 - **\$150 million** in State GO Bond funds
 - **\$32 million** in Local funding
 - As a result of aggressive planning and working with the Chancellor's Office and legislature, and the passage of two local bond measures, we were able to complete the following:

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

New Buildings and Site Upgrades:

- Constructed Child Development Center
- Built Central Plants
- Built Learning Resource Center-Library
- Added the Media Arts Building (Mentry Hall)
- Added modular buildings for Human Resources, Foundation, Employee Training Institute, Security, Facilities, and EOPS Departments
- Added Classroom Village (14 modular classrooms)
- Established Interim University Center
- Built South Parking Lot
- Added Fitness Center
- Added Health Center
- Added Academy of the Canyons
- Added Field Turf to Stadium Field
- Built Performing Arts Center
- Added Music/Dance Labs (Pico Hall)
- Purchased land and built Canyon Country Campus
- Added a new Science Laboratory Building and new Lecture Halls (Aliso Lab and Hall)
- Constructed a High Technology Classroom and Lab Building (Hasley Hall)
- Developed and added the Garden's project/community and college gardens
- Planned and installed new signage at both campuses
- Added an amphitheater and second parking lot at Canyon Country Campus
- Built a second PE building as well as Tennis Courts
- Added Coffee Kiosk on Campus
- Opened Applied Technology Building at Canyon Country Campus
- Del Valle Fire Training Facility
- Expanded South Central Plant, added North Central Plant
- Opened University Center
- Completed Mentry Hall expansion
- Completed 50,000 square foot Library and TLC

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Completed the Student Services/ Administration building, a new 46,370 sq. ft. two-story facility for administrative and student support departments
- Launched Culinary Arts Institute, a new 12,208 sq. ft. building on the Valencia campus

Remodels:

- Upgraded classrooms, labs and offices in: Seco Hall, Bonelli Center, and Technical Center Buildings
- Expanded Student Center
- Resurfaced Stadium Track
- Seismically retrofitted I-Building
- Updated Handicap accessibility
- Expanded Warehouse
- Remodeled Cafeteria

Repurposed Space:

- Renovated old Library Space
- Added GET lab and Clean Room at Advanced Bionics
- Opened Institute for Culinary Education in a former restaurant in Castaic
- Opened Early Childhood Education Center at Canyon Country Campus
- Converted 2 lecture rooms to labs in Boykin
- No Sustainability program
- Developed and secured approval for a \$659,000 plan to implement sustainability initiative, initiated a Sustainability committee, developed the Santa Clarita Environmental Education Consortium (SCEEC) with local community and campus community
- Opened a campus Sustainability Center.
- Hosted TEDx conferences (Technology, Entertainment and Design) for students and community participation
- Developed campus garden areas where local fruits/vegetables are grown
- Replaced several drinking fountains with water bottle refilling stations
- Installed Electric Vehicle Charging Stations on both campuses (free to drivers)

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Senator Fran Pavley recognized the Director of COC's Sustainability Center in her monthly newsletter as one of the businesses, persons or organizations in her district who is dedicated to preserving and sustaining our environment
- Few plans in place
 - Completed major Educational and Facilities Master Plans developed in 1990, 1995, 2003, 2008, and 2012
 - Developed and updated District-wide strategic plans every 2-3 years (1991, 1993, 1995, 2000, 2001, 2002, 2005, 2008, 2010, 2012 for 2011-2014, and 2015 for 2015-2018) with department input and action plans for moving forward
 - Initiated program plan and review, research and data driver processes
- Growth factor below 3 percent - we were funded to grow slowly - but 30 percent over cap and unfunded in 1988
 - COC is 1 of 12 Districts that have fully restored the workload reductions from 2009-2010 and 2011-2012 out of 72 Districts. And, COC achieved FTES over the FTES target in 2013-2014 and 2014-2015
- No money (\$) in training funds to work with business and industry
 - Created an Economic Development Division – In total, College of the Canyons generated \$26.7 million in training dollars to support economic development in the Santa Clarita Valley since 1993-1994, served **11,195** businesses, and trained **40,241** local employees
 - Serves over 800 businesses a year with job-specific customized training
 - Trains over 4,000 employees of local businesses a year
- No Small Business Development Center
 - Created a Small Business Development Center that serves the business community
 - SBDC assisted client companies to increase their sales by \$24.3 million and raise \$13.9 million in new capital

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- No WorkSource Center
 - Opened the Santa Clarita Valley Business Incubator in our community (joint partnership with the City of Santa Clarita, COC, and SBDC)
 - Began operation of the Santa Clarita WorkSource Center in 2012 under contract with the City of Santa Clarita. The WorkSource Center assists unemployed and underemployed individuals gain employment. The center supported over 12,000 client visits in fiscal year 2014-2015
- Regional impact limited to the Santa Clarita Valley
 - Inclusive of all of the programs hosted in the Economic Development Division, the college supports businesses and other regional colleges in the Antelope Valley, the Santa Clarita Valley, and the San Fernando Valley as well as the counties of Ventura, Santa Barbara, and San Luis Obispo
- No Alumni program
 - Formed Cougar Club and Alumni and Friends
 - Added Alumni Hall of Fame Wall
 - Launched Cougar Network for Alumni
 - Created and maintained cocalumni.com website where alumni can tell us their story
 - Sent personal communication to "found" alumni in the community inviting them to connect
 - Wrote and distributed monthly Alumni Network Newsletter to over 4,500 actively engaged alumni
 - Created #cocalumni decals for distribution to graduates
 - Launched strong Alumni Network presence on social media platforms
 - Facebook – College of the Canyons Alumni Network
 - LinkedIn – College of the Canyons Alumni Network
 - Instagram – COCAumni
 - Twitter - @cocalumni

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Grandfathered Alumni & Friends members into College of the Canyons Alumni Network
 - Phased out Alumni & Friends Membership as revenue
 - Initiated a Community Group Travel Opportunity (a new revenue stream)
 - Honored outstanding alumni in annual Hall of Fame luncheon in spring
 - Collaborated with divisions and departments on campus for ongoing alumni updates and outreach
- No revenue from International Student Program tuition
 - Added a program and achieved a cumulative gain in revenue of \$8,577,277 from 1997-1998 to 2014-2015
 - Since Spring 2014, the ISP has grown its revenue from budgeted \$500,000 for 2013-2014 to a projected \$1 million for 2015-2016
 - The full-time international student population has gone from 117 in Spring 2014 to 193 in Fall 2015, a 63% increase. Both full time and part time combined, ISP has gone from 164 in 2013-2014 to 303 in 2014-2015, an 84% increase for the international students sponsored/served
 - Expanded our recruitment efforts to many countries. By the end of 2015-2016, the ISP will have visited 16 countries for recruitment and academic collaboration purposes
- No upper division access on campus
 - Opened the University Center
 - 5 Partner Universities
 - Almost 5,000 students served
 - Over 37,000 class enrollments
 - Over 2,400 graduates
 - 38 Degree, Credential, and Certificate Programs
 - ✓ 18 Bachelor's degrees
 - ✓ 12 Master's degrees
 - ✓ 2 Certificate Programs
 - ✓ 5 Credential Programs
 - ✓ 1 Doctoral Program

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Cumulative Graduations
 - ✓ January 2002 through June 2015
 - ✓ Total – 2,425
 - ✓ Undergrad – 896, Grad – 1,529
- No training sites in the community
 - Developed a **Manufacturing Education Center** in the Industrial Center
- No technology plans
 - Created a technology department
 - Completed five technology plans (1996, 1999, 2001, 2006, 2011) which set forth goals and led to development of a wireless campus and state-of-the-art capabilities
 - Created the Technology Center with offices and workstations for Computer Information staff members, and a classroom/learning center for workshops and Professional Development classes
 - Developed College's home page and presence on the internet
 - Developed a District data network that has grown from a "dumb terminal" environment across two buildings to a Gigabit Ethernet network spanning every building on both campuses delivering consistent and reliable access to District data resources and the Internet
 - Expanded our computer populations to over 3,500 machines installed over two campuses and an off-site manufacturing training facility
 - Developed the first online courses in 2000 and have continued to expand online offerings ever since
 - Consolidated all technology purchases to Information Technology to ensure standardized equipment, properly licensed software, and economies of scale through bulk purchasing
 - Email accounts for all students and employees
 - Internet access on both campuses at speeds up to 1 Gbps with redundancy between the campuses for disaster recovery

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Introduction of "Smart" classrooms (projector, computer, document camera, and sound system) which now make up over 98% of all District classrooms
 - Evolved from a single mini-mainframe environment to a Window's based physical and virtual server environment providing critical campus services utilizing over 200 servers
- Little or no cooperation with William S. Hart Union High School District
 - Initiated partnerships on many fronts:
 - Entered into facilities use agreement
 - Participated in monthly English and Math Learning Consortium
 - Collaborated on School to Career Program
 - Developed Tech Prep Partnership
 - Continued Outreach efforts including presentations, assessment, and advisement on the high school campus
 - Hosted SCV College Day
 - Hosted Hart/COC Leadership Summits
 - Participated in multiple work groups to develop action plans resulting from the joint district Leadership Summit
 - Hosted annual counselor information meetings
 - Conducted College Night presentations at the high schools
 - Obtained Representation on the Hart District's Advisory Council
 - Hosted Career Technical Education Day
 - Launched Career Technical Education consortium through a grant to strengthen and align career technical education in our high schools and ROP with College of the Canyons
 - Developed a proposal and received \$1.2 million in funding since 2000-2001 for a middle college high school on our campus which hosts close to 200 students; Established an early college high school (\$400,000) per year

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Developed K-12 Arts Education Partnership
 - FYE Cohorts: 2010-2011, 2011-2012, 2012-2013
 - College2Career Day
 - College Now classes offered on high school campuses
 - Student Info Night
 - Parent Orientation/Sessions (Spanish and English)
 - Initiated annual ARTstART event
 - Offered Young Entrepreneurs Program
 - Hosted Discovering Careers Event
 - Launched Faculty in Industry Partnership
 - Planned and initiated Career Coach program
 - Pursued SB70 Initiative funding wherever possible
 - Secured \$1.25 million multi-year grant for Upward Bound program with Golden Valley High School
 - Manufacturing Day at College of the Canyons in October 2015 – 300 students and parents attended a panel discussion from SCV Manufacturing experts on Manufacturing Career Paths. In addition, 170 students attended a special presentation and toured world-class manufacturing companies
- No influence in Federal/State policy
 - Played a key role in:
 - Passage of statewide construction bonds
 - Removing barriers for concurrently enrolled high school students
 - Establishment of Partnership for Excellence funds for community colleges
 - Getting community colleges out of the Field Act
 - Securing equalization funding formula for community colleges

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Establishing growth factor to provide funding to colleges to operate new facilities
 - Including Pell Grant allowance for students
 - Allowing design-build construction methodology to be used in community colleges
 - Developing, coordinating, and advocating for 50% Law (AB806)
 - Modifying expanded access via enhanced fees (SB955)
 - Processing calculations and forecasting enrollment
 - Expanding access to physical education courses for students in Early and Middle College High Schools
- No venue for the arts
 - Opened the Performing Arts Center in Fall 2004
 - Expanded COC Presents Professional Artist Series
 - COC Students participated in Master Classes
 - Added Art Gallery with 5-8 exhibits of professional artists
 - Established and grew the Student Art Collection
 - Implemented the K-12 Arts Education Outreach Program Agreement with local school districts, which has brought more than 20,000 local school children to see shows in the PAC
 - Began a partnership with the Kennedy Center Arts
 - Increased enrollments, performances, achievement and transfer in the Performing Arts
 - Students performed in multiple venues in CA and Nevada
 - Approved multiple Digital Media Degrees and Certificates
 - Approved multiple Transfer Degrees for Performing Arts

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Hosted multiple Arts Festivals in connection with our High School Performing Arts students
 - Displayed GMD Student Exhibits at City Hall
 - Developed, designed and published the first 100 percent online news media publication for the college, Cougar News Online (www.cougarnews.com) , which is an industry-sponsored, project-based learning initiative tied to advanced MEA curriculum in New Media Journalism
- No football team
 - Won the 2004 National Championship and was ranked #1 in the nation at the beginning of the 2008 season
 - Won the 2013 State Conference Championship
 - In 2014, The Southern California Football Association (SCFA) announced their All-League Team included nine COC players from the National Divisions, Northern League
 - Won back-to-back Western State Conference Supremacy Awards, becoming just the fourth college to earn honors in consecutive years in the history of the award
- Few student support programs
 - Added Service Learning Program, College Ambassador Program, Study Abroad, New Horizons, and MESA Programs
- Very few partnerships with community agencies
 - Over 4 dozen partnerships in place or in process which include major efforts:
 - Co-sponsored Small Business Innovation Research grant proposal
 - City contributed to building Performing Arts Center
 - Developed use tax initiative to support University Center
 - Co-sponsored a Community Leadership Program
 - Co-sponsored a Workforce Alliance Stakeholder meeting

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Worked together on an Economic Development Plan
- Developed internship opportunities for students at City Hall
- Co-sponsored with Newhall land and Farming Co. a Small Business Development Center for three years at COC
- Cooperated on earthquake recovery and secured as an Earthquake Operations Center for the SCV
- Cooperated on the establishment of an Advanced Technology Business Incubator
- Supported the Digital Manufacturing Grant through the California Community Colleges Chancellor's Office
- Co-sponsored the Expanding Business with China Conferences
- Jointly funded a grant writer with the City of Santa Clarita
- Joined with local school districts to create educational opportunities in the Performing Arts Center
- Launched nonprofit network
- Initiated joint community garden effort
- Developed proposal to open a business incubator in the old Newhall Library
- Launched the Center for International Trade and Development which has now achieved national recognition (as a part of 8 in our State)
- Planned changes for regulations in Asynchronous Online training for law enforcement personnel
- Created a Re-Entry Program and Veterans Services in conjunction with City Business Offices
- Developed the Civil Rights Institute on campus
- Developed the Chancellor's Business Council

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Added Silver Spur Awards and dinner, Chancellor's Circle, Alumni Association and Mini Grant Program
- Developed the International Global Collaboration
- Awarded City contract to operate WorkSource Job Development Office
- Jointly operate a Business Incubator with the City of Santa Clarita
- Developed a Center for Civic Engagement, which launched in 2015
- Joined with local school districts to form the Education Alliance Committee
- Joined with local businesses to form the Business Alliance Committee

The Bottom Line

So what is the significance of these comparisons illustrating the changes that have occurred at the District in the last 27 years? They clearly illustrate our college's commitment to dreaming, thinking, and doing. By setting our sights high, strategically planning to obtain the necessary resources, and executing our plans, we achieve exponential growth and expansion in the breadth and depth of resources available to our students and the community. In short, accomplishments exemplify the commitment the District has to meeting the needs of our students and the community by providing excellent programs, services, and facilities.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

SUMMARY

This Annual Financial Report for the Period Ending June 30, 2015, affirms the District's commitment to fiscal responsibility. The Financial Statements were found to be materially correct, with no audit findings or adjustments. There was a significant deficiency identified for Federal Financial Aid but this did not affect the overall opinion for the District. For the fiscal year 2014-2015, the District again received unmodified opinions on the Financial Statements, Federal Awards and State Awards, which is the best opinion an auditor can issue. The audits for the G O Bonds and Foundation, for which the District also has oversight, were clean as well. These opinions will place the District in good standing with the Accrediting Commission and Bond Rating Agencies.

In the past 14 years, the District has only had 10 audit findings in 64 audits (District, G O Bond and Foundation). These exceptional audits reflect the dedication of the District to the integrity of daily operations and compliance with District policies and procedures as well as the State regulations that govern community colleges. With the focus of audits moving from fiscal to compliance, it is commendable that hundreds of departments, programs and grant funded activities are managed so meticulously and it is a testimony to the tone set at the top by the District Chancellor and Administrators who have ultimate responsibility for positive outcomes.

In 2014-2015, the District provided oversight for the expenditure of \$155.5 million, including \$84.5 million in Operating Funds, \$17.2 million in Capital Outlay Funds and \$35.2 million in highly regulated Federal and State Financial Aid, State Competitive Grants and State Categorical Program funds. These are large increases over the prior year and the positive audit results for these funds are the result of strategic planning and strong fiscal management.

During a 5 year recession, most colleges were forced to reassess their operational and fiscal structures, resulting in severely reduced class sections, programs and staffing. Unlike its community college counterparts, College of the Canyons has rebounded by immediately serving the pent up demand from students providing the much needed growth funding to restore faculty and programs that allow continued growth, long-term. Simultaneously, the college actively implemented plans in support of the many new funding sources, including SSSP, Student Equity, AB86 Adult Education, DSN regional economic workforce training and K-12 Career Pathway funding. Comprehensive plans were proactively established through collaborative processes which allowed the college 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.

As the State moves forward in its recovery, Economic Workforce development has become a priority. The District has become a major player at the State level with the District Chancellor serving on the Community College "Doing What Matters" task force. Significant 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. The District is 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 has worked collaboratively with the Academic Senate and District 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 to provide funding for new initiatives. After the first year, College of the Canyons was recognized for moving the initiative quickly and successfully, executing its first year goals with ease.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

As part of the six year Accreditation cycle, College of the Canyons received the highest possible rating from the Accrediting Commission of Community and Junior Colleges (ACCJC). In February 2015, the commission approved College of the Canyon's accreditation for another six-year term, which is the highest level of approval awarded only when an institution "substantially meets or exceeds the Eligibility Requirements, Accreditation Standards and Commission Policies." This clear accreditation confirmed that College of the Canyons is a strategic, forward-thinking college committed to continuous improvement and the success of our students. The results of the accreditation are a testament to administrators, faculty, and staff whose team effort, dedication and enthusiasm were apparent to the accrediting team. The team commended the college for successful fiscal management; developing a welcoming, student-centered learning environment; promoting effective student leadership; highlighting the talents of students by displaying student artwork throughout both campuses; and cultivating robust community partnerships.

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 27 years. She is the longest seated Chancellor in 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 collaboratives 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. She has a clear vision, unparalleled leadership skills, strong technical knowledge, an astute ability to assess risk, and has established lasting 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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 618,119
Cash and cash equivalents - restricted	10,201
Investments - unrestricted	18,879,281
Investments - restricted	41,250,264
Accounts receivable	6,463,151
Student loans receivable	89,750
Due from fiduciary funds	141,432
Prepaid expenses	179,272
Total Current Assets	67,631,470

NONCURRENT ASSETS

Nondepreciable capital assets	15,505,039
Depreciable capital assets, net of accumulated depreciation	252,972,976
Total Noncurrent Assets	268,478,015
TOTAL ASSETS	336,109,485

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	264,324
Current year pension contribution	4,823,518
Total Deferred Outflows of Resources	5,087,842

LIABILITIES

CURRENT LIABILITIES

Accounts payable	14,212,609
Accrued interest payable	3,272,933
Unearned revenue	3,779,069
Current portion of long-term obligations other than pensions	7,190,274
Total Current Liabilities	28,454,885

NONCURRENT LIABILITIES

Noncurrent portion of long-term obligations other than pensions	241,214,879
Aggregate net pension obligation	59,914,980
Total Noncurrent Liabilities	301,129,859
TOTAL LIABILITIES	329,584,744

DEFERRED INFLOWS OF RESOURCES

Net change in proportionate share of net pension liability	423,338
Difference between projected and actual earnings on pension plan investments	17,028,882
Total Deferred Inflows of Resources	17,452,220

NET POSITION

Net investment in capital assets	73,470,664
Restricted for:	
Debt service	6,912,998
Capital projects	1,112,556
Educational programs	1,372,464
Other activities	561,817
Unrestricted	(89,270,136)
TOTAL NET POSITION	\$ (5,839,637)

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, 2015

OPERATING REVENUES

Student Tuition and Fees	\$ 20,650,016
Less: Scholarship discounts and allowances	(8,906,833)
Net tuition and fees	<u>11,743,183</u>
TOTAL OPERATING REVENUES	<u>11,743,183</u>

OPERATING EXPENSES

Salaries	64,157,596
Employee benefits	19,047,447
Supplies, materials, and other operating expenses and services	16,911,304
Student financial aid	21,723,638
Equipment, maintenance, and repairs	5,167,736
Depreciation	<u>7,987,235</u>
TOTAL OPERATING EXPENSES	<u>134,994,956</u>

OPERATING LOSS	<u>(123,251,773)</u>
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NONOPERATING REVENUES (EXPENSES)

State apportionments, noncapital	53,794,122
Local property taxes, levied for general purposes	14,241,347
Taxes levied for other specific purposes	895,241
Federal grants and contracts, noncapital	23,144,245
State grants and contracts, noncapital	14,577,168
State taxes and other revenues	4,068,222
Investment income	278,800
Interest expense on capital related debt	(11,451,323)
Interest income on capital asset-related debt	67,381
Transfer in from fiduciary fund	1,800
Transfer out to fiduciary fund	(736,660)
Other nonoperating revenues	<u>16,384,257</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>115,264,600</u>

LOSS BEFORE OTHER REVENUES AND LOSSES	<u>(7,987,173)</u>
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OTHER REVENUES AND LOSSES

State revenues, capital	1,596,452
Local revenues, capital	403,851
Loss on disposal of capital assets	(680,474)
TOTAL OTHER REVENUES AND LOSSES	<u>1,319,829</u>

CHANGE IN NET POSITION	(6,667,344)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>827,707</u>
NET POSITION, END OF YEAR	<u><u>\$ (5,839,637)</u></u>

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 11,713,193
Payments to or on behalf of employees	(82,183,988)
Payments to vendors for supplies and services	(23,699,067)
Payments to students for scholarships and grants	(21,723,638)
Net Cash Flows From Operating Activities	<u>(115,893,500)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	62,981,615
Property taxes - nondebt related	14,241,347
Grants and contracts	38,161,939
State taxes and other revenue	4,068,222
Other nonoperating	15,113,808
Net Cash Flows From Noncapital Financing Activities	<u>134,566,931</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State apportionments, capital projects	1,596,452
Local revenue, capital projects	403,851
Proceeds from capital debt	29,207,144
Acquisition and construction of capital assets	(14,400,965)
Property taxes - related to capital debt	895,241
Principal paid on capital debt and leases	(5,615,044)
Interest received on capital debt	67,381
Interest paid on capital debt and leases	(9,493,480)
Net Cash Flows From Capital and Related Financing Activities	<u>2,660,580</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	<u>278,800</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS	21,612,811
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>39,145,054</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 60,757,865</u>

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, 2015

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating Loss	<u>\$ (123,251,773)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation	7,987,235
Changes in Operating Assets, Liabilities, Deferred Outflows, and Deferred Inflows:	
Receivables	(4,085)
Prepaid expenses	365,520
Accounts payable	(1,310,573)
Unearned revenue	(25,905)
Deferred outflows	(53,109)
Deferred inflows	17,452,220
Aggregate net pension obligation	(17,168,087)
OPEB obligation	397,823
Compensated absences and Early Retirement	(282,766)
Total Adjustments	<u>7,358,273</u>
Net Cash Flows From Operating Activities	<u><u>\$ (115,893,500)</u></u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 628,320
Cash with county treasury	59,321,016
First American Government General Obligation Fund	808,529
Total Cash and Cash Equivalents	<u><u>\$ 60,757,865</u></u>

NONCASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 1,397,920</u></u>
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The accompanying notes are an integral part of these financial statements.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2015

	<u>Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,197,293
Investments	4,646,105
Accounts receivable	26,746
Prepaid expenses	20,400
Total Assets	<u>5,890,544</u>
 LIABILITIES	
Accounts payable	23,134
Due to primary government	141,432
Unearned revenue	95,935
Due to student groups	512,380
Total Liabilities	<u>772,881</u>
 NET POSITION	
Unreserved	5,117,663
Total Net Position	<u><u>\$ 5,117,663</u></u>

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, 2015

	<u>Trust Funds</u>
ADDITIONS	
Local revenues	<u>\$ 726,043</u>
DEDUCTIONS	
Employee benefits	272,338
Books and supplies	870
Services and operating expenditures	<u>597,464</u>
Total Deductions	<u>870,672</u>
OTHER FINANCING SOURCES (USES)	
Transfers in from primary government	736,660
Transfers out to primary government	<u>(1,800)</u>
Total Other Financing Sources (Uses)	<u>734,860</u>
Change in Net Position	590,231
Net Position - Beginning	<u>4,527,432</u>
Net Position - Ending	<u><u>\$ 5,117,663</u></u>

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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.

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, 2015, is as follows:

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Condensed Statement of Net Position

ASSETS

Investments	\$ 1,153,286
Accounts receivable	586
Total Assets	<u>\$ 1,153,872</u>

NET POSITION

Restricted for:	
Debt service	<u>\$ 1,153,872</u>

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

NONOPERATING REVENUES (EXPENSES)

Principal expense on capital related debt	\$ (1,202,268)
Interest expense on capital related debt	(830,158)
Investment income	1,729
TOTAL NONOPERATING EXPENSES	<u>(2,030,697)</u>

LOSS BEFORE TRANSFERS

Transfers in	<u>1,566,208</u>
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CHANGE IN NET POSITION

(464,489)

NET POSITION, BEGINNING OF YEAR

1,618,361

NET POSITION, END OF YEAR

\$ 1,153,872

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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, 2015, 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.

Debt Issuance Costs, Premiums, and Discounts

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

Deferred 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 current year pension contributions.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Pensions

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

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded 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 entity-wide financial statements.

Compensated Absences

Accumulated unpaid 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. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated 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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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 bonds and notes payable, compensated absences, early retirement programs, capital lease obligations, OPEB obligations, and net pension obligations with maturities greater than one year.

Net Position

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

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$9,959,835 of restricted net position.

State Apportionments

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. 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 and November 2006 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Board of Governors Grants (BOGG) and Fee Waivers

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

Federal Financial Assistance Programs

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

Estimates

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Interfund Activity

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

Change in Accounting Principles

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

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

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

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$72,312,658. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

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

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

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

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

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

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

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

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

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

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Summary of Deposits and Investments

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

Primary government	\$ 60,757,865
Fiduciary funds	5,843,398
Total Deposits and Investments	<u>\$ 66,601,263</u>
Cash on hand and in banks	\$ 1,197,293
Cash in revolving	105,000
Cash collections awaiting deposit	523,320
Investments	64,775,650
Total Deposits and Investments	<u>\$ 66,601,263</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the 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	Fair Value	Weighted Average Days/Date to Maturity
Los Angeles County Investment Pool	\$ 63,663,657	595
First American Government General Obligation Fund	808,529	35
Certificate of Deposit - Bank of America	237,008	12/3/2015
Total	<u>\$ 64,709,194</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Pool and the Certificate of Deposit are not required to be rated, nor have they been rated as of June 30, 2015. The First American Government General Obligation Fund was rated AAAM by Standard & Poor's.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District's bank balance 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 - ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 1,924,187
State Government	
Categorical aid	1,397,889
Lottery	1,355,023
Apportionment	891,597
Other State	335,388
Local Sources	
Interest	146,899
Foundation	34,450
Other local	377,718
Total	<u>\$ 6,463,151</u>
Student receivables	<u>\$ 89,750</u>
	<u>Fiduciary Funds</u>
Other local	<u>\$ 26,746</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2015, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 14,309,904	\$ -	\$ -	\$ 14,309,904
Construction in progress	16,314,132	11,962,950	27,081,947	1,195,135
Total Capital Assets Not Being Depreciated	30,624,036	11,962,950	27,081,947	15,505,039
Capital Assets Being Depreciated				
Site improvements	17,438,840	-	-	17,438,840
Buildings and improvements	258,218,081	27,445,981	1,579,259	284,084,803
Equipment	15,627,023	1,684,883	522,552	16,789,354
Total Capital Assets Being Depreciated	291,283,944	29,130,864	2,101,811	318,312,997
Total Capital Assets	321,907,980	41,093,814	29,183,758	333,818,036
Less Accumulated Depreciation				
Site improvements	8,939,266	794,344	-	9,733,610
Buildings and improvements	40,093,291	5,968,943	993,036	45,069,198
Equipment	9,741,566	1,223,948	428,301	10,537,213
Total Accumulated Depreciation	58,774,123	7,987,235	1,421,337	65,340,021
Net Capital Assets	\$ 263,133,857	\$ 33,106,579	\$ 27,762,421	\$ 268,478,015

Depreciation expense for the year was \$7,987,235.

Interest expense on capital related debt for the year ended June 30, 2015, was \$11,537,668. Of this amount, \$86,345 was capitalized.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Accrued payroll and benefits	\$ 8,076,620
Apportionment	167,288
Instructional service agreements	1,885,213
Construction	2,099,431
Student financial aid liabilities	1,098,867
Other liabilities	885,190
Total	<u>\$ 14,212,609</u>
	Fiduciary Funds
Other liabilities	<u>\$ 23,134</u>

NOTE 7 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

	Primary Government
Federal categorical	\$ 63,147
State categorical	1,074,095
Apportionment	861,545
Local	558,785
Student tuition and fees	1,221,497
Total	<u>\$ 3,779,069</u>
	Fiduciary Funds
Student tuition and fees	<u>\$ 95,935</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2015, the amounts owed between the primary government and fiduciary funds were \$141,432 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 2015 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 \$736,660.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Restated Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, Series 2003	\$ 17,094,713	\$ 890,398	\$ 1,170,000	\$ 16,815,111	\$ 1,230,000
General obligation bonds, Series 2005	7,555,662	363,109	770,000	7,148,771	830,000
General obligation bonds, Refunding Bonds 2005	11,973,421	203,837	1,245,000	10,932,258	1,285,000
Unamortized premium	1,504,986	-	188,123	1,316,863	-
General obligation bonds, Series 2007	85,783,772	1,561,914	475,000	86,870,686	620,000
Unamortized premium	2,135,562	-	66,737	2,068,825	-
General obligation bonds, Series 2012	33,065,000	-	-	33,065,000	-
Unamortized premium	2,405,317	-	85,904	2,319,413	-
General Obligation bonds, Refunding Bonds 2013	33,420,000	-	-	33,420,000	-
Unamortized premium	4,837,208	-	341,450	4,495,758	-
General obligation bonds, Series 2014	-	25,000,000	-	25,000,000	1,000,000
Unamortized premium	-	1,187,886	23,758	1,164,128	-
Certificates of participation - 2006	12,145,000	-	620,000	11,525,000	640,000
Certificate of participation - 2009	6,605,000	-	430,000	6,175,000	445,000
Unamortized premium	65,857	-	5,987	59,870	-
Notes payable	152,268	-	152,268	-	-
Total Bonds and Notes Payable	218,743,766	29,207,144	5,574,227	242,376,683	6,050,000
Other Liabilities					
Capital leases	120,174	-	40,817	79,357	42,539
Early retirement plan	1,072,471	-	483,705	588,766	360,966
Net OPEB obligations	1,998,292	665,948	268,125	2,396,115	-
Aggregate net pension obligation	77,083,067	-	17,168,087	59,914,980	-
Compensated absences (net)	2,763,293	200,939	-	2,964,232	736,769
Total Other Liabilities	83,037,297	866,887	17,960,734	65,943,450	1,140,274
Total Long-Term Obligations	\$ 301,781,063	\$ 30,074,031	\$ 23,534,961	\$ 308,320,133	\$ 7,190,274

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Description of Debt

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) and the notes payable are 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 13 for further details of the aggregate net pension obligation. Capital lease payments are made out of the General Unrestricted and Restricted Fund. Payments for other postemployment obligations will be made by the Unrestricted General Fund.

General obligation bonds were approved by a local election in November 2001. The total amount approved by the voters was \$82,110,000. At June 30, 2015, \$23,963,882 was outstanding. Interest rates on the bonds range from 1.05 percent to 5.6 percent.

General obligation bonds were approved by a local election in November 2006. The total amount approved by the voters was \$160,000,000. At June 30, 2015, \$139,997,270 had been issued and \$144,935,686 was outstanding. Interest rates on the bonds range from 2.0 percent to 5.0 percent.

In June 2006, certificates of participation were issued in the amount of \$28,675,000 to finance the construction and renovation of college facilities and the acquisition and installation of equipment, advance refund the District's lease revenue bonds, and advance refund the District's 2001 certificates of participation. A portion of the proceeds of the 2006 certificates of participation were deposited in an escrow fund to defease all of the outstanding 2001 certificates of participation and lease revenue bonds and to provide for their prepayment.

In May 2012, the District issued General Obligation Bonds, Election 2006, Series 2012 in the amount of \$35,000,000 to finance the acquisition of construction, modernization, and renovation of District sites and facilities, and to refinance the 2006 COP Partial Refunding. A portion of the proceeds of the Series 2012 were deposited in an escrow fund for the 2006 COP Partial Refunding in the amount of \$12,838,050. At June 30, 2015, the balance outstanding was \$11,525,000. Interest rates on the certificates range from 3.875 percent to 4.875 percent.

In February 2013, the District issued the \$35,765,000 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, 2015, the principal balance outstanding was \$33,420,000. Unamortized premium received on issuance of the bonds amounted to \$4,495,758 as of June 30, 2015.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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In April 2009, certificates of participation were issued in the amount of \$8,085,000 to finance the construction of fire training facilities and the acquisition and installation of equipment and various site improvements. At June 30, 2015, the balance outstanding was \$6,175,000. Interest rates on the certificates range from 3.0 percent to 4.875 percent.

The notes payable were issued in 2002 in the amount of \$1,316,849 to fund energy-retrofitting projects throughout the District. The note was paid off during the current fiscal year.

The District has utilized capital lease agreements to purchase equipment. The current lease purchase agreements will be paid through 2017.

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	\$ 17,094,713	\$ -	\$ 890,398	\$ 1,170,000	\$ 16,815,111
2005	08/01/21	3.00%-5.00%	16,730,909	11,973,421	-	203,837	1,245,000	10,932,258
2006	08/01/30	3.00%-5.00%	42,981,087	7,555,662	-	363,109	770,000	7,148,771
2007	08/01/46	4.00%-5.00%	79,997,270	85,783,772	-	1,561,914	475,000	86,870,686
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	33,420,000	-	-	-	33,420,000
2014	08/01/39	2.00%-5.00%	25,000,000	-	25,000,000	-	-	25,000,000
				<u>\$ 188,892,568</u>	<u>\$ 25,000,000</u>	<u>\$ 3,019,258</u>	<u>\$ 3,660,000</u>	<u>\$ 213,251,826</u>

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

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2016	\$ 1,201,168	\$ 28,832	\$ 1,230,000
2017	1,199,287	90,713	1,290,000
2018	1,192,616	157,384	1,350,000
2019	1,185,515	229,485	1,415,000
2020	1,181,612	308,388	1,490,000
2021-2025	5,731,207	2,883,793	8,615,000
2026-2029	5,123,706	4,905,994	10,029,700
Total	<u>\$ 16,815,111</u>	<u>\$ 8,604,589</u>	<u>\$ 25,419,700</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

<u>Fiscal Year</u>	<u>Principal (Including Accreted Interest to Date)</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2016	\$ 830,000	\$ -	\$ 18,675	\$ 848,675
2026-2030	3,739,659	4,000,341	-	7,740,000
2031	2,579,112	5,345,888	-	7,925,000
Total	<u>\$ 7,148,771</u>	<u>\$ 9,346,229</u>	<u>\$ 18,675</u>	<u>\$ 16,513,675</u>

The 2005 General Obligation Refunding Bonds mature through 2022 as follows:

<u>Fiscal Year</u>	<u>Principal (Including Accreted Interest to Date)</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2016	\$ 1,212,258	\$ 72,742	\$ 486,000	\$ 1,771,000
2017	1,325,000	-	452,875	1,777,875
2018	1,435,000	-	383,875	1,818,875
2019	1,555,000	-	309,125	1,864,125
2020	1,670,000	-	228,500	1,898,500
2021-2022	3,735,000	-	190,125	3,925,125
Total	<u>\$ 10,932,258</u>	<u>\$ 72,742</u>	<u>\$ 2,050,500</u>	<u>\$ 13,055,500</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The General Obligation Bonds, Series 2007, mature through 2047 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Current Interest to Maturity	Total
2016	\$ 620,000	\$ -	\$ 2,603,681	\$ 3,223,681
2017	780,000	-	2,568,681	3,348,681
2018	955,000	-	2,530,081	3,485,081
2019	1,130,000	-	2,482,731	3,612,731
2020	1,335,000	-	2,421,106	3,756,106
2021-2025	10,230,000	-	10,875,258	21,105,258
2026-2030	13,848,400	4,001,600	7,873,815	25,723,815
2031-2035	20,033,453	5,656,547	5,518,927	31,208,927
2036-2040	21,271,746	15,818,254	1,023,506	38,113,506
2041-2045	12,046,019	34,718,981	-	46,765,000
2046-2047	4,621,068	16,808,932	-	21,430,000
Total	<u>\$ 86,870,686</u>	<u>\$ 77,004,314</u>	<u>\$ 37,897,786</u>	<u>\$ 201,772,786</u>

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2016	\$ -	\$ 1,518,050	\$ 1,518,050
2017	-	1,518,050	1,518,050
2018	-	1,518,050	1,518,050
2019	-	1,518,050	1,518,050
2020	-	1,518,050	1,518,050
2021-2025	1,445,000	7,451,125	8,896,125
2026-2030	3,680,000	6,947,400	10,627,400
2031-2035	6,900,000	5,709,500	12,609,500
2036-2040	11,445,000	3,476,100	14,921,100
2041-2043	9,595,000	642,000	10,237,000
Total	<u>\$ 33,065,000</u>	<u>\$ 31,816,375</u>	<u>\$ 64,881,375</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

Fiscal Year	Principal	Current Interest	Total
		to Maturity	
2016	\$ -	\$ 1,405,150	\$ 1,405,150
2017	870,000	1,387,750	2,257,750
2018	935,000	1,351,650	2,286,650
2019	1,005,000	1,317,875	2,322,875
2020	1,065,000	1,281,500	2,346,500
2021-2025	13,110,000	5,226,525	18,336,525
2026-2029	16,435,000	1,150,725	17,585,725
Total	<u>\$ 33,420,000</u>	<u>\$ 13,121,175</u>	<u>\$ 46,541,175</u>

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

Fiscal Year	Principal	Current Interest	Total
		to Maturity	
2016	\$ 1,000,000	\$ 975,125	\$ 1,975,125
2017	-	965,125	965,125
2018	55,000	964,575	1,019,575
2019	135,000	962,000	1,097,000
2020	240,000	955,175	1,195,175
2021-2025	1,750,000	4,587,150	6,337,150
2026-2030	3,925,000	3,901,000	7,826,000
2031-2035	6,930,000	2,828,019	9,758,019
2036-2040	10,965,000	1,174,300	12,139,300
Total	<u>\$ 25,000,000</u>	<u>\$ 17,312,469</u>	<u>\$ 42,312,469</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Certificates of Participation

The certificates mature through 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 640,000	\$ 518,536	\$ 1,158,536
2017	660,000	491,071	1,151,071
2018	680,000	462,171	1,142,171
2019	710,000	431,676	1,141,676
2020	725,000	399,744	1,124,744
2021-2025	4,045,000	1,460,710	5,505,710
2026-2030	3,585,000	560,140	4,145,140
2031-2032	480,000	23,644	503,644
Total	<u>\$ 11,525,000</u>	<u>\$ 4,347,692</u>	<u>\$ 15,872,692</u>

The certificates mature through 2025 as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 445,000	\$ 263,306	\$ 708,306
2017	465,000	245,106	710,106
2018	480,000	226,206	706,206
2019	500,000	206,606	706,606
2020	520,000	186,206	706,206
2021-2025	3,765,000	539,267	4,304,267
Total	<u>\$ 6,175,000</u>	<u>\$ 1,666,697</u>	<u>\$ 7,841,697</u>

Capital Leases

The District's liability on lease agreements with options to purchase is summarized below:

	Equipment
Balance, Beginning of Year	\$ 127,569
Payments	45,024
Balance, End of Year	<u>\$ 82,545</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2016	\$ 45,024
2017	37,521
Total	82,545
Less: Amount Representing Interest	3,188
Present Value of Minimum Lease Payments	<u>\$ 79,357</u>

The equipment purchased through capital lease arrangements has been capitalized and is being depreciated over the estimated useful lives.

Equipment	\$ 203,031
Less: Accumulated depreciation	(128,586)
Total	<u>\$ 74,445</u>

Amortization of the leased equipment under capital lease is included with depreciation expense.

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 \$588,766 on behalf of the retirees over the next three years in accordance with the following schedule:

Year Ending June 30,	
2016	\$ 360,966
2017	227,800
Total	<u>\$ 588,766</u>

Compensated Absences

The total unpaid compensated absences for the District at June 30, 2015, amounted to \$2,964,232.

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2015, was \$723,960, and contributions made by the District during the year were \$268,125. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$89,923 and \$(147,935), respectively, which resulted in an increase to the net OPEB obligation of \$397,823. As of June 30, 2015, the net OPEB obligation was \$2,396,115. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Aggregate Net Pension Obligation

As of June 30, 2015, the aggregate net pension obligation was \$59,914,980. See Note 13 for additional information.

NOTE 10 - LEASE REVENUES

The District has property held for lease with an estimated cost of \$3,128,347 and accumulated depreciation of \$1,218,976. 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,	
2016	\$ 939,381
2017	965,619
2018	969,658
2019	973,749
2020	977,892
Total	<u>\$ 4,826,299</u>

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

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

Plan Description

The Santa Clarita Community College District Health Plan (the Plan) is a single-employer defined benefit health care plan administered by Santa Clarita Community College District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 123 retirees and beneficiaries currently receiving benefits and 488 active Plan members.

Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014-2015, the District contributed \$268,125 to the Plan, all of which was used for current premiums.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 723,960
Interest on net OPEB obligation	89,923
Adjustment to annual required contribution	(147,935)
Annual OPEB cost (expense)	665,948
Contributions made	(268,125)
Increase in net OPEB obligation	397,823
Net OPEB obligation, beginning of year	1,998,292
Net OPEB obligation, end of year	<u>\$ 2,396,115</u>

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2013	\$ 599,871	\$ 244,983	41%	\$ 1,661,575
2014	595,000	258,283	43%	1,998,292
2015	665,948	268,125	40%	2,396,115

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	\$ 8,607,997
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 8,607,997</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	N/A
UAAL as Percentage of Covered Payroll	<u>N/A</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The above noted actuarial accrued liability was based on the January 1, 2015, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the January 1, 2015, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return based on the assumed long-term return on Plan assets or employer assets. The cost trend rate used for the Medical, Dental, and Vision Programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period is 23 years. The actuarial value of assets was not determined in this actuarial study as there were none.

NOTE 12 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property 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. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2015, the District contracted with the 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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Workers' Compensation

For fiscal year 2015, 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 13 - EMPLOYEE RETIREMENT SYSTEMS

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

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

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Proportionate Share of Deferred Inflow of Resources</u>	<u>Proportionate Share of Pension Expense</u>
CalSTRS	\$ 36,549,539	\$ 2,259,336	\$ 9,000,254	\$ 3,155,405
CalPERS	23,365,441	2,564,182	8,451,966	2,076,710
Total	<u>\$ 59,914,980</u>	<u>\$ 4,823,518</u>	<u>\$ 17,452,220</u>	<u>\$ 5,232,115</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were \$2,259,336.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 36,549,539
State's proportionate share of net pension liability associated with the District	22,070,189
Total	<u>\$ 58,619,728</u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0625 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$3,155,405. In addition, the District recognized revenue and pension expense of \$1,905,370 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,259,336	\$ -
Difference between projected and actual earnings on pension plan investments	-	9,000,254
Total	<u>\$ 2,259,336</u>	<u>\$ 9,000,254</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 2,250,064
2017	2,250,064
2018	2,250,064
2019	2,250,062
Total	<u>\$ 9,000,254</u>

Actuarial Methods and Assumptions

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

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 56,971,172
Current discount rate (7.60%)	36,549,539
1% increase (8.60%)	19,521,608

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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the total District contributions were \$2,564,182.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$23,365,441. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2014 and June 30, 2013, respectively, was 0.2058 percent and 0.2098 percent, resulting in a net decrease in the proportionate share of 0.0039 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$2,076,710. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,564,182	\$ -
Net change in proportionate share of net pension liability	-	423,338
Difference between projected and actual earnings on pension plan investments	-	8,028,628
Total	<u>\$ 2,564,182</u>	<u>\$ 8,451,966</u>

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

The deferred inflows of resources related to the net change in proportionate share of net pension liability will be amortized over the Expected Average Remaining Service Lives (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2013-2014 measurement period is 3.9 years, and the pension expense will be recognized as follows:

Year Ended	Amortization
<u>June 30,</u>	
2016	\$ 141,113
2017	141,113
2018	141,112
Total	<u>\$ 423,338</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

Year Ended June 30,	Amortization
2016	\$ 2,007,157
2017	2,007,157
2018	2,007,157
2019	2,007,157
Total	<u>\$ 8,028,628</u>

Actuarial Methods and Assumptions

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.50%)	\$ 40,988,318
Current discount rate (7.50%)	23,365,441
1% increase (8.50%)	8,639,751

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2015, which amounted to \$1,397,920 (5.679 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2015. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees 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 14 - 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), 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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

During the year ended June 30, 2015, the District made payments of \$1,275,156, \$450,935, \$847,525, and \$173,078 to PIPS, SWACC/SAFER, ACSIG/Edge, and ACSIG JPAs, respectively.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

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, 2015, amounted to \$100,354.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Construction Commitments

As of June 30, 2015, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECTS</u>	<u>Remaining Construction Commitments</u>	<u>Expected Dates of Completion</u>
Canyons Hall - Tenant Improvements	\$ 360,385	October 2015
Canyons Hall - DSA Close Out	6,550	March 2016
Air Handler Replacement	14,700	October 2015
Bonelli Remodel Secondary Effects	87,875	April 2016
Boykin 207-208 Remodel	115,436	October 2016
Science Building	228,050	June 2017
Signage	150,050	November 2015
Chiller Rebuild	284,765	March 2016
Fire Alarm Upgrade	16,268	October 2015
Soccer Field Turf	93,500	March 2016
	<u>\$ 1,357,579</u>	

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 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

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

<u>Primary Government</u>	
Net Position - Beginning	\$ 73,140,365
Inclusion of net pension liability from the adoption of GASB Statement No. 68	(77,083,067)
Inclusion of deferred outflows of resources from the adoption of GASB Statement No. 68	4,770,409
Net Position - Beginning, as restated	<u>\$ 827,707</u>

REQUIRED SUPPLEMENTARY INFORMATION

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
January 1, 2011	\$ -	\$ 6,729,692	\$ 6,729,692	0%	N/A	N/A
January 1, 2013	-	7,659,738	7,659,738	0%	N/A	N/A
January 1, 2015	-	8,607,997	8,607,997	0%	N/A	N/A

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

CalSTRS

District's proportion of the net pension liability	<u>0.0625%</u>
District's proportionate share of the net pension liability	\$ 36,549,539
State's proportionate share of the net pension liability associated with the District	<u>22,070,189</u>
Total	<u>\$ 58,619,728</u>
District's covered - employee payroll	<u>\$ 27,811,867</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>131.42%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>

CalPERS

District's proportion of the net pension liability	<u>0.2058%</u>
District's proportionate share of the net pension liability	<u>\$ 23,365,441</u>
District's covered - employee payroll	<u>\$ 21,565,373</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>108.35%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

CalSTRS

Contractually required contribution	\$ 2,259,336
Contributions in relation to the contractually required contribution	<u>2,259,336</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 25,442,973</u>
Contributions as a percentage of covered - employee payroll	<u>8.88%</u>

CalPERS

Contractually required contribution	\$ 2,564,182
Contributions in relation to the contractually required contribution	<u>2,564,182</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 21,783,893</u>
Contributions as a percentage of covered - employee payroll	<u>11.77%</u>

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

SUPPLEMENTARY INFORMATION

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2015

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

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Michele R. Jenkins	President	2016
Bruce D. Fortine	Vice President	2016
Steve D. Zimmer	Clerk	2016
Michael D. Berger	Member	2018
Joan W. MacGregor	Member	2018

ADMINISTRATION

Dianne G. Van Hook, Ed.D.	Chancellor/Secretary/Parliamentarian to the Governing Board
Barry Gribbons, Ph.D.	Deputy Chancellor
Michael Wilding, Ph.D.	Assistant Superintendent/Vice President, Student Services
Jerry Buckley, Ed.D.	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
Cindy Grandgeorge	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, 2015

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass through from U.S. Department of Education			
Child and Adult Care Food Program	10.558	2346-4A	\$ 35,198
Pass through from United States Forest Reserve Funds			
Forest Reserve	10.665	[1]	11,802
Total U.S. Department of Agriculture			47,000
U.S. DEPARTMENT OF LABOR			
Veterans' Employment Program	17.802		4,783
Total U.S. Department of Labor			4,783
NATIONAL ENDOWMENT FOR THE ARTS			
Pass through the Western States Arts Federation (WESTAF)			
TourWest - Basetrack Performance	45.025	TW201400267	2,250
TourWest - Orquesta de Baja California Performance	45.025	TW201400297	2,250
Total National Endowment for the Arts			4,500
NATIONAL SCIENCE FOUNDATION			
California Regional Consortium for Engineering Advances in Technical Education (CREATE)			
CREATE Renewable Energy Regional Center, Year 03*	47.076		158,204
CREATE Renewable Energy Regional Center, Year 04*	47.076		295,181
CREATE Renewable Energy Regional Center, Supplement (Virgin Islands)*	47.076		20,339
CREATE Renewable Energy Regional Center, Supplement (Germany)*	47.076		13,709
Advanced, Automated Manufacturing and Processing Technicians Program*	47.076		216,189
Pass through from City College of San Francisco			
Mid-Pacific Information and Communications Technologies (MPICT)*	47.076	130822-1-B-T	41,879
Pass through from Lorain Community College			
National Center of Excellence in Welding Education and Training Modular*	47.076	1104-107	1,550
Pass through from Villanova University			
Training a New Generation of Statistics Educators (TANGO Stat Ed)*	47.076	[1]	29,342
Total National Science Foundation			776,393
U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION			
Pass through from Long Beach City Community College District			
Small Business Development Center (2014)	59.037	CN99709.2	140,174
Small Business Development Center (2015)	59.037	CN99709.4	166,117
Total U.S. Department of Small Business Administration			306,291

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

* Research and Development

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 16,001,751
Federal Pell Administration Allowance	84.063		25,505
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		323,671
Federal FSEOG Administration Allowance	84.007		34,980
Federal Work-Study Program	84.033		201,025
Federal Direct Student Loans	84.268		4,151,266
Total Student Financial Assistance Cluster			<u>20,738,198</u>
TRIO Cluster			
Upward Bound Program, Year 2 of 5	84.047A		72,992
Upward Bound Program, Year 3 of 5	84.047A		202,367
Total TRIO Cluster			<u>275,359</u>
CAREER AND TECHNICAL EDUCATION ACT			
Pass through from California Community Colleges Chancellor's Office			
Perkins, Title I, Part C	84.048	14-C01-054	348,002
CTE Transitions	84.048A	14-112-660	43,269
Total Career and Technical Education Act			<u>391,271</u>
HIGHER EDUCATION ACT			
Title V - Hispanic-Servicing Institutions	84.031S		194,691
Pass through from University Corporation (CSUN)			
Hispanic-Servicing Institutions - Science, Technology, Engineering, and Mathematics Initiative (HSI-STEM)	84.031C	F-11-2910COC	103,595
Total U.S. Department of Education			<u>21,703,114</u>

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

* Research and Development

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Substance Abuse and Mental Health Services Administration			
Campus Suicide Prevention Grant	93.243		\$ 43,138
Pass through from Los Angeles County Office of Education			
Medical Administrative Activities (MAA)	93.778	[1]	23,618
Pass through from Yosemite Community College District			
Child Development - Training Consortium	93.575	14-15-3155	7,500
Pass through from Chabot-Las Positas Community College District			
Child Development - Mentor Teacher	93.575	CN140097	2,430
Pass through from California Department of Education			
Child Development - Preschool Program	93.596	13609/6497	18,144
Child Development - Preschool Program	93.575	15136/6497	9,982
Pass through from California Department of Education			
Child Development - General Child Care/Development Programs	93.596	13609/6497	40,025
Child Development - General Child Care/Development Programs	93.575	15136/6497	22,021
Pass through from California Department of Social Services			
Foster and Kinship Care Education (FKCE)	93.658	[1]	41,521
TANF Cluster			
Pass through from California Community Colleges Chancellor's Office			
Temporary Assistant to Needy Families (TANF)	93.558	[1]	62,785
Pass through from California Department of Social Services			
Department of Public Social Services (DPSS)/CalWorks Grant	93.558	CCCP12012	31,000
Total TANF Cluster			93,785
Total U.S. Department of Health and Human Services			302,164
Total Expenditures of Federal Awards			<u>\$ 23,144,245</u>

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

* Research and Development

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Program	Program Entitlements		
	Current Year	Prior Year Carryforward	Total Entitlement
A D N Enrollment Growth (7/1/12 - 6/30/14: Yr 2)	\$ 123,887	\$ -	\$ 123,887
Adult Education Planning Grant - AB86	-	197,182	197,182
Basic Skills Reappropriation 12-13 funds	-	198,235	198,235
Basic Skills Reappropriation 13-14 funds	-	148,530	148,530
Basic Skills Reappropriation 14-15 funds	138,754	-	138,754
Board Financial Assistance Program (BFAP)	444,126	-	444,126
California Arts Council - Arts Education	9,360	-	9,360
CA Work Opportunities and Responsibilities	289,622	-	289,622
Cal Grant	1,093,088	-	1,093,088
Career Tech Educ - Community Collaborative (FY12-13)	-	292,566	292,566
Career Tech Educ - Enhancement	328,500	-	328,500
Career Tech Educ - SB1070 Career Pathway	-	155,800	155,800
Career Tech Educ - SB1070 Career Pathway (1/1/15 - 6/30/15)	520,782	-	520,782
Career Tech Educ - Teacher Prep Pipeline (FY12-13)	-	30,072	30,072
Career Tech Educ - Teacher Prep Pipeline (FY13-14)	120,000	-	120,000
Child Development - Child Nutrition	1,880	-	1,880
Child Development - Foster Parent	52,856	-	52,856
Child Development - General Childcare and Dev Programs	73,516	-	73,516
Child Development - State Preschool Contract	200,446	-	200,446
Closed Caption Grant - Distance Ed - Prior Yr Award	-	119,853	119,853
Closed Caption Grant - Distance Ed (FY14-15)	1,000,000	-	1,000,000
Cooperative Agency Res for Education (CARE)	43,611	-	43,611
Deputy Sector Navigator - Advanced Manufacturing (SB1402)	-	16,224	16,224
Deputy Sector Navigator - Advanced Manufacturing (SB1070)	300,000	88,578	388,578
Deputy Sector Navigator - Health (SB1402)	-	21,239	21,239
Deputy Sector Navigator - Health (SB1070)	300,000	44,282	344,282
Deputy Sector Navigator - Info Comm Tech (SB1402)	200,000	31,729	231,729
Deputy Sector Navigator - Info Comm Tech (SB1070)	100,000	78,187	178,187
Deputy Sector Navigator - Water Project	1,000	-	1,000
Disabled Student Programs and Services	1,121,870	-	1,121,870
Economic Development - Econ Dev Center (FY14-15)	730,000	-	730,000
Economic Development - Econ Dev Center Coord Svcs	-	185,968	185,968
Extended Opportunity Program and Services	376,406	-	376,406

See accompanying note to supplementary information.

Program Revenues

Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 123,887	\$ -	\$ -	\$ 123,887	\$ 123,887
174,994	-	92,449	82,545	82,545
198,235	-	-	198,235	198,235
148,530	-	-	148,530	148,530
138,754	-	-	138,754	-
444,126	-	-	444,126	444,126
8,424	936	-	9,360	9,360
289,622	-	-	289,622	289,622
1,054,701	38,387	-	1,093,088	1,093,088
292,566	-	-	292,566	292,566
-	328,500	200,707	127,793	127,793
35,800	120,000	-	155,800	155,800
437,686	-	297,612	140,074	140,074
30,072	-	-	30,072	30,072
48,000	-	5,007	42,993	42,993
1,880	-	-	1,880	1,880
27,562	25,294	-	52,856	52,856
73,516	-	-	73,516	73,516
196,260	4,186	-	200,446	200,446
119,853	-	119,853	-	-
800,000	-	118,249	681,751	681,751
43,611	-	-	43,611	43,611
-	16,224	-	16,224	16,224
108,578	151,718	-	260,296	260,296
-	21,239	-	21,239	21,239
80,000	123,897	-	203,897	203,897
-	211,576	-	211,576	211,576
18,187	64,113	-	82,300	82,300
956	-	-	956	956
1,121,870	-	-	1,121,870	1,121,870
280,000	98,385	-	378,385	378,385
172,517	-	-	172,517	172,517
376,406	-	-	376,406	376,406

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015**

Program	Program Entitlements		
	Current Year	Prior Year Carryforward	Total Entitlement
Industry Driven Regional Collaborative - Health Information Coding	\$ 229,836	\$ -	\$ 229,836
Industry Driven Regional Collaborative - Plumbing Yr 2	-	10,804	10,804
Institutional Effectiveness and Technical Assistance	2,500,000	-	2,500,000
Institutional Equipment and Support Block Grant	1,147,108	-	1,147,108
Proposition 39 - Kern County	47,800	-	47,800
Small Business Development Center - GO Biz	70,000	-	70,000
Song Brown Grant (Capitation: 13-4050 Yr 1)	-	10,862	10,862
Song Brown Grant (Capitation: 13-4050 Yr 2)	80,000	-	80,000
Song Brown Grant (Capitation: 14-5346 Yr 1)	40,000	-	40,000
Song Brown Grant (Special Programs: 12-3053 Yr 3)	-	21,539	21,539
Song Brown Grant (Special Programs: 13-4051 Yr 2)	70,524	-	70,524
Song Brown Grant (Special Programs: 14-5347 Yr 1)	38,127	-	38,127
Staff Diversity	6,792	-	6,792
Staff Diversity Carry Forward	-	6,063	6,063
Student Equity	789,690	-	789,690
Student Success and Student Programs - Credit	2,248,769	-	2,248,769
Student Success and Student Programs - Credit Carryforward	-	207,020	207,020
Student Success and Student Programs - Non-Credit	74,138	-	74,138
Student Success - Mesa Grant	50,500	-	50,500
Student Success - Mesa Grant Carry Forward	-	22,391	22,391
Student Success - Middle College HS (AOC)	99,000	-	99,000
Total State Programs	<u>\$ 15,061,988</u>	<u>\$ 1,887,124</u>	<u>\$ 16,949,112</u>

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -
-	10,804	-	10,804	10,804
1,000,000	-	229,950	770,050	770,050
1,147,108	-	-	1,147,108	1,147,108
-	23,774	-	23,774	23,774
31,443	20,031	-	51,474	51,474
10,862	-	-	10,862	10,862
39,984	26,672	-	66,656	66,656
30,000	10,000	-	40,000	40,000
21,539	-	-	21,539	21,539
5,699	31,106	-	36,805	36,805
22,609	9,456	-	32,065	32,065
6,792	-	-	6,792	6,292
6,063	-	-	6,063	6,063
789,690	-	-	789,690	393,698
2,248,763	-	-	2,248,763	1,900,790
207,020	-	-	207,020	207,020
74,138	-	-	74,138	63,890
32,490	-	10,268	22,222	22,222
20,200	2,191	-	22,391	22,391
39,600	59,400	-	99,000	99,000
<u>\$ 12,580,593</u>	<u>\$ 1,397,889</u>	<u>\$ 1,074,095</u>	<u>\$ 12,904,387</u>	<u>\$ 12,010,920</u>

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

	**Revised Reported Data	Audit Adjustments	Audited Data
CATEGORIES			
A. Summer Intersession (Summer 2014 only)			
1. Noncredit*	11.27	-	11.27
2. Credit	389.73	-	389.73
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit*	4.54	-	4.54
2. Credit	968.00	-	968.00
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	9,312.46	-	9,312.46
(b) Daily Census Contact Hours	1,147.21	-	1,147.21
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	270.63	-	270.63
(b) Credit	1,447.70	-	1,447.70
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	903.03	-	903.03
(b) Daily Census Contact Hours	795.74	-	795.74
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	15,250.31	-	15,250.31
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	1,206.02	-	1,206.02
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	63.87	-	63.87
2. Credit	830.76	-	830.76
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	63.12	-	63.12
Centers FTES			
1. Noncredit*	28.18	-	28.18
2. Credit	2,098.84	-	2,098.84

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

** Revised October 30, 2015.

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, 2015**

		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
<u>Academic Salaries</u>								
Instructional Salaries								
Contract or Regular	1100	\$ 13,690,333	\$ -	\$ 13,690,333	\$ 13,690,333	\$ -	\$ 13,690,333	
Other	1300	13,105,054	-	13,105,054	13,114,852	-	13,114,852	
Total Instructional Salaries		26,795,387	-	26,795,387	26,805,185	-	26,805,185	
Noninstructional Salaries								
Contract or Regular	1200	-	-	-	4,849,672	-	4,849,672	
Other	1400	-	-	-	965,966	-	965,966	
Total Noninstructional Salaries		-	-	-	5,815,638	-	5,815,638	
Total Academic Salaries		26,795,387	-	26,795,387	32,620,823	-	32,620,823	
<u>Classified Salaries</u>								
Noninstructional Salaries								
Regular Status	2100	-	-	-	13,192,123	-	13,192,123	
Other	2300	-	-	-	1,258,495	-	1,258,495	
Total Noninstructional Salaries		-	-	-	14,450,618	-	14,450,618	
Instructional Aides								
Regular Status	2200	1,097,420	-	1,097,420	1,097,420	-	1,097,420	
Other	2400	844,413	-	844,413	851,797	-	851,797	
Total Instructional Aides		1,941,833	-	1,941,833	1,949,217	-	1,949,217	
Total Classified Salaries		1,941,833	-	1,941,833	16,399,835	-	16,399,835	
Employee Benefits	3000	5,894,945	-	5,894,945	12,124,436	-	12,124,436	
Supplies and Material	4000	-	-	-	752,683	-	752,683	
Other Operating Expenses	5000	1,674,097	-	1,674,097	8,916,569	-	8,916,569	
Equipment Replacement	6420	-	-	-	1,331,417	-	1,331,417	
Total Expenditures Prior to Exclusions		36,306,262	-	36,306,262	72,145,763	-	72,145,763	

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, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 344,431	\$ -	\$ 344,431	\$ 344,431	\$ -	\$ 344,431
Student Health Services Above Amount Collected	6441	-	-	-	28,125	-	28,125
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	139,275	-	139,275
Objects to Exclude							
Rents and Leases	5060	-	-	-	313,750	-	313,750
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, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 2,249,260	\$ -	\$ 2,249,260
Capital Outlay	6000						
Library Books	6300	-	-	-	122,067	-	122,067
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	1,209,350	-	1,209,350
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	1,209,350	-	1,209,350
Total Capital Outlay					1,331,417	-	1,331,417
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		344,431	-	344,431	4,406,258	-	4,406,258
Total for ECS 84362, 50 Percent Law		\$ 35,961,831	\$ -	\$ 35,961,831	\$ 67,739,505	\$ -	\$ 67,739,505
Percent of CEE (Instructional Salary Cost/Total CEE)		53.09%		53.09%	100.00%		100.00%
50% of Current Expense of Education					\$ 33,869,753		

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

Activity Classification	Object Code	Unrestricted			
EPA Proceeds:	8630				\$ 13,203,625
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ -			\$ 13,203,625
Total Expenditures for EPA		\$ -	-	-	\$ 13,203,625
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, 2015

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	\$ 9,557,293	
General Fund - restricted	1,372,464	
Special Revenue Funds	686,181	
Capital Projects Funds	26,961,462	
Debt Service Funds	10,185,931	
Enterprise Fund	42,698	
Fiduciary Funds and due to student clubs	<u>5,727,037</u>	
		\$ 54,533,066

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	333,818,036	
Accumulated depreciation is	<u>(65,340,021)</u>	268,478,015

Amounts held in trust on behalf of others (Trust and Agency Funds) (5,630,043)

Expenditures relating to the issuance of debt were recognized on modified accrual basis, are amortized over the life of the debt on the accrual basis. 264,324

Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis. 4,823,518

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. (3,272,933)

The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits. (423,338)

Difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense. (17,028,882)

Long-term obligations at year end consist of:

General obligation bond payable	191,916,367	
Unamortized premium - Bonds	11,364,987	
Certificate of participation	17,700,000	
Unamortized premium- Certificates of participation	59,870	
Early retirement plan	588,766	
Capital leases payable	79,357	
Net OPEB obligation	2,396,115	
Compensated absences (less amount set up in Governmental Funds)	2,227,463	
Aggregate net pension obligation	59,914,980	
In addition, the District issued "capital appreciation" general obligation bonds. The accretion of interest on those bonds to date is the following:	<u>21,335,459</u>	<u>(307,583,364)</u>

Total Net Position \$ (5,839,637)

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

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

Subrecipients

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
NATIONAL SCIENCE FOUNDATION		
CREATE Renewable Energy Regional Center		
Cuesta Community College	47.076	\$ 1,285
Lompoc Unified School	47.076	23,355
Merced Community College District	47.076	1,559
College of the Desert	47.076	1,000
Porterville College	47.076	307
Santa Barbara City College	47.076	364
Total National Science Foundation		<u>\$ 27,870</u>

Schedule of Expenditures of State Awards

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

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

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

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

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

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the 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 entity-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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities and the aggregate remaining fund information of Santa Clarita Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 16 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 21, 2015.

Purpose of This Report

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

Vaurine, Tume, Day & Co., LLP.

Rancho Cucamonga, California
December 21, 2015



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

Board of Trustees
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 Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2015. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Other Matters

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

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

Vaurinek, Tine, Day & Co., LLP.

Rancho Cucamonga, California
December 21, 2015



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 California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014.

Auditor's Responsibility

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

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2015.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

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

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

Vaurine, Time, Day & Co., LLP.

Rancho Cucamonga, California
December 21, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>Yes</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.063; 84.007; 84.033; 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>47.076</u>	<u>Create Renewable Energy Center</u>
<u>47.076</u>	<u>Advanced, Automated Manufacturing and Processing Technicians Program</u>
<u>47.076</u>	<u>Mid-Pacific Information and Communications Technologies</u>
<u>47.076</u>	<u>National Center of Excellence in Welding Education and Training Modular</u>
<u>47.076</u>	<u>Training a New Generation of Statistics Educators</u>

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

STATE AWARDS

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

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

The following finding represents a significant deficiency and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

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

Federal Program Affected

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

Criteria or Specific Requirement

A-133 Compliance Supplement, 34 CFR Section 668.173(b):

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

Condition

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

Questioned Costs

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

Context

There were three students out of 60 tested where the District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

Effect

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

Cause

The District has not implemented policies and procedures to monitor the Return to Title IV funds.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Recommendation

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

Management's Response and Corrective Action Plan

The Financial Aid Office has reviewed its Return to Title IV policies and procedures after the 2014-2015 District audit finding on the Return to Title IV process. We have reviewed our procedures as a team and have implemented double-checks to verify that all Return to Title IV funds are returned within the required 45 days. College of the Canyons Financial Aid Office was late on returning funds in December 2014. This oversight was due to the relocation of the Financial Aid Office combined with a very short processing window for fall Return to Title IV calculations.

The Financial Aid Office Coordinator has attended updated trainings on Return to Title IV with the U.S. Department of Education and Federal Student Aid. In addition, she is in the process of cross-training another office member to provide backup and processing support.

These new procedures and double-checks should help the Financial Aid Office avoid any future delays in returning Title IV funds.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

None reported.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

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

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

2014-001 475 - DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)

Criteria or Specific Requirement

California Code of Regulations (CCR) Title 5, *Education Code* Section 56022, and <http://DSPS> provide guidance and direction on the reporting and accounting requirements for DSPS.

Condition

Student Educational Contracts (SEC) must be established upon initiation of DSPS and shall be reviewed and updated annually for every student with a disability participating in DSPS. During the testing of the program files, one out of twenty-five students selected for testing, did not have the proper form in the files. The District served a total of 2,541 students during the 2013-2014 year. Based upon the error rate, 102 student files are at risk of not retaining the proper documentation required by the DSPS program guidelines.

Questioned Costs

To be determined by the State Chancellor's Office and the DSPS program.

Effect

By not following program guidelines, the special funding for the DSPS program could be jeopardized.

Cause

Student files are not being reviewed and updated on a regular basis to determine whether all necessary documentation is included within the student file.

Recommendation

The District should implement a control procedure for monitoring compliance issues related to this program to ensure that compliance requirements are met.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Current Status

Implemented.