OHLONE COMMUNITY COLLEGE DISTRICT

FREMONT, CALIFORNIA

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2016

OHLONE COMMUNITY COLLEGE DISTRICT

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OHLONE COMMUNITY COLLEGE DISTRICT

ORGANIZATION
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DESCRIPTION OF DISTRICT

The District, a political subdivision of the State of California, was established on July 1, 1966, and is comprised of an area of approximately 534 acres in Fremont and 80 acres in Newark. There were no changes in boundaries during the fiscal year.

The District provides higher education instruction for the first and second years of college education and vocations training at Ohlone Community College District.

BOARD OF TRUSTEES

Name	Office	Term Expires
Mr. Richard Watters	Board Chair	December 2018
Ms. Vivien Larsen	Vice Chair	December 2018
Mr. Greg Bonaccorsi	Member	December 2016
Ms. Teresa Cox	Member	December 2016
Ms. Jan Giovannini-Hill	Member	December 2018
Ishan Shah	Member	December 2016
Mr. Garret S. Yee	Member	December 2018
Mr. Rahul Patel	Member	May 2016
Miguel Fuentes	Member	May 15, 2016 – May 14, 2017

ADMINISTRATION

Gari Browning, Ph D. .... President / Superintendent

Leta Stagnaro, Ed D. .... Vice President of Academic Affairs

Minh-Hoa Ta, Ed.D. .... Vice President of Student Services

Susan Yeager .... Vice President Administrative Services

Christopher Dela Rosa .... Associate Vice President Information Technology Services

Shairon Zingsheim .... Associate Vice President HR & Training

FINANCIAL SECTION

Gilbert Associates, Inc.
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Ohlone Community College District
Fremont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Ohlone Community College District (the District) as of and for the year ended June 30, 2016, 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Ohlone Community College District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress for Other Postemployment Benefits, the Schedules of the District's Proportionate Share of the Net Pension Liability, and the Schedules of the District's Contributions, as listed in the table of contents, 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.

Supplementary 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 Supplementary Information Section, as listed in the table of contents, is presented for purposes of additional analysis, and is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office, and is not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 2, 2016 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, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 2, 2016

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the Ohlone Community College District (District). The MD&A has been prepared by management and should be read in conjunction with the financial statements. The purpose of the basic financial statements is to summarize the financial status of the District, as a whole, and to present a long term view of the District's finances.

The District follows the financial reporting standards established by the Governmental Accounting Standards Board (GASB) Statements No. 34 ("Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments") and 35 ("Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities") using the Business Type Activity (BTA) model. The California Community Colleges Chancellor's Office (CCCCO) has adopted the BTA model as the standard for all colleges to use and these statements are prepared accordingly.

Overview of the Financial Statements

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole: The Statement of Net Position; the Statement of Revenues; Expenses and Change in Net Position; and the Statement of Cash Flows. The information provided on the statements that follow includes all funds, with the exception of the Student Association and Agency funds, shown on page 21 of the audit and the Foundation, which is a separate column.

Under the BTA model of financial reporting, a single entity-wide statement is required to report financial activity for all funds of the District. Since the District is made up of many different funds with a variety of purposes, the following information is provided to help with the understanding of the financial statements. The supplemental section of the audited financial statements provides a reconciliation of the typical fund-type format with the BTA-type presentation.

State Budget Highlights

The 2015-16 State budget included $7.6 billion of additional funding than the previous year for California Community Colleges. The budget included a reserve of $3.4 billion for community colleges. The State's general fund revenues continued to surpass estimates resulting in large amounts of one-time funding as the Governor continued his emphasis on protecting the State against boom or bust budget cycles, retiring debt, focusing new funds for education.

The State's 2015-16 budget included a 1.2% COLA and a $266.7 million general operating increase for Community Colleges, as well as increased support for Student Access, Student Success and Support Programs, Career Technical Education, and EOPS. A COLA was also provided for the EOPS, DSPS, CalWorks, and Childcare Tax Bailout programs. Funding was also provided to help offset the additional obligation to fund employee benefits, including CalSTRS, CalPERS, and OPEB.

Financial Highlights

The District's budget for 2015-16 included a general purpose COLA of 1.02% and COLA's for EOPS, DSPS, CalWORKs and Child Care. Also included was $435,000 funding for additional full-time faculty, as well as additional funding for EOPS, the Apprenticeship Programs and Student Success and one-time funding of $4.5 million for Mandated Costs. On-going operational funds of $2 million were also provided to help offset the additional obligation to fund employee benefits, including CalSTRS, CalPERS, and OPEB.

The employer CalSTRS rate increased from 8.88% in 2014-15 to 10.73% in 2015-16. This rate will continue to increase to 19.1% in 2020/21.

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

Measure G, the District's $349 Million General Obligation Bond, was approved by the voters in late 2010. In October 2011 the District issued Series A and Series A-1 Measure G bonds for a total of $80 million, with $10 million of these proceeds slated for a Technology Endowment, invested in tax exempt bonds and placed in a separate fund. The District subsequently issued Series B Measure G bonds in the amount of $75 million on September 4, 2014. Series C bonds were issued in the amount of $155 Million on May 18, 2016 at an average interest rate of 3.37%. Construction began on the award winning South Parking Structure in January 2014 and was completed in August 2015. This parking structure, which provides over 900 spaces, was officially opened in September 2015 and is currently being utilized by our students and staff. In addition to the parking structure, the upgrade of the Fremont Campus Site Utilities, the Pool Refurbishment and the renovation of the Athletic Fields were recently completed in the fall of 2016. Construction of the Academic Core commenced in the summer of 2016.

Economic Outlook And Factors Affecting Next Year's Budget

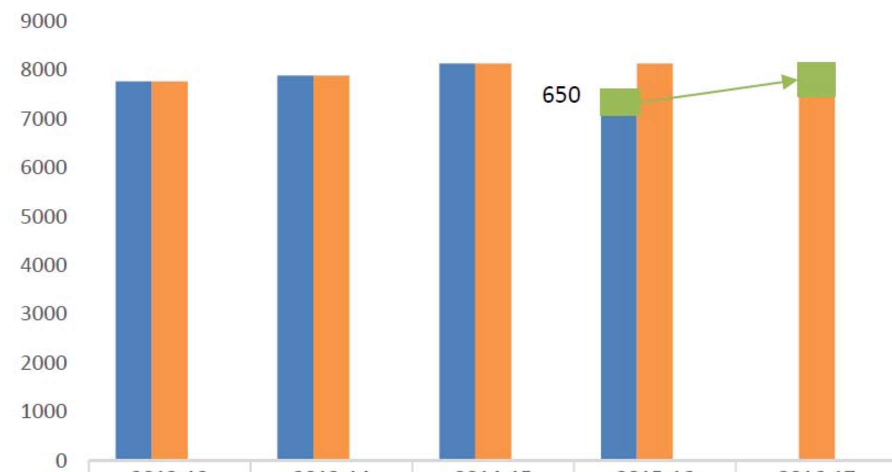
The 2016-17 California State budget for community colleges includes a cost of living adjustment (COLA) of 1.29% for FTES and Basic Skills. Also included is funding for growth; however, the District budget assumes no growth. On-going State funding is provided for the following restricted programs: Strong Workforce, CTE Pathways Program, Basic Skills, CalWORKs and EEO. The 2016-17 one-time funding also includes: maintenance and instructional equipment, Innovation Awards, Online Course Exchange, Promise programs and Zero-Textbook cost degrees.

Attendance Highlights

In 2015-16 student enrollment decreased by 13.11% from 2014-15 to 2015-16. Factors contributing to this decline were the strong job market in the Bay Area and construction at the Fremont campus resulting in limited classroom space. Additionally, in order to ensure that the District would restore base funding in 2016-17, the decision was made to report 650 Summer 2016 FTES in the 2016-17 fiscal year resulting in lower enrollment being reported in 2015-16 than actually occurred. The strategy of moving 2016 summer FTES of 650 to 2016-17 was designed to help the college restore its enrollment to 8,133 FTES thereby stabilizing apportionment funding at 2014-15 levels.

History of the District's FTES is provided below.

Full Time Equivalent Students (FTES) Trends



	2012-13	2013-14	2014-15	2015-16	2016-17
Reported FTES	7765	7888	8133	7065	
Funded FTES	7765	7888	8133	8133	8133
FTES generated in 2015-16 moved to 2016-17					

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. The net position can be measured by adding the assets and deferred outflow of resources and subtracting the liabilities and deferred inflow of resources. The net position is an indicator of the financial position of the District.

	2016	2015	Change
Assets			
Current assets	$ 241,526,796	$ 35,153,787	$ 206,373,009
Non-current assets	333,111,503	367,101,211	(33,989,708)
TOTAL ASSETS	574,638,299	402,254,998	172,383,301
DEFERRED OUTFLOW OF RESOURCES	8,660,626	6,497,261	2,163,365
LIABILITIES			
Current liabilities	31,315,632	27,272,193	4,043,439
Non-current liabilities	475,510,116	307,350,647	168,159,469
TOTAL LIABILITIES	506,825,748	334,622,840	172,202,908
DEFERRED INFLOW OF RESOURCES	4,607,047	10,299,141	(5,692,094)
NET POSITION (DEFICIT)			
Net investment in capital assets	68,307,483	78,673,565	(10,366,082)
Restricted	28,394,457	13,963,248	14,431,209
Unrestricted	(24,835,810)	(28,806,535)	3,970,725
TOTAL NET POSITION	$ 71,866,130	$ 63,830,278	$ 8,035,852

Current assets

- Current cash and cash equivalents of $238.2 million are mainly comprised of funds held in the County Treasury. The increased amount from the prior year is largely due to the sale of $155 million Measure G Series C bonds in June, 2016 and no deferrals of state funding

- Accounts receivable include amounts due from the State, Federal and local grants, contracts, and general apportionment earned, but not received by year-end. Accounts receivable totaled $1.3 million by June 30, 2016. This is $742 thousand less than 2015-16 due to more funds from the State and Federal Government being paid on time.

- Prepaid expenses are those expenses that are paid prior to year-end but relate to the next fiscal year. These are primarily prepaid premiums on the workers' compensation policy, CalPERS medical premiums, professional organization dues and postage. Prepaid expenses have increased by $325 thousand over 2015-16 due to the timing of medical insurance payments.

Non-current Assets

- Restricted cash and cash equivalents consist of amounts relating to Capital Projects, the recent sale of Measure G Bonds, and cash in the Bond Interest Redemption Fund (BIRF). The BIRF is where taxes are set aside by the County to repay the bond holders of the District's General Obligation Bonds.

- Capital assets are reported at the historical cost of land, buildings and equipment less accumulated depreciation, where applicable. The $24.3 million increase in capital assets is primarily attributable to construction in progress on the Bond Projects, including the Academic Core Building, offset by to the annual depreciation expense and the current year disposals of buildings.

Deferred outflows of resources

- The District recognized an additional $2.1 million deferred outflows of resources related to pensions over the year due differences between contributions after the measurement date, but before the fiscal year end, and differences between expected and actual experience and changes in proportion.

Current liabilities

- Accounts payable decreased by $1.2 over last fiscal year primarily due to reduced liabilities for construction projects this fiscal year.

- Unearned revenue relates to federal, state and local program funds received but not yet earned as of the end of the fiscal year. Most grants are earned when spent. Also included are the deferrals on enrollment fees for the summer and fall 2016 terms.

- Accrued payroll and benefits represents the amount held for the payment to employees that work 10 months but elect to have their salary spread over a 12 month period.

- Interest payable at June 30, 2016 of $6.1 million represents payments due to bond holders.

- The long-term liabilities are primarily related to the debt service due on District bonds in fiscal year 2016-17. Measure A Bonds were authorized at $150 million and Measure G Bonds were authorized at $349 million with a total of $320 million issued by the end of fiscal year 2015-16. These debt service payments are made from voter approved tax assessments in the cities of Fremont and Newark.

Non-current liabilities

- Non-current liabilities represent debt potentially owed in future years. The major component is the long-term portion (due in more than one year) from the Measure A and Measure G General Obligation bonds issued. From Measure A General Obligation Bonds, the remaining balances are $17.8 million on the $40 million refinanced issuance and $92.7 million on the $110 million issuance, which will each be paid over 25 years. From Measure G General Obligation Bonds, the $70 million issuance has a balance of $61.4 million to be paid over 24 years and the $10 million in Technology Endowment has a balance of $6 million to be paid over 15 years. The Series B issuance of $75.0 million has a remaining balance of $65.1 million, and the Series C issuance has $155.0 million due in 30 years.

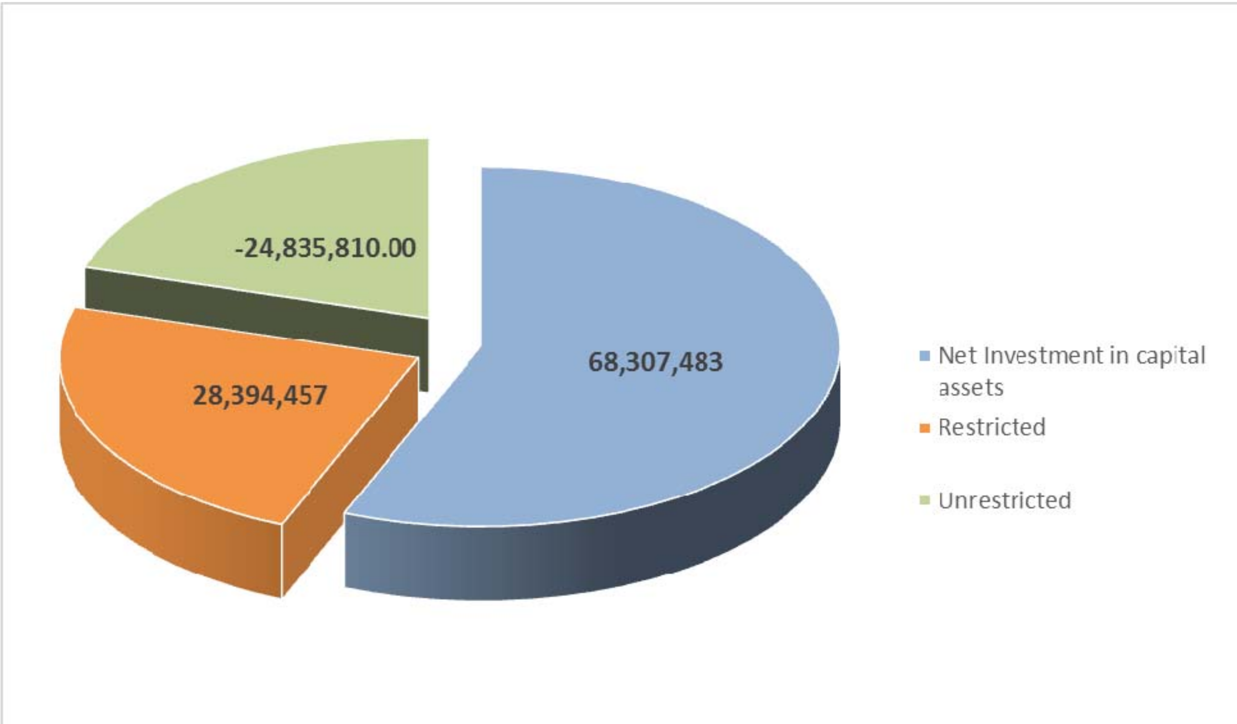
- Subsequent to the fiscal year ended June 30, 2016, the District successfully issued $68.5 million in August 2016 General Obligation Refunding Bonds (2016 Refunding Bonds) to refund portions of the District's outstanding Series A and Series A-1 Measure G Bonds. The 2016 Refunding Bonds ultimately achieved a very low all-inclusive interest cost of 2.88%, which replaced the prior bonds' interest rate of 5.10%. The bond sale ultimately locked in $11.1 million in taxpayer savings. The District secured very strong credit ratings of 'Aa2' with a 'Positive' outlook from Moody's Investors Service and 'AA' with a 'Stable' outlook from Standard & Poor's Global Ratings. Each of the rating agencies noted the District's strong local economy and financial profile.

- Net pension liability increased by $11.9 million primarily due to low investment returns during the measurement period of the net pension liability (June 30, 2015) as compared to the prior measurement period.

Deferred inflows of resources

- This amount decreased by $5.7 million due to differences between expected and actual experience, changes in assumptions, and net differences between projected and actual investment earnings on the pension plan investment.

Net Position



Net Position: Analysis of the District's Financial Position

The net position is reported in three components: unrestricted; restricted comprised of expendable and nonexpendable; and the net investment in capital assets. Restricted amounts include funds legally restricted, which consists of amounts restricted for capital projects ($4.3 million), debt service ($23.0 million) and educational purposes ($1.1 million). Unrestricted net position is a negative $24.8 million. These funds may also carry designations from the Board of Trustees for contingencies, stabilization and other special purposes. The net investment in capital assets is $68.3 million.

The Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position presents the operating activity of the District, as well as the non-operating revenues and expenses. State general apportionment funds, while budgeted as operations, are considered non-operating revenues according to generally accepted accounting principles.

	2016	2015	Change
Total operating revenue	$ 22,411,315	$ 17,700,456	$ 4,710,859
Total operating expenses	76,509,213	70,739,343	5,769,870
Operating loss	(54,097,898)	(53,038,887)	(1,059,011)
Net non-operating revenue (expenses)	48,764,894	50,827,111	(2,062,217)
Loss before other revenues, expenses, gains or losses	(5,333,004)	(2,211,776)	(3,121,228)
Capital revenues (expenses)	19,870,440	17,666,640	2,203,800
Loss for disposal of capital assets	6,501,584	2,917	6,498,667
Increase(decrease) in net position	8,035,852	15,451,947	(7,416,095)
Net position - beginning of the year	63,830,278	91,166,414	(27,336,136)
Cumulative effect of change in accounting principles	0	(42,788,083)	42,788,083
Net position - end of the year	$ 71,866,130	$ 63,830,278	$ 8,035,852

Changes in operating revenue:

- ❖ Net tuition and fees are made up of enrollment fees and scholarships and includes discounts, and allowances for fee waivers. Enrollment fees are set by the state legislature for all community colleges. These fees increased by $313 thousand because of a fee increase and additional revenue received from the international and out of state students.

- ❖ Grants and contracts increased $3.6 million primarily due to the proper recognition of the CalSTRS on-behalf pension payments and increased State grant funding.

Changes in non-operating revenues:

- ❖ Federal financial aid increased by $470 thousand. As the living standard goes up, less students qualify for Pell. This is also reflected in the Federal Loan Program which is now being disseminated by the District instead of the banks.

- State apportionments, noncapital in 2015-16 and 2014-15 were $13.0 million and $13.4 million, respectively. State apportionment represents total general apportionment earned less regular enrollment fees and property taxes. State apportionment was reduced by $400 thousand in 2015-16. The decrease was due to workload reduction (less FTES) and an increase in property taxes.

- Property taxes, noncapital increased by $3.9 million partially due to increased property values in Fremont and Newark. Changes in property tax revenue result in a corresponding increase or decrease in the District's State apportionment revenue.

- Other revenue was down by $778 thousand due to decrease in the District's Contract Education offerings and facility rentals, which was offset by increased lottery and interest earnings.

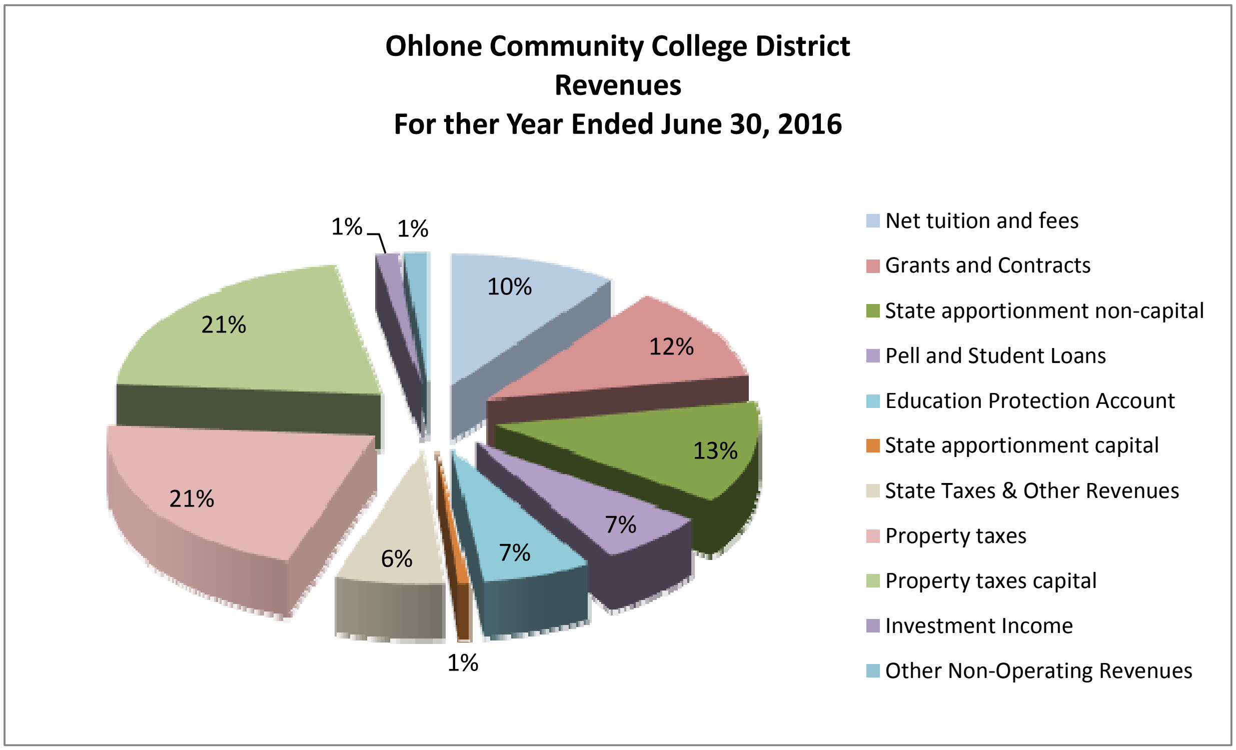
Changes in capital revenues:

- There is little change in State apportionment related to capital funds.

- Property taxes, capital increased due to the increased payment to bond holders.

Total Revenues for the Year Ended	2016	2015	Change
Net tuition and fees	$ 10,523,802	$ 10,211,296	$ 312,506
Grants and contracts	11,887,513	8,328,727	3,558,786
State apportionment. noncapital	12,967,364	13,374,794	(407,430)
Pell and student loans	6,736,970	6,266,817	470,153
Education Protection Account	6,770,516	7,320,673	(550,157)
State taxes & other revenues	6,694,663	3,107,311	3,587,352
Property taxes, noncapital	21,382,522	17,439,194	3,943,328
Other non-operating revenues	1,426,405	2,203,957	(777,552)
State apportionment, capital	630,705	663,353	(32,648)
Property taxes, capital	21,240,213	17,003,287	4,236,926
Investment Income	1,435,213	301,029	1,134,184
	$ 101,695,886	$ 86,220,438	$ 15,475,448

REVENUE



Changes in Operating Expenses

- In 2015-16, salaries increased by $1.6 million primarily due to a one-time salary increase in all bargaining units and the filling of vacant positions.

- Benefits increased due to the pension expense increasing $10.1 million from the prior year.

- The reduction in supplies is the direct result of cost savings plans and completion of the South Parking Structure capital outlay project.

- Other operating expenses increased due to increases in contract services, electricity and maintenance. In addition, spending on construction projects increased.

- Financial aid to students was down by a small amount. These changes were due to: the influx of Federal Funds (specifically the PELL program); an increase in fees; and the addition of the student loan program and Cal grant programs.

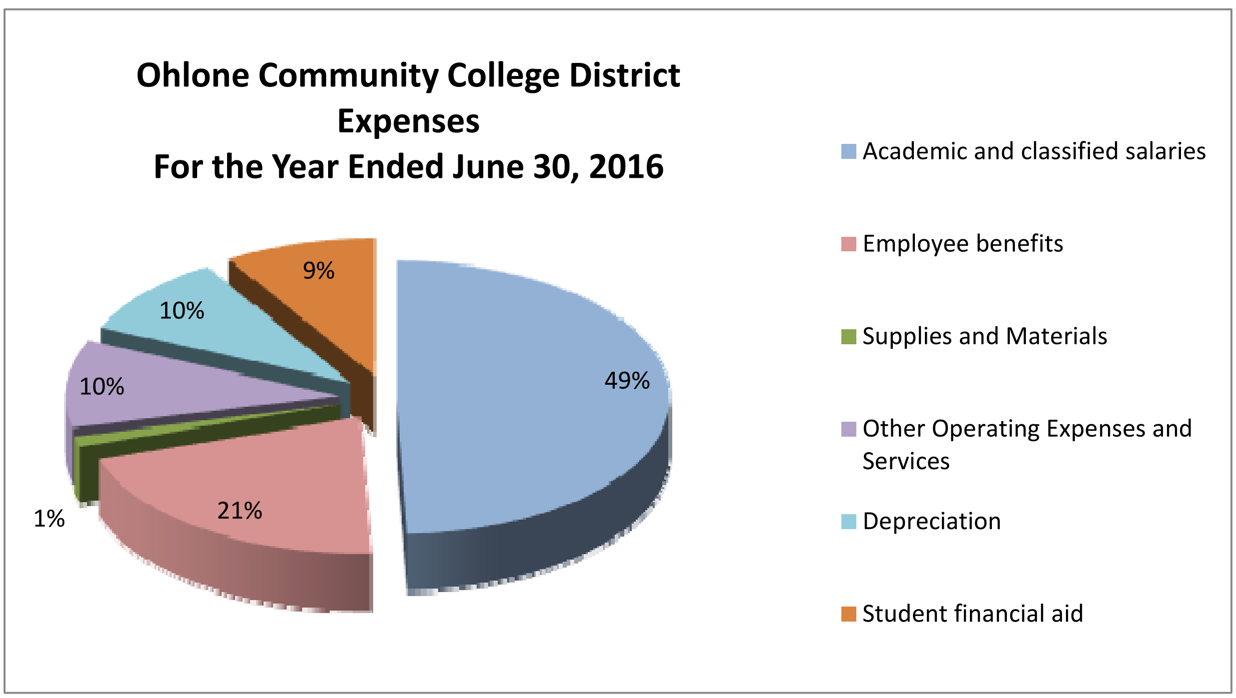
- Depreciation was stable due to the net of surplus items and the addition of new items.

Loss from disposal of capital assets

❖ The District disposed the Building 1, 2 and 8, which resulted in a loss on disposal of capital assets of $6.5 million.

Total Operating Expenditures for the Year Ended	**2016**	**2015**	**Change**
Academic and classified salaries	$ 41,400,954	$ 39,834,752	$ 1,566,202
Employee benefits	17,262,047	7,177,389	10,084,658
Supplies and Materials	1,046,731	2,474,977	(1,428,246)
Other Operating Expenses and Services	8,687,064	6,594,048	2,093,016
Depreciation	7,983,864	7,292,480	691,384
Student Financial Aid	7,419,689	7,368,615	51,074
	$ 83,800,349	$ 70,742,261	$ 13,058,088

EXPENSES



Financial Aid

For the year ended June 30, 2016 and 2015, the following sources of student financial aid were disbursed:

	2016	2015	Change
Federal	$ 6,836,106	$ 7,210,267	$ (374,161)
State	517,905	438,548	79,357
Local	76,571	57,540	19,031
	$ 7,430,582	$ 7,706,355	$ (275,773)

The Federal financial aid programs included the Pell, SEOG, Direct Student Loans, and Federal Work Study programs. The State programs included full time student success and the Cal Grant Programs.

Enrollment Challenges and Opportunities

The Vice President of Academic Affairs and the Deans continue to work diligently to maintain a distribution of course offerings that takes into account academic needs and student demand. This strategy has positioned the college well to remain fiscally stable, to take advantage of the changing enrollment landscape, and to provide our students with the courses they require to complete their educational objectives.

Overall Financial Picture

The District's budget for the 2016-17 fiscal years included all *savings initiatives* that were put in place in prior years. Despite a 13% reduction in 2015-16 student enrollment, the savings were substantial enough to mitigate deficit spending in the unrestricted General Fund. The 2016-17 budget includes approximately $1.1 million of one-time expenditures. The 2016-17 budget, includes additional savings from unfilled vacant positions to off-set this $1 million gap. However, approximately $1 million from reserves set aside for the one-time expenditures will be used in the event the vacancy savings are not realized.

Although the financial outlook for this funding year remains challenging, the District has positioned itself well for the inevitability of State funding down cycles. With frugal cash management, a Board approved Rainy Day Reserve, and the support of all District employees, the District will be able to continue to provide excellent educational opportunities to all its students in spite of these difficult economic times.

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Institution	Foundation
ASSETS		
Current assets:		
Cash and equivalents	$ 28,024,772	$ 528,267
Restricted cash and equivalents	210,200,536	
Restricted short-term investments	1,307,023	
Accounts receivable, net	1,289,673	9,572
Current portion of pledges receivable		104,000
Prepaid expenses	704,792	230,000
Total current assets	241,526,796	871,839
Noncurrent assets:		
Restricted long-term investments	9,074,507	
Investments		3,385,885
Pledges receivable		37,000
Charitable remainder trust assets		762,566
Nondepreciable capital assets	132,635,612	
Depreciable capital assets, net	191,401,384	
Total noncurrent assets	333,111,503	4,185,451
TOTAL ASSETS	574,638,299	5,057,290
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	8,660,626	
LIABILITIES		
Current liabilities:		
Accounts payable	7,569,031	8,092
Unearned revenue	5,828,488	
Interest payable	6,148,959	
Long-term liabilities due within one year	11,769,154	189,618
Total current liabilities	31,315,632	197,710
Long-term liabilities due in more than one year	475,510,116	382,149
TOTAL LIABILITIES	506,825,748	579,859
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pensions	4,607,047	
NET POSITION:		
Net investment in capital assets	68,307,483	
Restricted for:		
Nonexpendable:		
Scholarships		1,979,500
Expendable:		
Capital projects	4,339,182	
Debt service	22,982,719	
Educational purposes	1,072,556	
Restricted by donors		2,217,273
Unrestricted (deficit)	(24,835,810)	280,658
TOTAL NET POSITION	$ 71,866,130	$ 4,477,431

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

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016

	Primary Institution	Foundation
OPERATING REVENUES:		
Tuition and fees (gross)	$ 14,028,404	
Less: Scholarship discounts and allowances	(3,504,602)	
Net tuition and fees	10,523,802	
Grants, contracts, and donations, noncapital:		
Federal	1,623,629	
State	9,941,358	
Local	322,526	
Contributions and special event revenue		$ 675,258
TOTAL OPERATING REVENUES	22,411,315	675,258
OPERATING EXPENSES:		
Academic salaries	24,166,353	
Classified salaries	17,234,601	
Employee benefits	17,262,047	
Supplies and materials	1,046,731	
Depreciation	7,983,864	
Other operating expenses and services	8,687,064	659,723
Other payments to students	128,553	126,419
TOTAL OPERATING EXPENSES	76,509,213	786,142
OPERATING LOSS	(54,097,898)	(110,884)
NON-OPERATING REVENUES (EXPENSES):		
State apportionments, noncapital	12,967,364	
Education protection account	6,770,516	
Local property taxes	21,382,522	
State taxes and other revenues	6,694,663	
Financial aid revenues	6,736,970	
Financial aid expenses	(7,291,136)	
Investment income - noncapital	77,590	51,176
Other non-operating income	1,426,405	37,336
TOTAL NON-OPERATING REVENUES (EXPENSES)	48,764,894	88,512
LOSS BEFORE CAPITAL ACTIVITY	(5,333,004)	(22,372)
CAPITAL ACTIVITY		
State apportionments, capital	630,705	
Local property taxes and revenues, capital	21,240,213	
Investment income - capital	1,357,623	
Interest expense on capital asset-related debt	(3,358,101)	
Loss on disposal of capital assets	(6,501,584)	
INCREASE IN NET POSITION	8,035,852	(22,372)
NET POSITION, BEGINNING OF YEAR	63,830,278	4,499,803
NET POSITION -- END OF YEAR	$ 71,866,130	$ 4,477,431

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

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

	Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$ 10,696,445
Federal grants and contracts	2,051,458
State grants and contracts	11,008,860
Local grants and contracts	73,990
Payments to suppliers	(9,632,498)
Payments to/on behalf of employees	(54,405,445)
Payments to/on behalf of students	(121,902)
Other receipts and payments	(186,894)
Net cash used by operating activities	(40,515,986)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State apportionments and receipts	13,278,993
Education protection account receipts	6,770,516
Local property tax receipts	21,382,522
State taxes and other revenues	6,694,663
Financial aid receipts	6,736,970
Financial aid disbursements	(7,291,136)
Other receipts (payments)	1,426,409
Net cash provided by noncapital financing activities	48,998,937
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
State apportionments for capital purposes	630,705
Purchases of capital assets	(40,644,348)
Principal paid on capital debt	(6,728,262)
Proceeds from issuance of capital debt	167,880,468
Investment earnings on capital investments	887,395
Interest on capital investments	(3,775,865)
Local property taxes and other revenues for capital purposes	21,240,213
Net cash provided by capital and related financing activities	139,490,306
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	300,000
Investment income	77,590
Purchases of investments	(284,550)
Net cash provided by financing activities	93,040
NET INCREASE IN CASH AND EQUIVALENTS	148,066,297
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	90,159,011
CASH AND EQUIVALENTS -- END OF YEAR	$ 238,225,308

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

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2016

	Primary Institution
Reconciliation to Statement of Net Position:	
Cash and equivalents	$ 28,024,772
Restricted cash and equivalents	210,200,536
Total cash and equivalents	$ 238,225,308
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (54,097,898)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	7,983,864
Changes in:	
Accounts receivable	503,659
Prepaid expenses	(290,402)
Deferred outflows of resources related to pensions	(2,163,365)
Accounts payable	583,910
Unearned revenue	728,885
Compensated absences	114,090
Net pension liability	11,830,022
Retiree benefits expense	33,111
Other liabilities	(49,767)
Deferred inflows of resources related to pensions	(5,692,095)
Net cash used by operating activities	$ (40,515,986)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Amortization of premium on capital deb	$ (1,420,035)

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

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

ASSETS:		
Current Assets:		
Cash and equivalents	$	751,995
Short-term investments		45,401
Accounts receivable		39,875
Total current assets		837,271
Long-term investments		139,302
TOTAL ASSETS	$	976,573
LIABILITIES:		
Accounts payable	$	31,908
Unearned revenue		32,447
Amounts held in trust for others		912,218
TOTAL LIABILITIES	$	976,573

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

1. ORGANIZATION AND NATURE OF ACTIVITIES

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

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB). The District, based on its evaluation of these criteria, identified the Ohlone College Foundation (the Foundation) as a component unit.

Discretely Presented Component Unit – The Foundation was established as a legally separate non-profit entity to support the District and its students through fundraising activities. In addition, the Foundation develops and maintains student scholarships and trust accounts for the District students. Furthermore, the funds contributed by the Foundation to the District and its students are significant to the District's financial statements. Therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's annual financial statements. The separately audited financial statements of the Foundation may be obtained from the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants (AICPA).

Basis of Accounting – For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred. All significant interfund transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office of the California Community Colleges' Budget and Accounting Manual, which is consistent with GAAP.

In addition to the District's business-type activities, the District maintains a fiduciary fund. This fund accounts for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are accounted for using the economic resources measurement focus. The District reports the following fiduciary fund:

Associated Student Government Fund – This fiduciary fund is the Associated Student Government Fund. The amounts reported for the Associated Student Government Fund represent funds held on behalf of students of the District under a formal trust agreement between the associated student government and the District.

Current Year GASB Implementation – For the year ended June 30, 2016, the District implemented GASB statement No. 72 (GASB 72), *Fair Value Measurement and Application*. The primary objective of GASB 72 is to provide guidance for determining a fair value measurement for financial reporting of assets and liabilities. The implementation of GASB 72 requirements did not have a material effect on the financial statements. The additional disclosures implemented with GASB 72 are included in Note 3.

Budgets and Budgetary Accounting – By state law, the District's governing board must approve a tentative budget no later than July 1st and adopt a final budget no later than September 15th of each year. A hearing must be conducted for public comments prior to adoption.

The budget is revised during the year to incorporate categorical funds which are awarded during the year and miscellaneous changes to the spending plans. Revisions to the budget are approved by the District's governing board.

Estimates Used in Financial Reporting – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents – For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments – Investments are reported at fair value.

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

Accounts receivable – Accounts receivable consist of amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenses based on a contract or agreement between the District and the funding source. Additionally, accounts receivable consist of tuition and fee charges to students. Accounts receivable is reported net of the allowance for uncollectible accounts. At June 30, 2016, an allowance for uncollectible accounts was $691,790.

Prepaid Expenses – Prepaid expenses consist of operating expenses for which payment is due in advance and are expensed when the benefit is received.

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

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded in operating expense in the year in which the expense was incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Improvement of Sites	10
Buildings	50
Equipment and Vehicles	8
Technology	3

Unearned Revenue – Unearned revenues include amounts received for tuition and fees prior to the end of the fiscal year, but related to the subsequent accounting period. Unearned revenues also include amounts received from grants, contracts, and certain categorical programs that have not yet been earned.

Compensated Absences – Employee vacation pay is accrued at year-end for financial statement purposes based on vacation time accrued and current pay rates. The liability and expense incurred are recorded at year-end as compensated absences in the statement of net position and as a component of employee benefits. It is the District's policy to record sick leave in the period taken, since the employee's right to sick leave payment does not vest upon termination.

Deferred Outflows/Deferred Inflows of Resources – In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension plan(s) after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pension deferred outflows and inflows.

Pensions – Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (the CalSTRS Plan), and classified employees are members of the Schools Pool (the CalPERS Plan), collectively referred to as the Plans. For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the District's portions of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position – The District's net position is classified as follows:

- Net investment in capital assets – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- Restricted net position – expendable – Restricted expendable net position includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

- Unrestricted net position (deficit) – Unrestricted net position (deficit) represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. Unrestricted net position includes amounts internally designated for District obligations.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Classification of Revenues – The District has classified its revenues as either operating or non-operating revenues according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) most Federal, State, and local grants and contracts and Federal appropriations.

- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB, such as State appropriations and investment income.

Scholarship Discounts and Allowances and Financial Aid – Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. The District offers Board of Governor’s (BOG) grants to qualified students and these tuition waivers are reported as scholarship discounts and allowances. Grants, such as Federal, State, or non-governmental programs, are recorded as operating or non-operating revenues in the District’s financial statements.

Property Taxes – Secured property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

Future Accounting Pronouncements – In June of 2015, the GASB issued GASB Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, with required implementation for the District during the year ended June 30, 2018. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It will require employers to report a net OPEB liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The 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. GASB 75 is required to be implemented retroactively and will require a restatement of beginning net position.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The District's cash, cash equivalents and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position of the Primary Government:	
Cash and equivalents	$ 28,024,772
Restricted cash and equivalents	210,200,536
Restricted short-term investments	1,307,023
Restricted long-term investments	9,074,507
Statement of Fiduciary Net Position:	
Cash and equivalents	751,995
Short-term investments	45,401
Long-term investments	139,302
Total cash, cash equivalents and investments	$ 249,543,536

Cash, cash equivalents and investments as of June 30, 2016, consist of the following:

Cash and equivalents:	
Cash and equivalents in County Treasury	$ 236,026,274
Deposits with financial institutions	2,946,329
Cash on hand	4,700
Investments:	
U.S Municipal Securities	10,566,233
Total cash, cash equivalents and investments	$ 249,543,536

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Alameda County Treasury (County Treasury). The County Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the County Treasury investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The County Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq., and is restricted by Government Code Section 53635, pursuant to Section 53601. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the entity by the District's investment policy. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations – CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers' Acceptance	180 days	40%	None
Commercial Paper (pooled and non-pooled)	270 days	25% or 40%	10%
Negotiable Certificates of Deposits	5 years	30%	10%
Non-negotiable Certificates of Deposits	5 years	None	None
Deposit Placement Services	5 years	30%	10%
CD Placement Services	5 years	30%	10%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds & Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through Securities	5 years	20%	None
Joint Powers Authority Pool	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None

Investments Authorized by 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.

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

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 values to changes in market interest rates. As of June 30, 2016, the weighted average maturity of the investments contained in the County Treasury is approximately 376 days.

The schedule of maturities of investments at June 30, 2016 is as follows:

		Maturity (in Years)	
Investment Type	**Fair Value**	**1-5**	**>5**
U.S Municipal Securities	$ 10,566,233	$ 7,431,545	$ 3,134,688

Credit Risk

Generally, 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 County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

The investments are rated by S&P as follows at June 30, 2016:

		Rating		
Investment Type	**Fair Value**	**AA+**	**A**	**A-**
U.S Municipal Securities	$ 10,566,233	$ 1,082,290	$ 7,880,896	$ 1,603,047

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Education Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by a 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% of the total amounts deposited by the public agencies.

As of June 30, 2016, the District deposits held with financial institutions in excess of depository insurance limits held in accounts collateralized by securities held by the pledging financial institution were $1,950,675.

Fair Value Measurement

GASB 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs rather than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. The County Treasury pooled investments are subject to the fair value requirement; however, they are not subject to the fair value hierarchy. U.S. Municipal Securities of $10,566,233 are classified as Level 2 of the fair value hierarchy because they are valued using a matrix pricing model.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2016:

Statement of Net Position of the Primary Government	
Federal grants and contracts	$ 465,059
State grants, contracts and general apportionment	484,108
Local grants, contracts and students	340,506
Total	$ 1,289,673
Statement of Fiduciary Net Position:	
Local sources	$ 39,875
Total	$ 39,875

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	$ 36,116,441			$ 36,116,441
Construction in progress	87,105,952	$ 36,821,205	$(27,407,986)	96,519,171
Total capital assets, not being depreciated	123,222,393	36,821,205	(27,407,986)	132,635,612
Capital assets, being depreciated:				
Improvement of sites	11,712,188			11,712,188
Buildings	187,534,019	27,407,986	(16,093,763)	198,848,242
Furniture and equipment	45,443,703	2,051,356	(202,958)	47,292,101
Total capital assets, being depreciated	244,689,910	29,459,342	(16,296,721)	257,852,531
Less accumulated depreciation for:				
Improvement of sites	(696,809)	(601,226)		(1,298,035)
Buildings	(46,995,552)	(4,737,260)	9,597,115	(42,135,697)
Furniture and equipment	(20,570,059)	(2,645,378)	198,022	(23,017,415)
Total accumulated depreciation	(68,262,420)	(7,983,864)	9,795,137	(66,451,147)
Total capital assets, being depreciated, net	176,427,490	21,475,478	(6,501,584)	191,401,384
Total capital assets, net	$ 299,649,883	$ 58,296,683	$(33,909,570)	$ 324,036,996

6. LONG TERM OBLIGATIONS

Election 2002 General Obligation Bonds Outstanding

In August 2005, the District issued Election 2002 General Obligation Bonds, Series B in the amount of $110,000,000, which consisted of $47,820,000 Serial Bonds (2002 Serial Issue) and $10,665,000 Capital Appreciation Bonds (2002 CAB Issue) with interest rates ranging from 3.00% to 5.00%. As of June 30, 2016, the 2002 CAB Issue principal balance outstanding was $7,046,427. In September 2012, the District issues the 2012 General Obligation Refunding Bonds (2012 Issue) in the amount of $94,070,000, with interest rates ranging from 1.50% to 5.00%, to advance refund the 2002 Serial Issue. As of June 30, 2016, the 2012 Issue principal balance outstanding was $92,730,000.

In August 2010, the District issued the 2010 General Obligation Refunding Bonds in the amount of $23,680,000, with interest rates ranging from 2.00% to 4.50%, to advance refund a portion of the District's outstanding Fremont-Newark Community College District Election of 2002 General Obligation Bonds, Series A. As of June 30, 2016, the principal balance outstanding was $17,855,000.

Election 2010 General Obligation Bonds Outstanding

In October 2011, the District issued Election of 2010 General Obligation Bonds, Series A General Obligation Bonds (2011 Series A) in the amount of $70,000,000, with interest rates ranging from 2.00% to 5.00%. As of June 30, 2016, the principal balance outstanding was $61,430,000.

In October 2011, the District issued Election of 2010 General Obligation Bonds, Series A-1 General Obligation Bonds (2011 Series A-1) in the amount of $10,000,000, with interest rates ranging from 2.00% to 5.00%. As of June 30, 2016, the principal balance outstanding was $6,000,000.

In September 2014, the District issued Election of 2010 General Obligation Bonds, Series B General Obligation Bonds in the amount of $74,995,430, with interest rates ranging from 1.00% to 4.910%. As of June 30, 2016, the principal balance outstanding was $65,105,430.

In May, 2016, the District issued Election of 2010 General Obligation Bonds, Services C General Obligation Bonds in the amount of $155,000,000, with interest rates ranging from 2.00% and 5.00%. As of June 30, 2016, the principal balance outstanding was $155,000,000.

The annual requirements to amortize the general obligation bonds are as follows:

Year Ending June 30, 2016	Principal	Interest	Total
2017	$ 9,158,457	$ 15,451,631	$ 24,610,088
2018	9,541,993	17,219,520	26,761,513
2019	10,338,007	17,190,830	27,528,837
2020	3,597,970	17,276,668	20,874,638
2021	5,885,000	15,371,063	21,256,063
2022-2026	42,065,000	71,896,925	113,961,925
2027-2031	83,693,522	59,153,941	142,847,463
2032-2036	43,640,717	50,504,971	94,145,688
2037-2041	72,506,191	41,661,252	114,167,443
2042-2046	124,740,000	13,350,000	138,090,000
Totals	$ 405,166,857	$ 319,076,801	$ 724,243,658

SERP Liability

During 2010, the District provided the option of Supplemental Employee Retirement Plan (SELP) to the District Employees. Employees under the SELF received monthly annuity benefits. The District was obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan. The District paid the final installments during the fiscal year ended June 30, 2016.

A schedule of changes in long-term obligations for the year ended June 30, 2016 is shown below:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	$ 256,895,119	$ 155,000,000	$ (6,728,262)	$ 405,166,857	$ 9,158,457
Premium on bonds	17,532,913	12,880,468	(1,420,035)	28,993,346	1,849,383
Compensated absences	984,879	114,089		1,098,968	274,742
SERP liability	49,767		(49,767)		
Net Pension Liability (Note 7)	35,603,056	18,327,281	(6,497,261)	47,433,076	
Accreted interest	4,405,723		(167,026)	4,238,697	486,572
Net OPEB Obligation (Note 8)	315,215	641,001	(607,890)	348,326	
Totals	$ 315,786,672	$ 186,962,839	$ (15,470,241)	$ 487,279,270	$ 11,769,154

7. RETIREMENT PLANS

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District participates in the State Teachers' Retirement Plan (the CalSTRS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. CalSTRS acts as a common investment and administrative agent for participating public entities within the State of California. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calstrs.com.

Benefits Provided

The benefits for the CalSTRS Plan are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalSTRS Plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or before December 31, 2012, to perform CalSTRS creditable activities, and 2) CalSTRS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalSTRS creditable activities. The 2 percent, also known as the age factor, refers to the percentage of final compensation received as a retirement benefit for each year of service credit. To be eligible for 2% service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with five years of service.

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 19.10% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2016, was 10.73% of annual pay. District contributions to the CalSTRS Plan were $1,783,950 for the year ended June 30, 2016.

The State contributes a percentage of the annual earnings of all members of the CalSTRS Plan. AB 1469 increases the State's contribution attributable to the benefits in effect in 1990, but does not change the base rate of 2.017%. In accordance with AB 1469, the portion of the state appropriation under Education Code Sections 22955(b) that is in addition to the base rate has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437% in 2014-15 to 4.311% in 2016-17. The increased contributions end as of fiscal year 2046-47. The State contribution rate for the period ended June 30, 2016, was 7.125890% of the District's 2013-14 creditable CalSTRS compensation.

Actuarial Assumptions

The total pension liability for the CalSTRS Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to the measurement date of June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Investment Rate of Return[1]	7.60%
Mortality[2]	CalSTRS' Membership Data
Post-Retirement Benefit Increase	2% simple

[1] Net of investment expenses, but gross of administrative expenses.
[2] 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. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

Discount Rate

The discount rate used to measure the CalSTRS Plan’s total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS Plan’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 the total pension liability.

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 as an input to the process. Based on the model from CalSTRS consulting actuary’s investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by CalSTRS’ general investment consultant is based on CalSTRS’ board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the CalSTRS 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:

Asset Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
Global Equity	47.00%	4.50%
Private Equity	12.00%	6.20%
Real Estate	15.00%	4.35%
Inflation Sensitive	5.00%	3.20%
Fixed Income	20.00%	0.20%
Cash / Liquidity	1.00%	0.00%
Total	100.00%	

*10-year geometric average

California Public Employees' Retirement System (CalPERS)

Plan Description

The District participates in the Schools Pool (the CalPERS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the CalPERS Plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PEPRA made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalPERS Plan has two benefit structures: 1) CalPERS 2% at 55 – Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalPERS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 50 with a minimum of five years of CalPERS-credited service, while members hired after January 1, 2013, must be at least age 52 with a minimum of five years of CalPERS-credited service.

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the CalPERS Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's 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's required contribution rate for the year ended June 30, 2016, was 11.847% of annual pay. District contributions to the CalPERS Plan were $1,902,778 for the year ended June 30, 2016.

Actuarial Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases(1)	Varies
Investment Rate of Return(2)	7.65%
Mortality(3)	CalPERS' Membership Data
Post-Retirement Benefit Increase(4)	Up to 2.75%

(1) Depending on age, service and type of employment
(2) Net of pension plan investment; includes inflation
(3) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the April 2014 experience study report.
(4) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates.

Change in Assumption

GASB 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the CalPERS Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the CalPERS Plan. The results of the crossover testing for the CalPERS Plan are presented in a detailed report that can be obtained from the CalPERS' website.

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.

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 (geometric) returns were calculated over the short-term (first 10 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 table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10[(a)]	Real Return Years 11+[(b)]
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

[(a)] An expected inflation of 2.5% was used for this period.
[(b)] An expected inflation of 3.0% was used for this period.

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

As of June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State's 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:

District's proportionate share of the net pension liability:	
CalSTRS Plan	$ 26,929,599
CalPERS Plan	20,503,477
State's proportionate share of CalSTRS net pension liability associated with the District	14,117,331
Total	$ 61,550,407

The District's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liabilities of the Plans are measured as of June 30, 2015, and calculated by reducing the total pension liability of each Plan by the respective Plan's fiduciary net position. The District's proportion of each Plan's net pension liability was based on the ratio of the District's actual employer contributions in the measurement period to the total actual employer and State contributions received by the respective Plan in the measurement period. The District's proportionate share of the net pension liability as of June 30, 2015, was 0.040% and 0.1391% for the CalSTRS and CalPERS Plans, respectively, which was an increase of 0.006% and an increase of 0.0005% from its proportion measured as of June 30, 2014 for CalSTRS and CalPERS Plans, respectively.

For the year ended June 30, 2016, the District recognized pension expense of $9,873,500 and revenue of $2,212,212 for support provided by the State. At June 30, 2016, 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
Differences between expected and actual experience	$ 1,171,804	$ (450,000)
Changes in assumptions		(1,259,791)
Changes in proportion	3,802,094	
Net differences between projected and actual investment earnings of pension plan investments		(2,897,256)
District contributions subsequent to measurement date	3,686,728	
Total	$ 8,660,626	$ (4,607,047)

The $3,686,728 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	$ (884,722)
2018	(884,722)
2019	(883,658)
2020	1,921,525
2021	549,260
Thereafter	549,169

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

The following presents the District's proportionate share of the net pension liability of the Plans as of the measurement date, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (6.60%)	Current Discount Rate (7.60%)	Discount Rate +1% (8.60%)
District's proportionate share of the CalSTRS Plan's net pension liability	$ 40,661,600	$ 26,929,599	$ 15,517,200

	Discount Rate –1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
District's proportionate share of the CalPERS Plan's net pension liability	$ 33,371,117	$ 20,503,477	$ 9,803,175

Defined Contribution Plan

The District offers part-time employees a defined contribution retirement plan. The Cash Balance Benefit Program (the Cash Balance Plan) for employees of California's public schools, sponsored by CalSTRS. Eligibility is determined by CalSTRS and retirement benefits are based on an amount equal to the balance of the participant's account, including interest earned on contributions, payable as either a lump-sum distribution or an annuity for balances over $3,500. Participants have an immediate vested right to their benefits and no annual maintenance fees are allocated to the Cash Balance Plan.

The Cash Balance Plan requires contributions from the eligible members and from the District. Currently, the faculty members' and the District's required contributions are 4% of gross salary. During the fiscal year ended June 30, 2016, employees and the District each contributed $211,573 to the Cash Balance Plan.

8. OTHER POSTEMPLOYMENT BENEFITS PLAN

In addition to the pension benefits described in Note 7, the District provides other postemployment health, dental, and vision care benefits for eligible retired employees and their dependents in accordance with negotiated contracts with the various bargaining units of the District.

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

The District administers a single-employer defined benefit healthcare plan (the Plan). The District, through its authorized Retirement Board of Authority, established the Futuris Public Entity Investment Trust (Investment Trust). The Investment Trust is used for the purposes of investment and disbursement of funds irrevocably designated by the District to fund future retiree benefits. The District provides benefits on a pay-as-you-go basis, and also makes contributions to the Investment Trust. The contribution requirements of plan members and the District are established and may be amended by the Board and by contractual agreement with employee groups. The District's plan members are not required to contribute to the plan. The financial activity of the Investment Trust can be obtained from the District.

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimations are made about the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation. The schedule of funding progress included in the required supplementary information presents multiyear information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial cost method	Entry age normal
Amortization methods	Closed 30 year amortization period for the initial UAAL, level percent Open 20 year amortization period for residual UAAL, level percent
Actuarial value of assets	5 year smoothing formula with a 20% corridor around market value.
Inflation rate assumption	2.75%
Investment return/discount rate assumption	6.25%
Medical trend assumption	4.00%
Payroll increase assumption	2.75%

Annual required contribution	$ 630,510
Interest on net OPEB obligation	19,701
Adjustment for current payroll data as per actuary	(9,210)
Annual OPEB expense	641,001
Contributions made	(607,890)
Increase in OPEB obligation	33,111
Net OPEB obligation at July 1, 2015	315,215
Net OPEB obligation at June 30, 2016	$ 348,326

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2016, and the preceding two years were as follows:

Fiscal Year Ended June 30,	Annual OPEB expense	% of Annual OPEB expense contributed	Net OPEB obligation
2014	$ 779,486	104%	$ 443,669
2015	$ 624,285	121%	$ 315,215
2016	$ 641,001	95%	$ 348,326

Funded Status and Funding Progress

The funded status of the plan as of the most recent valuation date, February 1, 2015, was as follows:

Actuarial accrued liability (AAL)	$ 7,381,848
Actuarial value of plan assets	3,311,595
Unfunded actuarial accrued liability (UAAL)	$ 4,070,253
Funded ratio (actuarial value of plan assets / AAL)	45%
Covered payroll (active plan members)	$ 26,952,040
UAAL as a percentage of covered payroll	15%

9. JOINT POWERS AUTHORITIES AGREEMENTS

The District is a participant in the Bay Area Community College Districts (BACCD). BACCD is a joint powers authority (JPA) created to provide services and other items necessary and appropriate for the establishment, operation, and maintenance of a self-insurance system for property and liability claims for public educational agencies, which are parties thereto. Should excess liability claims exceed amounts funded to BACCD by all participants, the District may be required to provide additional funding.

NATURE OF PARTICIPATION

Property

District Deductible:	$10,000
JPA's Coverage:	$10,001 to $250,000 with BACCD
Excess Insurance:	$250,000 to $7,500,000 with SWACC
	$7,500,001 to $250,250,000 with SAFER

Liability

District Deductible:	$10,000
JPA's Coverage:	$10,000 to $100,000 with BACCD
Excess Insurance:	$100,001 to $1,000,000 with SWACC
	$10,000,001 to $250,250,000 with SAFER

The JPA is independently accountable for its fiscal matters and is not a component of the District for financial reporting purposes. The most current condensed financial information available is as follows:

	June 30, 2016 BACCD
Total Assets	$ 8,977,451
Total Liabilities	(3,078,934)
Net Position	$ 5,898,517
Total Revenues	$ 4,486,339
Total Expenses	(4,265,546)
Net Increase in Net Position	$ 220,793

10. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

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

Construction Commitments

As of June 30, 2016, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $133,000,000. Projects will be funded by state funds, local bond financing, and basic aid funds.

11. SUBSEQUENT EVENT

On August 3, 2016 the District issued the 2016 General Obligation Refunding Bonds in the amount of $68,495,000, with interest rates ranging from 1.50% to 5.00%, to advance refund portions of the District’s outstanding 2010 Series A and advance refund portions of the District’s outstanding 2010 Series A-1.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b – a] / c)
2/1/2011	$ 774,529	$ 5,818,135	$ 5,043,606	13%	$ 27,235,761	19%
2/1/2013	$ 2,099,142	$ 7,250,590	$ 5,151,448	29%	$ 26,671,869	19%
2/1/2015	$ 3,311,595	$ 7,381,848	$ 4,070,253	45%	$ 26,952,040	15%

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2016 LAST 10 YEARS*

CalSTRS Plan

	Measurement Date	
	2015	**2014**
District's proportion of the net pension liability	0.040%	0.034%
District's proportionate share of the net pension liability	$ 26,929,599	$ 19,868 580
State's proportionate share of the net pension liability associated with the District	14,117,331	15,692,586
Total	$ 41,046,930	$ 35,561,166
District's covered-employee payroll	$ 15,912,727	$ 15,219,155
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169%	131%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2016 LAST 10 YEARS*

CalPERS Plan

	Measurement Date	
	2015	**2014**
District's proportion of the net pension liability	0.1391%	0.1386%
District's proportionate share of the net pension liability	$ 20,503,477	$ 15,734,475
District's covered-employee payroll	$ 15,388,831	$ 14,626,655
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – In 2016, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct an adjustment which previously reduced the discount rate for administrative expenses. In 2015, there were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
AS OF JUNE 30, 2016
LAST 10 YEARS*

CalSTRS Plan

	Fiscal Year	
	2016	**2015**
Contractually required contribution (actuarially determined)	$ 1,783,950	$ 2,712,205
Contributions in relation to the contractually required contributions	(1,783,950)	(2,712,205)
Contribution deficiency (excess)	$	$
District's covered-employee payroll	$ 16,669,294	$ 15,912,727
Contributions as a percentage of covered-employee payroll	10.70%	17.04%

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
AS OF JUNE 30, 2016
LAST 10 YEARS*

CalPERS Plan

	Fiscal Year	
	2016	**2015**
Contractually required contribution (actuarially determined)	$ 1,902,778	$ 2,877,394
Contributions in relation to the contractually required contributions	(1,902,778)	(2,877,394)
Contribution deficiency (excess)	$	$
District's covered-employee payroll	$ 16,061,462	$ 15,388,833
Contributions as a percentage of covered-employee payroll	11.8%	18.7%

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

SUPPLEMENTARY INFORMATION SECTION

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Program Expenditures
U.S. Department of Education:			
Student Financial Assistance Programs Cluster:			
Pell Grant Program	84.063	N/A	$ 6,003,209
Supplemental Educational Opportunity Grant Program	84.007	N/A	117,000
Federal Work-Study Program	84.033	N/A	90,325
Direct Student Loan Program	84.268	N/A	594,367
Subtotal Student Financial Assistance Programs Cluster			6,804,901
Passed Through California Community Colleges Chancellor's Office (CCCCO):			
Rehabilitation Training - Continuing Education	84.264	22572	285,059
Career and Technical Education:			
Career and Technical Education - Title II-C	84.048	03-C01-061	36,465
Career and Technical Education - Title II-E	84.048	00-021-23	132,862
Subtotal Career amd Technical Education			169,327
Total U.S. Department of Education			7,259,287
U.S. Department of Health and Human Services:			
Passed Through CCCCO:			
Temporary Assistance to Needy Families (TANF)	93.558	N/A	35,253
Substance Abuse and Mental Health Services Project	93.243	N/A	103,413
Total U.S. Department of Health and Human Services			138,666
National Science Foundation			
DeafTEC	47.076	31182-07	49,536
Total National Science Foundation			49,536
U.S. Department of Labor			
Passed Through Alameda County Workforce:			
WIA/WIOA Adult Program	17.258	C95-0263-0931	689,888
H-1B Job Training Grants	17.268	N/A	100,168
Subtotal for Passed Through Alameda County Workforce			790,056
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	TC-23770-12-60-A-6	105,973
Total U.S. Department of Labor			896,029
Total Expenditures of Federal Awards			$ 8,343,518

See the accompanying notes to supplemental information.

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2016

	Entitlements	Program Revenues				
Program Title	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	Program Expenditures
AB86 Adult Education		$ 240,993		$ 119,602	$ 121,391	$ 121,391
AB86 Adult Education Block Grant	$ 750,000	750,000		463,538	286,462	286,462
Basic Skills	140,751	282,766		84,863	197,903	197,903
BARTPC		5,959		5,959		
Calworks	156,776	156,771		7	156,764	156,764
Cal Grant	395,200	395,200			395,200	395,200
DSN-CTE	100,000	59,635	$ 11,459		71,094	71,094
Child Development Consortium		16,187		792	15,395	15,395
Cooperative Agency Resource Education	50,460	50,460		131	50,329	50,329
Deputy Sector Navigator/EWE			232,588		232,588	232,588
Disabled Student Program and Services	2,375,889	2,435,717		55,524	2,380,193	2,380,193
Enroll Fee Admin (2%)	75,297	75,297			75,297	75,297
Extended Opportunity Program and Services	407,640	403,095		8,375	394,720	394,720
Equal Employment Opportunity	5,139	5,151		12	5,139	5,139
Instructional Equipment (On-going)	645,065	674,794		102,766	572,028	572,028
Student Success (Credit))	1,769,543	2,385,637		769,179	1,616,458	1,616,458
Student Success (Equity)	619,359	882,934		373,024	509,910	509,910
Student Financial Aid Administration	308,730	308,730			308,730	308,730
Part time Faculty Compensation	216,830	216,830			216,830	216,830
Full Time Student Succcess	122,885	122,885			122,885	122,885
Deferred Maintenance	400,000	400,000		65,367	334,633	334,633
Prop 39 Project	230,705	257,562			257,562	257,562
Transfer & Articulation		5,710		5,445	265	265
Total	$ 8,770,269	$ 10,132,313	$ 244,047	$ 2,054,585	$ 8,321,775	$ 8,321,775

See the accompanying notes to supplemental information.

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2016

STATE GENERAL APPORTIONMENT

The Full-Time Equivalent Students (FTES) eligibility for 2015-16 State apportionment reported to the State of California as of June 30, 2016, are summarized below:

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2015 Only)			
1. Noncredit	0.00	0.00	0.00
2. Credit	0.00	0.00	0.00
B. Summer Intersession (Summer 2016 – Prior to July 1, 2016)			
1. Noncredit	0.00	0.00	0.00
2. Credit	2.59	0.00	2.59
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses:			
(a) Weekly Census Contact Hours	4,183.97	0.00	4,183.97
(b) Daily Census Contact Hours	225.84	0.00	225.84
2. Actual Hours of Attendance Courses:			
(a) Noncredit	0.00	0.00	0.00
(b) Credit	905.65	0.00	905.65
3. Alternative Attendance Accounting Procedure Courses:			
(a) Weekly Census Procedure Courses	2,049.15	0.00	2,049.15
(b) Daily Census Procedure Courses	288.01	0.00	288.01
(c) Noncredit Independent Study	0.00	0.00	0.00
D. Total Full-Time Equivalent Students	7,655.21	0.00	7,655.21
Supplemental Information			
E. In-service Training Courses (FTES)	277.25	0.00	277.25
F. Basic Skills Courses and Immigrant Education (FTES)			
(a) Noncredit	0.00	0.00	0.00
(b) Credit	572.02	0.00	572.02
CCFS 320 Addendum			
CDCP Noncredit FTES	0.00	0.00	0.00
Centers FTES			
(a) Noncredit	0.00	0.00	0.00
(b) Credit	2,648.85	0.00	2,648.85

OHLONE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2016

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
Instructional Salaries:							
Contract or Regular	1100	$ 9,126,325		$ 9,126,325	$ 9,126,325		$ 9,126,325
Other	1300	8,226,544		8,226,544	8,226,544		8,226,544
Total Instructional Salaries		17,352,869		17,352,869	17,352,869		17,352,869
Non-Instructional Salaries:							
Contract or Regular	1200				4,371,254		4,371,254
Other	1400				302,898		302,898
Total Non-Instructional Salaries					4,674,152		4,674,152
Total Academic Salaries		17,352,869		17,352,869	22,027,021		22,027,021
CLASSIFIED SALARIES							
Non-Instructional Salaries:							
Regular Status	2100				8,220,818		8,220,818
Other	2300				800,620		800,620
Total Non-Instructional Salaries					9,021,438		9,021,438
Instructional Aides:							
Regular Status	2200	1,325,508		1,325,508	1,325,508		1,325,508
Other	2400	295,598		295,598	295,598		295,598
Total Instructional Aides		1,621,106		1,621,106	1,621,106		1,621,106
Total Classified Salaries		1,621,106		1,621,106	10,642,544		10,642,544
Employee Benefits	3000	4,199,897		4,199,897	9,114,202		9,114,202
Supplies and Materials	4000				625,397		625,397
Other Operating Expenses	5000	1,241,336		1,241,336	5,668,285		5,668,285
Equipment Replacement	6420						
TOTAL EXPENDITURES PRIOR TO EXCLUSIONS		24,415,208		24,415,208	48,077,449		48,077,449

OHLONE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2016

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
Activities to Exclude:							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	201,908		201,908	201,908		201,908
Student Health Services Above Amount Collected	6441						
Student Transportation	6491				79,655		79,655
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740				207,955		207,955
Objects to Exclude:							
Rents and Leases	5060				1,027		1,027
Lottery Expenditures:							
Academic Salaries	1000						
Classified Salaries	2000						
Employee Benefits	3000						
Supplies and Materials:	4000						
Software	4100						
Books, Magazines, & Periodicals	4200						
Instructional Supplies & Materials	4300				125,833		125,833
Noninstructional Supplies & Materials	4400				84,659		84,659
Total Supplies and Materials					210,492		210,492
Other Operating Expenses and Services	5000				1,122,687		1,122,687
Capital Outlay:	6000						
Library Books	6300				55,927		55,927
Equipment:	6400						
Equipment - Additional	6410						
Equipment - Replacement	6420						
Total Equipment							
Total Capital Outlay					55,927		55,927
Other Outgo	7000						
TOTAL EXCLUSIONS		201,908		201,908	1,879,651		1,879,651
Total for ECS 84362, 50% Law		$ 24,213,300	$	$ 24,213,300	$ 46,197,798	$	$ 46,197,798
Percent of CEE (Instructional Salary Cost / Total CEE)		52.41%		52.41%	100%		100%
50% of Current Expense of Education					$ 23,098,899		$ 23,098,899

OHLONE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF EDUCATION PROTECTION ACCOUNT EXPENDITURES TO DISTRICT ACCOUNTING RECORDS YEAR ENDED JUNE 30, 2016

Prop 30 EPA Expenditure Report

Activity Classification	Activity Code				Unrestricted
EPA Proceeds:	8630				$ 6,770,516

Activity Classification	Activity Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	$ 6,770,516			$ 6,770,516
Total Expenditures for EPA*		$ 6,770,516	$	$	6,770,516
Revenues less Expenditures					$

*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.

OHLONE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS
TO NET POSITION
YEAR ENDED JUNE 30, 2016

Fund Balance:	
General Fund	$ 19,294,762
Bond Interest and Redemption Fund	25,566,264
Capital Outlay Projects Fund	4,339,182
Revenue Bond Construction Fund	182,669,386
Other Internal Services Fund	7,154
Financial Aid Trust Fund	116,261
Total Audited Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	231,993,009
Net Audit Adjustments:	
No adjustments were made to the District's Funds	
Total Fund Balance	231,993,009
Reconciliation to Net Position:	
Fair market value adjustment	1,044,928
Capital assets, net	324,036,996
Deferred outflows of resources related to pensions	8,660,626
Interest payable	(6,148,959)
Long-term debt not reported in fund based statements	(483,113,423)
Deferred inflows of resources related to pensions	(4,607,047)
Total Net Position	$ 71,866,130

1. PURPOSE OF SCHEDULES

Schedules of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2016, was conducted in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

- General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.

- Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.

- Indirect Cost Rate – The District did not elect to use the 10% de minimis indirect cost rate as they received indirect costs at varying rates as determined by the granting agencies.

- Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2016.

Schedule of State Financial Assistance

The California Community Colleges Chancellor's Office requires disclosure of the financial activities of all state funded programs. To comply with this requirement, the Schedule of State Financial Assistance is presented.

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

Full-time equivalent students (FTES) is a measurement of the number of students 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 are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of the ECS 84362 (50 percent law) Calculation

The Reconciliation of ECS 84362 (50 Percent Law) Calculation form shows the annual reported data from the CCFS-311 and any audit adjustments.

Reconciliation of Education Protection Account Expenditures to District Accounting Records

This reconciliation of Education Protection Account Expenditures shows the annual general apportionment and the expenditures the District applied toward the apportionment.

Reconciliation of Governmental Funds to Net Position

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Form CCFS-311 to the audited financial statements.

OTHER INDEPENDENT AUDITOR’S REPORTS

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

Independent Auditor's Report

Board of Trustees
Ohlone Community College District
Fremont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Ohlone Community College District (the District), as of and for the year ended June 30, 2016, 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 2, 2016.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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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 compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 2, 2016

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

Independent Auditor's Report

Board of Trustees
Ohlone Community College District
Fremont, California

Report on Compliance for Each Major Federal Program

We have audited the Ohlone Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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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 programs for the year ended June 30, 2016.

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, we considered the District's internal control over compliance with the 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 2, 2016

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REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH THE CONTRACTED DISTRICT AUDIT MANUAL

Independent Auditor's Report

Members of the Board of Trustees
Ohlone Community College District
Fremont, California

Report on Compliance with Applicable Requirements

We have audited the Ohlone Community College District's (the District) compliance with the types of compliance requirements described in Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office identified in the schedule below for the year ended June 30, 2016.

Management's Responsibilities

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's state 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 Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards and the *Contracted District Audit Manual* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances.

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

In connection with the requirements referred to above, we have selected and tested transactions and records to determine the District's compliance with the applicable programs identified below:

- Salaries of Classroom Instructors (50% Law)
- Apportionment for Instructional Service Agreements/Contracts

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- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Student Success and Support Program (SSSP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Student Fees - Health Fees and Use of Health Fee Funds
- Prop 39 Clean Energy Fund
- Intersession Extension Programs
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D State Bond Funded Projects
- Education Protection Account Funds

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2016. The results of our auditing procedures disclose no instances of noncompliance with those requirements, which are required to be reported in accordance with the *Contracted District Audit Manual*.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 2, 2016

FINDINGS AND RECOMMENDATIONS SECTION

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs

CFDA Numbers	Name of Federal Programs or Cluster
84.063, 84.007, 84.033, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

State Awards

Internal control over state programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Any audit findings disclosed that are required to be disclosed in accordance with Contracted District Audit Manual?	____ Yes	X No
Type of auditor's report issued on compliance for state programs:	Unmodified	

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III – STATE COMPLIANCE

There were no state compliance findings reported.

SECTION IV - FEDERAL COMPLIANCE

There were no federal compliance findings reported.

OHLONE COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported in the prior year.

FEDERAL COMPLIANCE

There were no federal compliance findings reported in the prior year.

STATE COMPLIANCE

There were no state compliance findings reported in the prior year