OHLONE COMMUNITY COLLEGE DISTRICT

FREMONT, CALIFORNIA

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2019

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. Greg Bonaccorsi	Board Chair	December 2020
Ms. Teresa Cox	Vice Chair	December 2020
Ms. Vivien Larsen	Member	December 2022
Ms. Jan Giovannini-Hill	Member	December 2022
Ms. Tawney Warren	Member	December 2020
Mr. Richard Watters	Member	December 2022
Ms. Suzanne Lee Chan	Member	December 2022
Mr. Kevin Black	Student Trustee	May 14, 2020

ADMINISTRATION

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

Andrew LaManque, Ph. D. .... Interim Vice President of Academic Affairs/Deputy Superintendent

Binh Q. Nguyen. .... Interim Vice President of Student Services

Christopher Dela Rosa, D.M. .... Vice President of Administrative and Information Technology Services

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

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Ohlone Community College District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, the Schedules of the District's Proportionate Share of the Net Pension Liability, and the Schedules of the District's Pension 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 (Uniform Guidance)*, 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 November 21, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CPAs

GILBERT CPAs
Sacramento, California

November 21, 2019

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 20 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 2018-19 State Budget, which was enacted on June 27, 2018, painted a somewhat brighter, but more cautious fiscal picture than what the state had offered in the January Budget Proposals. Proposition 98 funding for K-14 education was budgeted at $78.4 billion compared to $74.5 billion in 2017-18. Community Colleges received 10.93% of the total minimum guarantee.

This year the State Budget included three major initiatives for community colleges – (1) a new funding formula called Student Centered Funding Formula (SCFF), (2) combining three categorical programs, Basic Skills, Student Equity and Student Success and Support into one program called Student Equity and Achievement program (SEA) and (3) creating a fully online community college.

Student Centered Funding Formula (SCFF)

While the old funding formula used to distribute apportionment funding strictly based on student enrollment, the new funding formula distributes apportionment funding based on three components: (1) student enrollment (Base Allocation), (2) number of low-income students served (Supplemental Allocation), (3) and student success metrics (Student Success Allocation). According to the 2018 Budget Act, the new funding formula will be phased in over a three-year period. In 2018-19, 70% of the apportionment funding was distributed in Base Allocation, 20% in Supplemental Allocation, and 10% in Student Success Allocation. The statewide percentages will change to 65%, 20%, 15% in 2019-20 and 60%, 20%, 20% in 2020-21 and thereafter, respectively.

The Chancellor Office's initial simulation showed that 22 districts, including Ohlone Community College District (OCCD), would be affected negatively under the new funding formula. OCCD would receive a reduction to its apportionment funding for $5,439,530, close to 11% compared to what we would have received under the old funding formula. Most recent District simulations indicate that the funding cut might be somewhere between $7 and $10 million due to subsequent changes in the SCFF and declining enrollment trends. This is a significant fiscal challenge for Ohlone, which will require significant corrective actions to address this gap.

The good news is that the State Budget also included a hold-harmless provision during the first three years of SCFF implementation, which means that at a minimum all districts would receive their 2017-18 apportionment funding adjusted for cost of living adjustment in the subsequent years. This provision allows some time for Ohlone and other negatively impacted districts to plan and implement corrective fiscal measures in order to balance their annual budgets.

Three Pronged Strategy to address impact of SCFF

In response to the Student Centered Funding Formula Ohlone CCD adopted a three –pronged approach to address the negative fiscal impact of SCFF and to ensure the fiscal solvency of the District. This strategy includes (1) increasing revenues and decreasing expenditures, (2) improving student success metrics and (3) advocate for changes in the new funding formula that will help Ohlone CCD. As a first step in implementing the three-pronged strategy, Ohlone CCD reduced its operating budget by about $1 million in fiscal year 2018-19. Additional efforts are currently underway to fully implement the three pillars of the strategy over the next three years.

Financial highlights

Despite fiscal challenges posed by the SCFF as well as escalating operating cost, Ohlone CCD continued to maintain its sharp focus on achieving its educational mission. General Unrestricted Fund (Fund 10) ended the fiscal year with $152,223 in deficit spending, much lower than the $1.2 million of budgeted deficit. Excluding STRS and PERS on-behalf, total actual expenditures happened to be about $1.1 million lower than budgeted expenditures, which contributed to the lower than budgeted deficit spending in 2018-19. General Unrestricted Fund (Fund 10) completed the year with 17.99% of ending fund balance, about 1.33% higher than budgeted ending fund balance because of conservative and prudent spending by the budget managers.

The employer contribution rates for both CalSTRS and CalPERS increased from 14.43% and 15.531% in 2017-18 to 16.28% and 18.062% in 2018-19, respectively, which resulted in $908,962 of year-over-year ongoing cost increase for the College. The employer contribution rate is expected to escalate further as the State continues with its plan to fully fund the CalSTRS liability by 2046. In order to meet the rising obligation related to pension cost, Ohlone CCD set aside $4,616,000 of General Unrestricted Fund (Fund 10) in the Internal Services Fund (Fund 69) as part of the 2017-18 fiscal year budget. As originally planned, the District drew down on the pension savings by transferring $908,962 from the Internal Services Fund (Fund 69) back to General Unrestricted Fund (Fund 10) to offset the increase in pension cost in 2018-19.

As part of the negotiated settlement with bargaining units, the District implemented 2.71% of ongoing pay adjustment in addition to 1% one-time pay across the board. The United Faculty Union (UFO) contract was effective February 1, 2019 while the classified units and management pay adjustment were effective July 1, 2018. The pay adjustment added about $910,000 ongoing and about $370,000 one-time salary and benefit cost to the General Unrestricted Fund (Fund 10) budget.

In addition, the District's General Unrestricted Fund (Fund 10) funded about $1.3 million in required match and backfill to a number of district programs including the Parking Fund, the DSPS Program, and Federal Work-Study programs. The State funding received by the Disabled Student Program and Services (DSPS), a mandated program, was not sufficient to cover the cost of the entire program, which triggered a General Fund backfill in the amount of $956,131. The Parking Fund, which partially relies on the student parking fee, experienced $282,598 of deficit spending due to declining student enrollment.

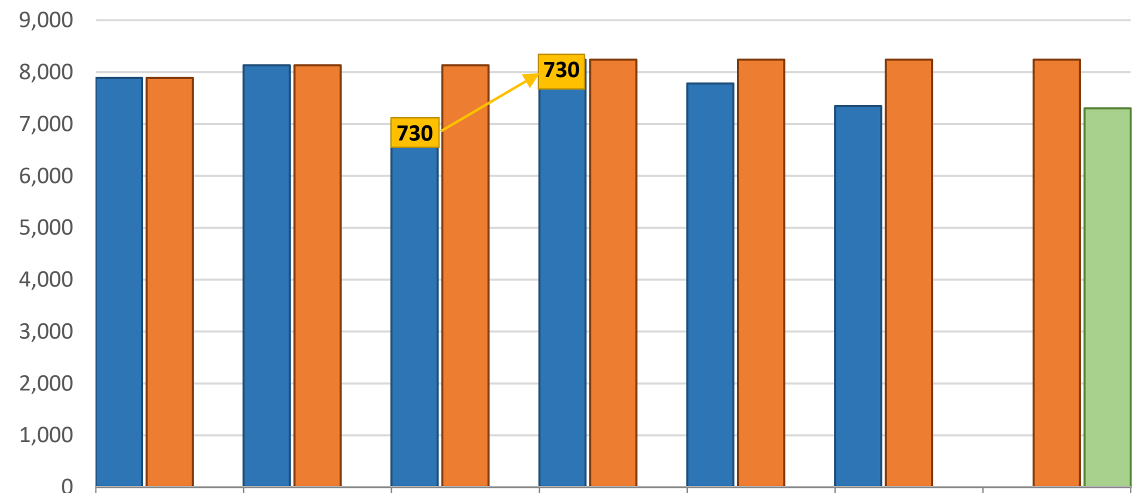
On March 28, 2019, the District successfully sold its $39 million Election of 2010 General Obligation Bonds, Series D ("Bonds"). The Bonds are the final installment of the $349 million Measure G bond measure. Prior to the bond sale, the District secured very strong credit ratings of 'Aa1' from Moody's Investors Service and 'AA+' from Standard & Poor's, which is only one level below the highest possible ratings a district can achieve. The Bonds ultimately achieved a very low true interest cost of 3.08%, which was 1.02% lower than the 4.1% estimate rate shared with Board of Trustees prior to bond issuance.

On September 5, 2019, the District successfully locked in $6.29 million in taxpayer savings through the sale of its $97.67 million 2019 General Obligation Refunding Bonds. The Bonds were issued to refinance the District's 2010 and 2012 General Obligation Refunding Bonds, which had previously provided taxpayers savings. The District has a strong track record of saving local taxpayer dollars. The 2010 bond refinancing yielded $3,477,935 in savings, the 2012 refinancing yielded $8,301,685 and the 2016 refinancing yielded $11,114,180. This most recent refinancing brings the combined taxpayer savings from 2010, 2012, 2016 and 2019 to $29,184,558.

The construction of Academic Core buildings, which commenced in 2016, is expected to complete in the fall of 2019 and will be available for classrooms in spring 2020.

Attendance Highlights

Community colleges in the San Francisco Bay Area have continued to experience a drop in their enrollment over the last few years, probably due to strong job market throughout the State, particularly in the San Francisco Bay Area. Beginning fiscal year 2018-19, the District has decided to modify the FTES reporting from the current Fall, Spring and Summer method to the Summer, Fall and Spring reporting method in line with the academic year. In 2018-19 Ohlone CCD had budgeted 8,240 FTES, but actually generated 7,347 FTES, which represents a drop of 10.84% from the FTES Base. Total FTES reported to the State in 2018-19 included Summer 2018, Fall 2018 and Spring 2019, as explained above. The decline in FTES, which is a major concern for the college, did not negatively impact the College's State apportionment in 2018-19 due to the hold-harmless provision in the State budget.



	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Reported FTES	7,888	8,133	7,065	8,240	7,782	7,347	
Funded FTES	7,888	8,133	8,133	8,240	8,240	8,240	8,240
Budgeted FTES							7,303
Summer Shift			730				

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflow 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. Net position is the indicator of the financial health of the District.

	2019	2018	Change
ASSETS:			
Current assets	$ 126,183,841	$ 127,604,633	$ (1,420,792)
Non-current assets	454,219,137	427,067,574	27,151,563
TOTAL ASSETS	580,402,978	554,672,207	25,730,771
Deferred outflows of resources related to debt refunding	8,403,815	8,802,414	(398,599)
Deferred Outflow of resources related to OPEB and pensions	20,582,268	18,475,160	2,107,108
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,986,083	27,277,574	1,708,509
TOTAL ASSETS AND DEFERRED OUFLOWS	$ 609,389,061	$ 581,949,781	$ 27,439,280
LIABILITIES:			
Current liabilities	$ 34,578,749	$ 41,183,417	$ (6,604,668)
Non-current liabilities	516,141,738	474,891,601	41,250,137
TOTAL LIABILITIES	550,720,487	516,075,018	34,645,469
Deferred Inflow Of Resources	2,814,806	3,101,735	(286,929)
NET POSITION:			
Invested in capital assets, net of related debt	76,151,677	73,737,145	2,414,532
Restricted	14,409,761	17,951,376	(3,541,615)
Unrestricted	(34,707,670)	(28,915,493)	(5,792,177)
TOTAL NET POSITION	55,853,768	62,773,028	(6,919,260)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 609,389,061	$ 581,949,781	$ 27,439,280

Current assets

Current assets include unrestricted and restricted cash and cash equivalents, accounts receivables, short terms investments, and prepaid expenses. Total current assets decreased by $1.4 million compared to prior year largely due to a drop in the restricted cash balance because of increased spending on the construction of the Academic Core building.

- ❖ Cash and cash equivalents are comprised of funds held in the County Treasury and includes all District funds. Total cash and cash equivalent balance has decreased by about $1.4 million compared to prior year mainly due to increased spending on the construction of the Academic Core building on the Fremont Campus.

- ❖ Restricted cash and cash equivalents consist of amounts relating to Capital Projects, 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.

- ❖ Accounts receivable include amounts due from the State, Federal and local grants and contracts. Accounts receivable totaled $4.03 million by June 30, 2019, which is about $2.8 million more than 2017-18. The increase is mainly due to outstanding funding on grants and general apportionment revenue as well as "due from Foundation" for the DiMino donation for Academic Core Building FF&E project.

- ❖ Prepaid expenses are those expenses that are paid prior to year-end but related to the next fiscal year. These are primarily prepaid premiums on the workers' compensation policy, employee health benefits premiums, and professional organization dues. Prepaid expenses have decreased by $191 thousand due to a recent change in the District health insurance billings.

Non-current Assets

Non-current assets include long term investments, depreciable and non-depreciable assets.

- ❖ Capital assets are reported at the historical cost of land, buildings and equipment less accumulated depreciation, where applicable. The $28.4 million increase in capital assets is primarily attributable to the construction projects, including the Academic Core Building on the Fremont campus as well as equipment purchases.

Deferred outflows of resources

- ❖ The District's deferred outflows of resources related to pensions and OPEB increased by $2.0million. The change is mostly due to changes in the District's proportionate share of the CalSTRS net pension liability from 0.034% to 0.038%

- ❖ The District's deferred amount of debt refunding decreased due to amortization.

Current liabilities

Current liabilities are short-term obligations due within one year including accounts payable, unearned revenue, interest payable, accrued payroll and benefit, and others payables.

- Accounts payable decreased by $840,000 over last fiscal year primarily due to less outstanding invoices related to construction projects this fiscal year.

- Accrued payroll and benefits represents the amount held for the payment to employees who work 10 months but elect to have their salary spread over a 12 month period. This amount will be released to employees in the months of July and August.

- 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 2019 terms.

- Interest payable at June 30, 2019 represents payments due to bond holders.

- The long-term liabilities due within one year is primarily related to the amount due in fiscal year 2018-19 to the bond holders of the District's Measure A Bond authorized at $150 million and Measure G Bond authorized at $349 million. These payments are made from the voter approved tax assessments from the cities of Fremont, Newark and Union City property taxes.

Non-current liabilities

Non-current Liabilities are long-term obligations due in more than one year, which include debt owed related to measure A and G bonds, and net pension liability related to CalSTRS, CalPERS and OPEB pension plans.

- The major component of the non-current liabilities is the long-term portion of Measure A and Measure G General Obligation bonds issuance, which, as mentioned above, were authorized at $150 million and $349 million respectively. Long-term liabilities related to General Obligation Bond Measures A and G, increased by approximately $34 million, primarily due to the issuance of Measure G series D bond in 2018-19.

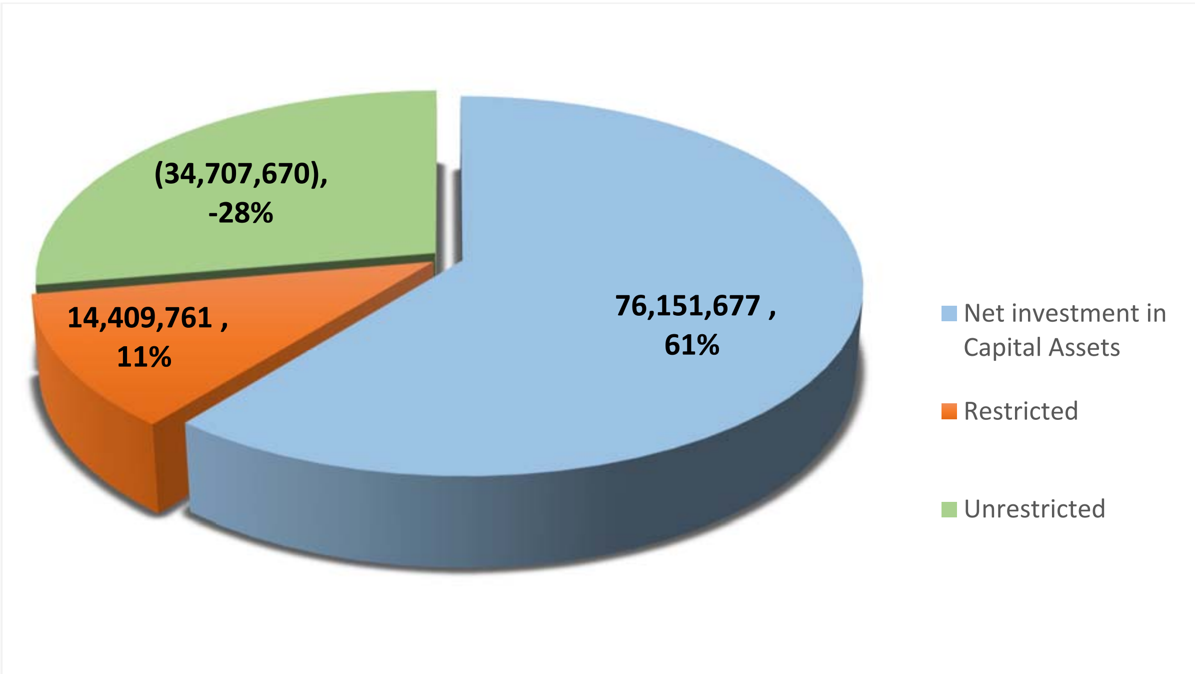
- Net pension liability increased by $6 million primarily due to the increase in the District's proportionate share of net pension liability related to CalSTRS and CalPERS pension plans.

- Net OPEB liability, which increased by approximately $84 thousand, represents the unfunded portion of the total liability related to Other Post-Employment Benefits (OPEB), also called retiree health benefits.

Deferred inflows of resources

- This amount decreased by $287 thousand due to a decrease in the District's proportionate share of the CalPERS net pension liability from 0.1293% to 0.1269% and the recognition of changes in assumptions from past fiscal years.

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 million, debt service $9 million and educational purposes $1.3 million. Unrestricted net position is a negative ($34.7) 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 $76.1 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.

	2019	2018	Change
Total operating revenue	$ 28,195,237	$ 28,263,683	$ (68,446)
Total operating expenses	92,337,929	89,427,224	2,910,705
Operating loss	(64,142,692)	(61,163,541)	(2,979,151)
Net non-operating revenue (expenses)	49,939,198	48,455,251	1,483,947
Loss before other revenues, expenses, gains or losses	(14,203,494)	(12,708,290)	(1,495,204)
Capital revenues (expenses)	7,284,234	(4,204,670)	11,488,904
Increase (decrease) in net position	(6,919,260)	(16,912,960)	9,993,700
Net position - beginning of the year	62,773,028	80,680,483	(17,907,455)
Cumulative effect of change in accounting principles	-	(994,495)	994,495
Net position - end of the year	$ 55,853,768	$ 62,773,028	$ (6,919,260)

Changes in operating revenue

Operating revenue includes student enrollment fees less scholarships and fee waivers, and Federal, state and local grants and contracts.

- 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 decreased by $394 thousand in 2018-19 due to declining student enrollment most likely caused by the strong job market in the district.

Grants and contracts represent restricted programs funded through Federal, State and local sources. Total combined revenues of these programs increased by about $1.3 million compared to last year due largely to the DiMino donation for the Academic Core Building's FF&E project.

Changes in non-operating revenues

Non-operating revenue comprise of state general apportionment, local property taxes and other non-operating income/expenses.

- State general apportionment represents total general apportionment earned less student enrollment fees and property taxes. Changes in property tax and student enrollment fee revenue result in a corresponding change in the District's State apportionment revenues. If the property tax and/or student enrollment fee were to decrease, the District's state apportionment revenue will increase by the same amount, and vice-versa. For example, in 2018-19 noncapital property tax revenue increased by $4.3 million, which resulted in a corresponding decrease of about $4.4 million in State General Apportionment.

- Noncapital property taxes, increased by $4.3 million because of substantial increase in ERAF (Educational Revenue Augmentation Fund) funding this year to the District.

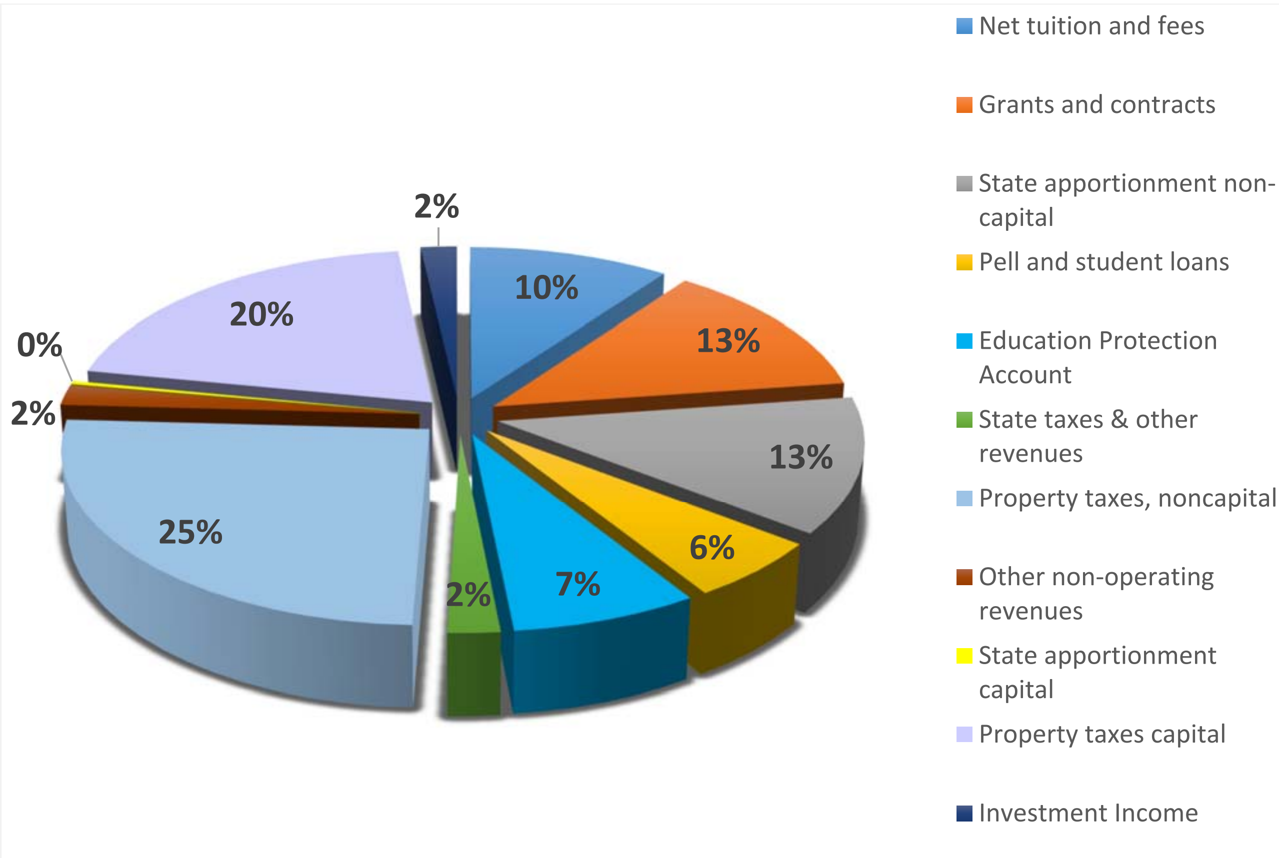
- State taxes and other revenue stayed flat due to no one time funding in both years.

Changes in capital revenues

Property taxes, capital, decreased by $1.4 million due to a decrease in property tax collections.

Total Revenues for the Year Ended	2019	2018	Change
Net tuition and fees	$ 9,981,887	$ 10,376,014	$ (394,127)
Grants and contracts	12,657,733	11,341,539	1,316,194
State apportionment. noncapital	12,609,039	17,000,484	(4,391,445)
Pell and student loans	5,555,617	6,546,130	(990,513)
Education Protection Account	7,368,779	6,552,625	816,154
State taxes & other revenues	2,059,982	2,519,842	(459,860)
Property taxes, noncapital	25,214,586	20,929,268	4,285,318
Other non-operating revenues	1,865,130	1,235,261	629,869
State apportionment, capital	314,751	326,330	(11,579)
Property taxes, capital	20,015,064	21,423,448	(1,408,384)
Investment Income	1,801,839	1,712,302	89,537
	$ 99,444,407	$ 99,963,243	$ (518,836)

Revenue

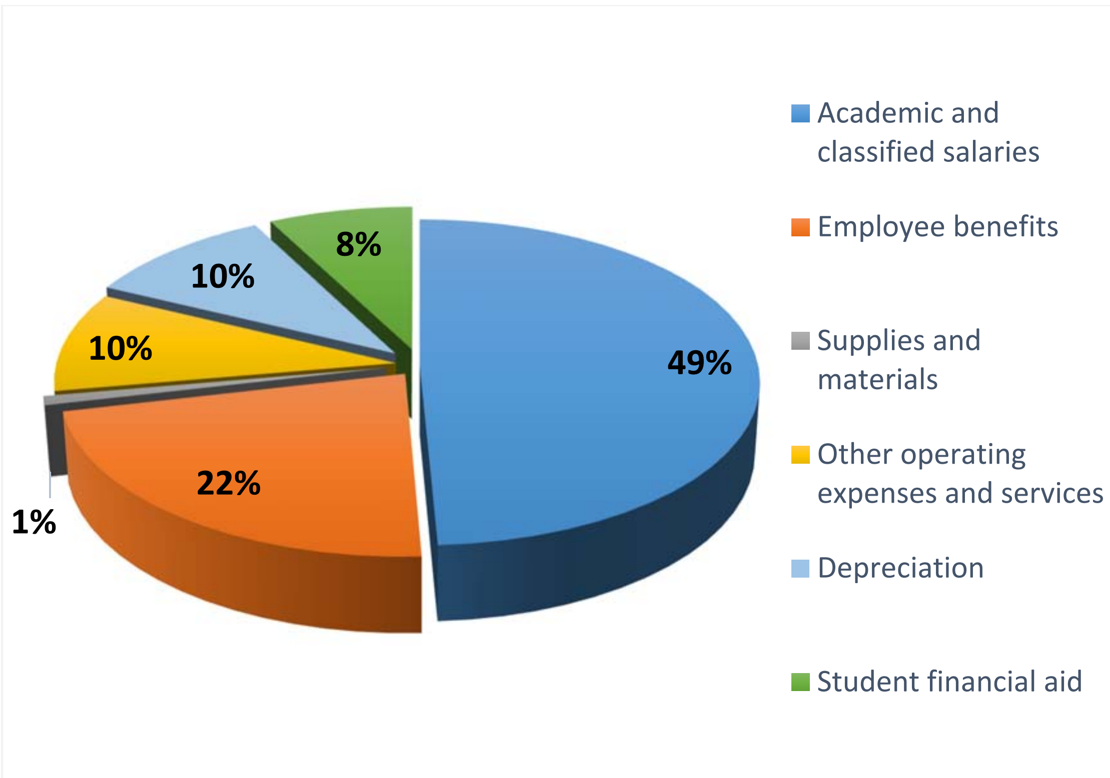


Changes in Operating Expenses

- In 2018-19, academic and classified payroll increased by $810 thousand primarily due to salary negotiation with all bargaining units.
- Employee benefits represent Health and Welfare as well as pension benefits. The increase of $2.4 million is largely due to supplemental payment to the CalSTRS pension system by the State, as well as the employee pay adjustment and the increase in pension rates.
- Other operating expenses decreased by $900,000 due to the successful implementation of budget measures aiming at reducing overall operating cost.
- Financial aid to students was down by $462,000 because of a drop in the number of students eligible for financial aid and declining student enrollment.
- Depreciation expenses increased by about $1.3 million in 2018-19 due to the completion of capital projects and acquisition of more equipment during the year .

Total Operating Expenditures for the Year Ended	2019	2018	Change
Academic and classified salaries	$ 45,466,961	$ 44,656,605	$ 810,356
Employee benefits	20,440,960	17,970,200	2,470,760
Supplies and Materials	825,310	1,109,788	(284,478)
Other Operating Expenses and Services	9,152,646	10,052,879	(900,233)
Depreciation	9,388,473	8,111,838	1,276,635
Student Financial Aid	7,063,579	7,525,914	(462,335)
	$ 92,337,929	$ 89,427,224	$ 2,910,705

Expenses



Financial Aid

For the year ended June 30, 2019 and 2018, the following sources of student financial aid were disbursed:

	2019	2018	Change
Federal	$ 5,785,071	$ 6,643,715	$ (858,644)
State	1,242,940	793,629	449,311
Local	74,273	61,822	12,451
	$ 7,102,284	$ 7,499,166	$ (396,882)

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

Economic Outlook and Factors Affecting Next Year's budget

The District's 2019-20 final budget is based on the information included in the State Budget, which was enacted by the Governor on June 27, 2019. The State Budget continues the State's commitment of paying down debt and liabilities, building reserves, and increasing spending for one-time initiatives. The 2019 Budget Act makes a few adjustments to the Student Centered Funding Formula (SCFF) including the extension of hold-harmless funding by one additional year and amending the definition of student success outcomes in order to make the funding formula sustainable in the long-term.

The State Budget includes $81.1 billion of Proposition 98 funding for K-12 and community college education in fiscal year 2019-20. Community Colleges will receive the traditional 10.93% of the total Proposition 98 funding. Despite an increase in the overall Proposition 98 funding, Ohlone College has to continue to rely on the one-time hold-harmless funding, largely due to the implementation of the new funding formula and declining enrollment.

Major highlights of the 2019 State Budget Act include the following:

- $230 million to fund 3.26% of Cost of Living Adjustment (COLA)
- $24.7 million for .55% of system wide enrollment growth. Ohlone will not benefit from this allocation due to declining student enrollment.
- $13.5 million for Physical Plant and Instructional Equipment compared to $28 million in 2018-19.
- $34 million for Mandate Block grant, which is slightly higher than the $33 million funding in 2018-19.
- $475 million for Student Equity and Achievement Program (SEA), same as last year.
- $124 million for the Disabled Student Program and Services (DSPS), compared to $120 million in 2018-19.
- $248 million for the Strong Workforce Program compared to $255 million in 2018-19.

The implementation of the new funding formula in 2018-19 and declining enrollment over the last several years are the two major causes of the District's fiscal challenge. As indicated earlier, Ohlone College plans to implement a three-pronged strategy over the next few years to overcome this challenge and to balance its annual budget. The strategy includes: (1) increasing revenues and reducing expenditures, (2) increasing enrollment and improving outcomes in the Student Success and Supplemental metrics, and (3) advocating for changes in the new funding formula that will benefit Ohlone.

While the predicted impact of the new funding formula and declining enrollment on Ohlone's finances is concerning, the College is actively pursuing steps to ensure its fiscal solvency, and to continue to serve our students with high-quality educational programs and services.

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Institution	Foundation
ASSETS		
Current assets:		
Cash and equivalents	$ 28,231,580	$ 8,569,236
Restricted cash and equivalents	92,229,827	
Restricted short-term investments	1,167,958	
Short-term investments		478,810
Accounts receivable, net	3,247,328	18,800
Due from Foundation	783,146	
Current portion of pledges receivable		356,000
Prepaid expenses and other assets	524,002	1,037
Total current assets	126,183,841	9,423,883
Noncurrent assets:		
Restricted long-term investments	3,812,470	
Investments		5,283,752
Assets held for donation		300,398
Charitable remainder trust assets		747,798
Nondepreciable capital assets	242,969,803	
Depreciable capital assets, net	207,436,864	
Total noncurrent assets	454,219,137	6,331,948
TOTAL ASSETS	580,402,978	15,755,831
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on debt refunding	8,403,815	
Deferred outflows of resources related to OPEB	502,442	
Deferred outflows of resources related to pensions	20,079,826	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,986,083	
LIABILITIES		
Current liabilities:		
Accounts payable	8,855,700	42,542
Due to District		783,146
Accrued payroll and benefits	2,619,367	
Unearned revenue	6,932,295	
Interest payable	8,090,292	
Long-term liabilities due within one year	8,081,095	182,874
Total current liabilities	34,578,749	1,008,562
Noncurrent liabilities		
Long-term liabilities due in more than one year	445,905,530	365,827
Net pension liability	68,746,864	
Net OPEB liability	1,489,344	
Total noncurrent liabilities	516,141,738	365,827
TOTAL LIABILITIES	550,720,487	1,374,389
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pensions	2,814,806	
NET POSITION:		
Net investment in capital assets	76,151,677	
Restricted for:		
Nonexpendable-Scholarships and Programs		2,130,500
Capital projects	3,990,990	
Debt service	9,057,480	
Educational purposes	1,361,291	
Restricted by donors		11,926,377
Unrestricted (deficit)	(34,707,670)	324,565
TOTAL NET POSITION	$ 55,853,768	$ 14,381,442

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, 2019

	Primary Institution	Foundation
OPERATING REVENUES:		
Tuition and fees (gross)	$ 12,906,820	
Less: Scholarship discounts and allowances	(2,924,933)	
Net tuition and fees	9,981,887	
Grants, contracts, and donations, noncapital:		
Federal	6,662,875	
State	11,489,256	
Local	61,219	
Contributions and special event revenue		$ 10,984,977
TOTAL OPERATING REVENUES	28,195,237	10,984,977
OPERATING EXPENSES:		
Academic salaries	27,058,309	
Classified salaries	18,408,652	
Employee benefits	20,440,960	
Supplies and materials	825,314	
Depreciation	9,388,473	
Other operating expenses and services	9,152,642	1,472,018
Other payments to students	95,268	105,877
Financial aid expenses	6,968,311	
TOTAL OPERATING EXPENSES	92,337,929	1,577,895
OPERATING LOSS	(64,142,692)	9,407,082
NON-OPERATING REVENUES (EXPENSES):		
State apportionments, noncapital	12,609,039	
Education protection account	7,368,779	
Local property taxes	25,214,586	
State taxes and other revenues	2,059,982	
Investment income - noncapital	821,682	407,766
Other non-operating income (expense)	1,865,130	9,001
TOTAL NON-OPERATING REVENUES	49,939,198	416,767
LOSS BEFORE CAPITAL ACTIVITY	(14,203,494)	9,823,849
CAPITAL ACTIVITY:		
State apportionments, capital	314,751	
Local property taxes and revenues, capital	20,015,064	
Investment income - capital	980,157	
Interest expense on capital asset-related debt	(14,025,738)	
DECREASE IN NET POSITION	(6,919,260)	9,823,849
NET POSITION, BEGINNING OF YEAR	62,773,028	4,557,593
NET POSITION -- END OF YEAR	$ 55,853,768	$ 14,381,442

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

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$ 9,954,257
Federal grants and contracts	6,655,973
State grants and contracts	11,364,365
Local grants and contracts	(1,196,515)
Payments to suppliers	(10,140,252)
Payments to/on behalf of employees	(61,511,492)
Payments to/on behalf of students	(6,935,294)
Net cash used by operating activities	(51,808,958)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State apportionments and receipts	12,364,476
Education protection account receipts	7,368,779
Local property tax receipts	25,214,586
State taxes and other revenues	2,059,982
Other receipts (payments)	1,865,130
Net cash provided by noncapital financing activities	48,872,953
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
State apportionments for capital purposes	314,751
Purchases of capital assets	(39,750,025)
Loss on disposal of capital assets	22,807
Principal paid on capital debt	(10,483,007)
Proceeds from issuance of capital debt	42,422,926
Investment earnings on capital investments	980,157
Interest paid on capital debt	(16,744,739)
Local property taxes and other revenues for capital purposes	20,015,064
Net cash used by capital and related financing activities	(3,222,066)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	335,000
Investment income	940,087
Net cash provided by financing activities	1,275,087
NET DECREASE IN CASH AND EQUIVALENTS	(4,882,984)
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	125,344,391
CASH AND EQUIVALENTS -- END OF YEAR	$ 120,461,407

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

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2019

	Primary Institution
Reconciliation to Statement of Net Position:	
Cash and equivalents	$ 28,231,580
Restricted cash and equivalents	92,229,827
Total cash and equivalents	$ 120,461,407
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (64,142,692)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	9,388,473
Changes in:	
Accounts receivable	(2,583,852)
Prepaid expenses	191,345
Deferred outflows of resources related to pensions	(1,988,437)
Deferred outflows of resources related to OPEB	(118,671)
Accounts payable/Accrued payroll and benefits	1,172,137
Unearned revenue	(128,228)
Compensated absences	172,182
Net pension liability	6,431,567
Net OPEB liability	84,147
Deferred inflows of resources related to pensions	(286,929)
Net cash used by operating activities	$ (51,808,958)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Amortization of premium on capital debt	$ (2,275,685)
Deferred amount of refunding	(398,599)

OHLONE COMMUNITY COLLEGE DISTRICT

STATEMENT NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

ASSETS:	
Current assets:	
Cash and equivalents	$ 1,024,994
Accounts receivable	158,422
TOTAL ASSETS	$ 1,183,416
LIABILITIES:	
Accounts payable	$ 118,648
Unearned revenue	26,725
Amounts held in trust for others	1,038,043
TOTAL LIABILITIES	$ 1,183,416

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*.

In addition to the District's business-type activities, the District maintains fiduciary funds. These funds account 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 funds:

Associated Student Government Fund – This fiduciary fund is part of the Associated Students of Ohlone College. 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.

Other Trusted Fund– This fiduciary fund includes monies held by the District on behalf of various District department's for extra curriculum and instructional activities.

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, 2019, an allowance for uncollectible accounts was $639,463.

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.

The District's deferred amount on debt refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as deferred outflows of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

Contributions made to the District's pension and OPEB 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 and total OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expenses and liabilities 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. See Note 8 for further details related to these OPEB 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.

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently 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 the California Community Colleges Promise 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.

Change in Accounting Principles – For the year ended June 30, 2019, the District implemented GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of Construction Period*. The primary objective of GASB 89 is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. Therefore, interest cost incurred before the end of a construction period will be recognized as an expense in the period in which the cost is incurred and will not be capitalized as part of the historical cost of a capital asset. GASB 89 required prospective application therefore, no adjustment is needed for previous periods.

Future Accounting Pronouncements – In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, with required implementation for the District during the year ending June 30, 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

In June 2017, the GASB issued Statement No. 87, Leases, with required implementation for the District during the year ending June 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Management is in the process of evaluating the impact these two new statements will have on the District’s future financial statements.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The District’s cash, cash equivalents and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position of the Primary Government:	
Cash and equivalents	$ 28,231,580
Restricted cash and equivalents	92,229,827
Restricted short-term investments	1,167,958
Restricted long-term investments	3,812,470
Statement of Fiduciary Net Position:	
Cash and equivalents	1,024,994
Total cash, cash equivalents and investments	$ 126,466,829

Cash, cash equivalents and investments as of June 30, 2019, consist of the following:

Cash and equivalents:	
Cash and equivalents in County Treasury	$ 114,231,353
Deposits with financial institutions	7,251,048
Cash on hand	4,000
Investments:	
U.S Municipal Securities	4,980,428
Total cash, cash equivalents and investments	$ 126,466,829

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%	None
Non-negotiable Certificates of Deposits	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
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 and Asset Backed 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, 2019, the weighted average maturity of the investments contained in the County Treasury is approximately 420 days.

The schedule of maturities of investments at June 30, 2019 is as follows:

		Maturity (in Years)	
Investment Type	**Fair Value**	**< 1**	**1-5**
U.S Municipal Securities	$ 4,980,428	$ 1,167,958	$ 3,812,470

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, 2019:

Investment Type	Fair Value	AA+	AA	AA-
U.S Municipal Securities	$ 4,980,428	$ 2,026,333	$ 1,871,891	$ 1,082,204

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, 2019, 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 $2,576,994.

Fair Value Measurement

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into 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 $4,980,428 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, 2019:

Statement of Net Position of the Primary Government	
Federal grants and contracts	$ 413,328
State grants, contracts and general apportionment	2,392,344
Local grants, contracts and students	1,081,119
Allowance for uncollectible	(639,463)
Total	$ 3,247,328
Statement of Fiduciary Net Position:	
Local sources	$ 158,422
Total	$ 158,422

5. CAPITAL ASSETS

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

	Balance July 1, 2018	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	$ 36,116,441			$ 36,116,441
Construction in progress	176,531,061	$ 35,975,241	$ (5,652,940)	206,853,362
Total capital assets, not being depreciated	212,647,502	35,975,241	(5,652,940)	242,969,803
Capital assets, being depreciated:				
Improvement of sites	43,918,335			43,918,335
Buildings	198,848,242		5,652,940	204,501,182
Furniture and equipment	48,844,850	1,866,129	(153,166)	50,557,813
Total capital assets, being depreciated	291,611,427	1,866,129	5,499,774	298,977,330
Less accumulated depreciation for:				
Improvement of sites	(3,514,084)	(2,638,367)		(6,152,451)
Buildings	(51,585,846)	(4,734,339)		(56,320,185)
Furniture and equipment	(27,182,422)	(2,015,767)	130,359	(29,067,830)
Total accumulated depreciation	(82,282,352)	(9,388,473)	130,359	(91,540,466)
Total capital assets, being depreciated, net	209,329,075	(7,522,344)	5,630,133	207,436,864
Total capital assets, net	$ 421,976,577	$ 28,452,897	$ (22,807)	$450,406,667

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, 2019, the 2002 CAB Issue principal balance outstanding was $1,962,970. In September 2012, the District issued the 2012 General Obligation Refunding Bonds (2012 Refunding 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, 2019, the 2012 Issue principal balance outstanding was $92,430,000.

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, 2019, the principal balance outstanding was $13,770,000.

Election 2010 General Obligation Bonds Outstanding

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 $70,000,000, with interest rates ranging from 2.00% to 5.00%. As of June 30, 2019, the principal balance outstanding was $965,000.

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 4.91%. As of June 30, 2019, the principal balance outstanding was $58,025,430.

In May, 2016, the District issued Election of 2010 General Obligation Bonds, Series 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, 2019, the principal balance outstanding was $142,605,000.

In August 2016, the District issued 2016 General Obligation Refunding Bonds (2016 Refunding Issue) in the amount of $68,495,000, with interest rates ranging from 2.00% to 5.00%, to advance refund the 2011 Series A and partially advance refund the 2011 Issue Series A-1. The District defeased the bonds by placing proceeds of the 2016 Refunding Issue in an irrevocable escrow account to provide for future debt service; accordingly the assets and liabilities for the defeased bonds are not included in the Statement of Net Position. The Escrow Agent will pay the debt services requirements of the defeased bonds on each scheduled payment date through and including August 1, 2021 and will redeem the defeased bonds, at a redemption price equal to 100% of par, on August 1, 2021, which is the first optional redemption date. As of June 30, 2019 the 2017 Issue principal balance outstanding was $68,190,000.

In April 2019, the District issued 2010 General Obligation Bonds, Series D General Obligation Bonds in the amount of $39,000,000, with interest rates ranging from 3.00% to 5.00%. As of June 30, 2019, the principal balance outstanding was $39,000,000.

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

Year Ending June 30,	Principal	Interest	Total
2020	$ 3,747,970	$ 17,927,235	$ 21,675,205
2021	7,545,000	16,294,294	23,839,294
2022	8,560,000	15,977,319	24,537,319
2023	8,410,000	15,606,919	24,016,919
2024	9,740,000	15,180,644	24,920,644
2025-2029	72,940,000	66,877,969	139,817,969
2030-2034	67,977,831	54,607,050	122,584,881
2035-2039	65,757,342	48,319,952	114,077,294
2040-2044	111,685,257	26,263,271	137,948,528
2045-2046	60,585,000	2,437,750	63,022,750
Totals	$ 416,948,400	$279,492,403	$ 696,440,803

A schedule of changes in long-term obligations for the year ended June 30, 2019 is shown below:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	$ 388,431,407	$ 39,000,000	$ 10,483,007	$ 416,948,400	$ 3,747,970
Premium on bonds	32,620,498	3,422,926	2,275,685	33,767,739	2,275,683
Compensated absences	1,423,397	172,182		1,595,579	382,535
Accreted interest	2,911,432	235,467	1,471,992	1,674,907	1,674,907
Totals	$ 425,386,734	$ 42,830,575	$ 14,230,684	$ 453,986,625	$ 8,081,095

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 18.10% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2019, was 16.28% of annual pay. District contributions to the CalSTRS Plan were $3,211,992 for the year ended June 30, 2019.

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 increased from 1.437% in 2014-15 to 5.311% in 2018-19. The increased contributions end as of fiscal year end June 30, 2046. The State contribution rate for the period ended June 30, 2018, was 9.328% of the District's 2014-15 creditable CalSTRS compensation.

In addition to AB1469, California Senate Bill 90 (SB 90) signed June 27, 2019, appropriated from the State's General Fund $2,246,000,000 in contributions on-behalf of school employers for the 2018–19 fiscal year to be transferred to the CalSTRS Plan. Furthermore, SB 90 will appropriate contributions for the 2019–20 and 2020–21 fiscal years, such that it will result in school employers having to contribute 1.03 percentage points less than amounts set in existing prescribed schedules in the 2019–20 fiscal year and 0.70 percentage point less in the 2020–21 fiscal year, as specified. The District's proportionate share of the State's SB90 on-behalf contribution to the CalSTRS Plan for the period ended June 30, 2019 was $1,339,517.

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, 2017, and rolling forward the total pension liability to the measurement date of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2018, 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	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Investment Rate of Return[1]	7.10%
Mortality	CalSTRS' Membership Data
Post-Retirement Benefit Increase	2% simple for DB (Annually) Maintain 85% purchasing power Level for DB Not applicable for DBS /CBB

(1) Net of investment expenses, but gross of administrative expenses.

Discount Rate

The discount rate used to measure the CalSTRS Plan's total pension liability was 7.10%. 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 (7.10%) 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. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash / Liquidity	2.00%	-1.00%
Total	100.00%	

*20-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, 2019, was 18.062% of annual pay. District contributions to the CalPERS Plan were $3,161,576 for the year ended June 30, 2019.

In addition to District contributions, SB 90, appropriated from the State's General Fund $904,000,000 in contributions on-behalf of school employers for the 2018–19 fiscal year to be transferred to the CalPERS Plan. The District's proportionate share of the State's SB90 on-behalf contribution to the CalPERS plan for the period ended June 30, 2019 was $1,146,724.

Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases(1)	Varies
Investment Rate of Return	7.15%
Mortality(2)	CalPERS' Membership Data
Post-Retirement Benefit Increase(3)	Up to 2.50%

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 CalPERS Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on CalPERS website.

(3) 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

Changes in Assumptions

In measurement period ending June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate for CalPERS was lowered from 2.75% to 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The crossover test results can be found on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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+ 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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[a]	**New Strategic Allocation**	**Real Return Years 1 – 10[b]**	**Real Return Years 11+[c]**
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

[a] In the Plan's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[b] An expected inflation of 2.00% was used for this period.
[c] An expected inflation of 2.92% was used for this period.

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

As of June 30, 2019, 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	$ 34,924,660
CalPERS Plan	33,822,204
Total District net pension liability	68,746,864
State's proportionate share of CalSTRS net pension liability associated with the District	19,952,828
Total	$ 88,699,692

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, 2018, 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, 2018, was 0.038% and 0.1269% for the CalSTRS and CalPERS Plans, respectively, which was an increase of 0.004% and a decrease 0.0025%, respectively, from its proportion measured as of June 30, 2017 for CalSTRS and CalPERS Plans, respectively.

For the measurement period ended June 30, 2018, the District recognized pension expense of $12,878,399 and revenue of $2,348,630 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,325,560	$ (507,300)
Changes in assumptions	8,802,638	
Changes in proportion	2,295,838	(916,323)
Change in proportionate share of contributions	4,804	(46,363)
Net differences between projected and actual investment earnings of pension plan investments	277,418	(1,344,820)
District contributions subsequent to measurement date	6,373,568	
Total	$ 20,079,826	$ (2,814,806)

The $6,373,568 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, 2020. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2020	$ 4,713,296
2021	3,505,055
2022	122,592
2023	360,309
2024	1,760,633
Thereafter	429,568

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% (6.10%)	Current Discount Rate (7.10%)	Discount Rate +1% (8.10%)
District's proportionate share of the CalSTRS Plan's net pension liability	$ 51,160,540	$ 34,924,660	$ 21,463,540

	Discount Rate –1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
District's proportionate share of the CalPERS Plan's net pension liability	$ 49,243,511	$ 33,822,204	$ 21,028,021

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, 2019, employees and the District each contributed $196,105 to the Cash Balance Plan.

8. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

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 through a single-employer defined benefit healthcare plan (the Plan). The District, through its authorized Retirement Board of Authority (RBOA), established the Futuris Public Entity Investment Trust (OPEB Trust). The RBOA was established to manage, direct and control the OPEB Trust. The RBOA appointed the Benefit Trust Company (BTC) to serve as the Discretionary Trustee and OPEB Trust Custodian. The OPEB Trust is used for the purposes of investment and disbursement of funds irrevocably designated by the District to fund future other post-employment benefits (OPEB). The OPEB Trust issues a separate financial report that may be obtained by contacting the District.

Benefits Provided

The District's benefits provided to retirees are based on Government Code sections collectively known as Public Employees' Medical & Hospital Care Act (PHMHCA), which vary among different collective bargaining agreements. The following is a description of the current retiree benefit plan.

	Certificated	CSEA	Management	SEIU
Benefit types provided	Medical only	Medical only	Medical only	Medical only
Duration of benefits	To age 65	To age 65	To age 65	To age 65
Required service	10 years	10 years*	10 years*	10 years*
Minimum age	55	55	55	55
Dependent coverage	No	No	No	No
District contribution percentage	100% to a max of $450 per month	100%	100%	100%
District cap	Active cap	Active cap	Active cap	Active cap

*17 years if hired after 1/1/15

Employees Covered

As of the June 30, 2018 actuarial valuation, the following Inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	59
Inactive employees entitled to but not receiving benefits	0
Participating active employees	316
Total	375

Contributions

The District provides benefits on a pay-as-you-go basis, and also makes contributions to the OPEB 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.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.75%
Salary Increases[(1)]	2.75%
Investment Rate of Return[(2)]	6.00%
Mortality - Classified[(3)]	CalPERS' Membership Data
Mortality - Certificated[(4)]	CalSTRS' Membership Data
Health Care Cost Trend Rates	4.00%

(1) Since benefits do not depend on salary, using an aggregate payroll assumption for purposes of calculating the service costs results in negligible error.

(2) Net of OPEB plan investment expense; 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) 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 adjusted to fit CalSTRS specific experience through June 30, 2015. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis and June 30, 2015 Actuary Program Valuations for more information.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
All U.S. Domestic Stock	50.00%	7.795%
Long-Term Corporate Bonds	50.00%	5.295%
Total	100.00%	

*30-year geometric average

Discount Rate

The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period of time not to exceed 30 years. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members over a period not to exceed 30 years. Therefore, the long-term assumed investment rate of return was applied to a period not to exceed 30 years of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

The changes in the Net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (TOL) (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a)-(b)**
Balance at June 30, 2018 (Measurement date June 30, 2017)	$ 5,677,289	$ 4,272,092	$ 1,405,197
Changes recognized for the measurement period:			
Service cost	325,724		325,724
Interest on TOL	342,511		342,511
Contributions—employer		384,527	(384,527)
Contributions—employee			
Expected Investment Income		258,671	(258,671)
Investment gains/losses		(16,020)	16,020
Benefit payments	(263,262)	(263,262)	
Administrative expense		(43,092)	43,090
Other - rounding		2	(2)
Net changes	404,973	320,826	(84,147)
Balance at June 30, 2019 (Measurement date June 30, 2018)	$ 6,082,262	$ 4,592,918	$ 1,489,344

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

The following presents the net OPEB liability of the District, as well as what the net OPEB 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% (5.00%)	**Current Discount Rate (6.00%)**	**Discount Rate +1% (7.00%)**
Net OPEB liability	$ 2,120,885	$ 1,489,344	$ 955,285

Sensitivity of the District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (3.00%)	**Health Care Trend Rate (4.00%)**	**Discount Rate +1% (5.00%)**
Net OPEB liability	$ 1,054,108	$ 1,489,344	$ 1,975,878

OPEB plan fiduciary net position

The OPEB Trust issues a separate financial report that may be obtained by contacting the District at 43600 Mission Boulevard, Freemont, CA, 94539.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	Expected average remaining service lives (EARSL) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $455,102. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 489,626	
Net difference between projected and actual earnings on OPEB plan investments	12,816	
Total	$ 502,442	$

The 489,626 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	
2020	$ 3,204
2021	3,204
2022	3,204
2023	3,204

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: $250,001 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
	$1,000,001 to $50,000,000 with SAFER

The JPA is independently accountable for its fiscal matters and is not a component of the District for financial reporting purposes. Condensed financial information for the JPA as of June 30, 2019 is as follows:

	June 30, 2019 BACCD
Total Assets	$ 7,387,875
Total Liabilities	(2,191,049)
Net Position	$ 5,196,826
Total Revenues	$ 3,738,333
Total Expenses	(3,555,558)
Net Increase in Net Position	$ 182,775

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.

Construction Commitments

As of June 30, 2019, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $17,532,958. Projects will be funded by local bond financing.

11. SUBSEQUENT EVENTS

On September 5, 2019 the District issued the 2019 General Obligation Refunding Bonds in the amount of $97,670,000 maturing through August 2039 and bearing interest rates ranging from 1.695% to 2.437%. The bonds were issued to refund portions of the District's outstanding 2010 General Obligation Bonds and 2012 General Obligation Refunding Bonds and pay the costs of issuance of the bonds.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT PERIODS ENDED JUNE 30, LAST 10 YEARS*

	2018	2017
TOTAL OPEB LIABILITY		
Service cost	$ 325,724	$ 317,006
Interest	342,511	320,718
Benefit payments	(263,262)	(303,199)
NET CHANGE IN TOTAL OPEB LIABILITY	404,973	334,525
TOTAL OPEB LIABILITY, Beginning	5,677,289	5,342,764
TOTAL OPEB LIABILITY, Ending (a)	6,082,262	5,677,289
PLAN FIDUCIARY NET POSITION		
Contributions—employer	384,527	651,525
Contributions—employee		
Net investment income	242,652	348,287
Benefit payments	(263,262)	(303,199)
Administrative expense	(43,090)	
NET CHANGE IN PLAN FIDUCIARY NET POSITION	320,827	696,613
PLAN FIDUCIARY NET POSITION, Beginning	4,272,092	3,575,479
PLAN FIDUCIARY NET POSITION, Ending (b)	4,592,919	4,272,092
DISTRICT'S NET OPEB LIABILITY, Ending (a) - (b)	$ 1,489,343	$ 1,405,197
Plan fiduciary net position as a percentage of the total OPEB liability	75.51%	75.25%
Covered-employee payroll	$ 29,342,136	$ 28,550,884
District's net OPEB liability as a percentage of covered-employee payroll	5.08%	4.92%

Notes to Schedule:

There were no changes to benefit terms or assumptions during the measurement period ending June 30, 2017 and June 30, 2018.

* Fiscal year 2018 was the 1st year of implementation, therefore only two years are presented.

OHLONE COMMUNITY COLLEGE DISTRICT

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

CalSTRS Plan

	Measurement Date				
	2018	**2017**	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.038%	0.034%	0.032%	0.040%	0.034%
District's proportionate share of the net pension liability	$ 34,924,660	$ 31,443,200	$ 25,881,920	$ 26,929,599	$ 19,868,580
State's proportionate share of the net pension liability associated with the District	19,952,828	18,594,067	14,961,744	14,117,331	15,692,586
Total	$ 54,877,488	$ 50,037,267	$ 40,843,664	$ 41,046,930	$ 35,561,166
District's covered-employee payroll	$ 19,419,763	$ 18,424,504	$ 16,669,295	$ 15,912,727	$ 15,219,155
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	180%	171%	155%	169%	131%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2018, 2016, 2015 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the consumer price inflation changed from 3.00% to 2.75%, investment rate of return changed from 7.60% to 7.10% and wage growth changed from 3.75% to 3.50%.

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

OHLONE COMMUNITY COLLEGE DISTRICT

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

CalPERS Plan

	Measurement Date				
	2018	**2017**	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.1269%	0.1293%	0.1340%	0.1391%	0.1386%
District's proportionate share of the net pension liability	$ 33,822,204	$ 30,872,097	$ 26,465,083	$ 20,503,477	$ 15,734,475
District's covered-employee payroll	$ 16,810,092	$ 16,573,023	$ 16,061,460	$ 15,388,831	$ 14,626,655
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201%	186%	165%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement dates ended June 30, 2016 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%. For the measurement date ended June 30, 2018, the demographic assumptions and inflation rates were changed. The inflation rate was lowered from 2.75% to 2.50%.

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

OHLONE COMMUNITY COLLEGE DISTRICT

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

CalSTRS Plan

	Fiscal Year				
	2019	**2018**	**2017**	**2016**	**2015**
Contractually required contribution (actuarially determined)	$ 3,211,992	$ 2,795,301	$ 2,304,620	$ 1,783,950	$ 2,712,205
Contributions in relation to the contractually required contributions	(3,211,992)	(2,795,301)	(2,304,620)	(1,783,950)	(2,712,205)
Contribution deficiency (excess)	$	$	$	$	$
District's covered-employee payroll	$ 19,823,730	$ 19,419,763	$ 18,424,504	$ 16,669,294	$ 15,912,727
Contributions as a percentage of covered-employee payroll	16.20%	14.39%	12.51%	10.70%	17.04%

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

OHLONE COMMUNITY COLLEGE DISTRICT

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

CalPERS Plan

	Fiscal Year				
	2019	**2018**	**2017**	**2016**	**2015**
Contractually required contribution (actuarially determined)	$ 3,161,576	$ 2,601,991	$ 2,292,421	$ 1,902,778	$ 2,877,394
Contributions in relation to the contractually required contributions	(3,161,576)	(2,601,991)	(2,292,421)	(1,902,778)	(2,877,394)
Contribution deficiency (excess)	$	$	$	$	$
District's covered-employee payroll	$ 17,573,636	$ 16,810,092	$ 16,573,023	$ 16,061,462	$ 15,388,833
Contributions as a percentage of covered-employee payroll	17.99%	15.48%	13.83%	11.85%	18.70%

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

SUPPLEMENTARY INFORMATION SECTION

OHLONE COMMUNITY COLLEGE DISTRICT

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

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	$ 5,192,716
Supplemental Educational Opportunity Grant Program	84.007	N/A	132,007
Federal Work-Study Program	84.033	N/A	90,812
Direct Student Loan Program	84.268	N/A	362,901
Subtotal Student Financial Assistance Programs Cluster			5,778,436
Passed Through Gallaudet University:			
Gallaudet University	84.910A	N/A	144,572
Passed Through California Community Colleges Chancellor's Office (CCCCO):			
Career and Technical Education:			
Career and Technical Education - Title II-C	84.048	03-C01-061	40,655
Career and Technical Education - Title II-E	84.048	00-021-23	131,702
Subtotal Career and Technical Education			172,357
Total U.S. Department of Education			6,095,365
U.S. Department of Health and Human Services:			
Passed Through CCCCO:			
Temporary Assistance to Needy Families (TANF)	93.558	N/A	32,034
U.S. Department of Labor			
Passed Through Humboldt University:			
Small Business Development Center	59.037	F0321	64,081
Passed Through Alameda County Workforce:			
WIA Adult Program	17.258	C95-0263-0931	191,891
WIA Dislocated Workers	17.278	C95-0263-0931	272,868
Subtotal for Passed Through Alameda County Workforce/WIA Cluster			464,759
Total U.S. Department of Labor			528,840
Total Expenditures of Federal Awards			$ 6,656,239

See the accompanying notes to supplemental information.

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

	Entitlements	Program Revenues				
Program Title	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	Program Expenditures
AB86 Adult Education Block Grant 15/16		$ 47,285			$ 47,285	$ 47,285
Adult Education Block Grant II 16/17		33,030			33,030	33,030
Adult Education Block Grant III 17/18		882,742			882,742	882,742
Basic Skills		39,030			39,030	39,030
Basic Skills K-20		111,908	$ 159,429		271,337	271,337
Cal Grant	$ 550,000	467,502	4,180		471,682	471,682
Calworks	153,340	153,340			153,340	153,340
California Adult Education Program	4,102,870	4,102,870		$ 180,191	3,922,679	3,922,679
California College Promise	416,185	416,185		286,594	129,591	129,591
Campus Safety/Sexual Assult		20,273		4,387	15,886	15,886
CENIC	50,000	50,000		48,500	1,500	1,500
Child Development Consortium	2,425	4,799		2,374	2,425	2,425
Community Involvement Program	17,745		9,641		9,641	9,641
Classified Staff Development	33,641	33,641		33,641		
Cooperative Agency Resource Education	58,022	58,022		1,508	56,514	56,514
CTE Data Unlocked		50,000		13,003	36,997	36,997
Deferred Maintenance	45,000	211,753		2,793	208,960	208,960
Deputy Sector Navigator/EWD (18/19)	200,000	80,000	57,130		137,130	137,130
Deputy Sector Navigator/EWD (17/18)		80,347		1,304	79,043	79,043
Disabled Student Program and Services	1,748,067	1,827,357			1,827,357	1,827,357
Enroll Fee Admin (2%)	69,574	69,574			69,574	69,574
Equal Employment Opportunity	50,000	50,000		396	49,604	49,604
Extended Opportunity Program and Services	392,784	392,784			392,784	392,784
Financial Aid Technology Grant	188,360	188,360		140,311	48,049	48,049
Guided Pathways	221,723	383,536		333,989	49,547	49,547
Hunger Free Campus	73,611	87,068		60,368	26,700	26,700
ICT - DSN		3,966		2,649	1,317	1,317
IEPI (17/18)		1,958			1,958	1,958
IEPI (18/19)	52,000	52,000			52,000	52,000
Instructional Equipment (On-going)	128,523	300,369		283,439	16,930	16,930
ISPIC - Biotech Supply Chain		14,000			14,000	14,000
Mental Health Services (One-time)	73,284	73,284		45,509	27,775	27,775
Mental Health Services (Grant)	250,000	100,000	8,352		108,352	108,352
Nursing Education	109,267	109,267		12,052	97,215	97,215
On-Behalf Payment		172,840			172,840	172,840
Part time Faculty Compensation	193,005	170,064			170,064	170,064
Prop 39 Project		118,626			118,626	118,626
SS&SP		480,795			480,795	480,795
Strong Workforce Program	976,852	1,832,463		1,507,455	325,008	325,008
Strong Workforce Regional	906,394	230,245	111,029		341,274	341,274
Student Equity Achievement	2,484,617	2,484,617		591,315	1,893,302	1,893,302
Student Financial Aid Administration	275,892	275,892			275,892	275,892
Student Success Completion Grant	560,913	691,078		49,411	641,667	641,667
Student Success (Equity)		293,896		3,380	290,516	290,516
SVCPT II		21,560			21,560	21,560
SVETP		6,679	43,477		50,156	50,156
TAEP	226,575		27,337		27,337	27,337
Transfer & Articulation		2,308		1,231	1,077	1,077
Veteran Resource Center	23,349	44,709		23,349	21,360	21,360
Total	$ 14,634,018	$ 17,322,022	$ 420,575	$ 3,629,149	$ 14,113,448	$ 14,113,448

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, 2019

STATE GENERAL APPORTIONMENT

The Full-Time Equivalent Students (FTES) eligibility for 2018-19 State apportionment reported to the State of California as of June 30, 2019, are summarized below:

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2018 Only)			
1. Noncredit	0.00	0.00	0.00
2. Credit	912.11	0.00	912.11
B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)			
1. Noncredit	0.00	0.00	0.00
2. Credit	0.00	0.00	0.00
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses:			
(a) Weekly Census Contact Hours	3,657.24	0.00	3,657.24
(b) Daily Census Contact Hours	219.94	0.00	219.94
2. Actual Hours of Attendance Courses:			
(a) Noncredit	2.71	0.00	2.71
(b) Credit	695.36	0.00	695.36
3. Alternative Attendance Accounting Procedure Courses:			
(a) Weekly Census Procedure Courses	1,440.40	0.00	1,440.40
(b) Daily Census Procedure Courses	419.35	0.00	419.35
(c) Noncredit Independent Study	0.00	0.00	0.00
D. Total Full-Time Equivalent Students	7,347.11	0.00	7,347.11
Supplemental Information			
E. In-service Training Courses (FTES)	272.79	0.00	272.79
F. Basic Skills Courses and Immigrant Education (FTES)			
(a) Noncredit	0.00	0.00	0.00
(b) Credit	217.11	0.00	217.11
CCFS 320 Addendum			
CDCP Noncredit FTES	0.00	0.00	0.00
Centers FTES			
(a) Noncredit	0.00	0.00	0.00
(b) Credit	2,189.85	0.00	2,189.85

See the accompanying notes to supplemental information.

OHLONE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2019

		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	$ 11,406,196		$ 11,406,196	$ 11,406,196		$ 11,406,196
Other	1300	8,112,556		8,112,556	8,112,556		8,112,556
Total Instructional Salaries		19,518,752		19,518,752	19,518,752		19,518,752
Non-Instructional Salaries:							
Contract or Regular	1200				4,401,200		4,401,200
Other	1400				271,146		271,146
Total Non-Instructional Salaries					4,672,346		4,672,346
Total Academic Salaries		19,518,752		19,518,752	24,191,098		24,191,098
CLASSIFIED SALARIES							
Non-Instructional Salaries:							
Regular Status	2100				9,671,911		9,671,911
Other	2300				1,141,500		1,141,500
Total Non-Instructional Salaries					10,813,411		10,813,411
Instructional Aides:							
Regular Status	2200	1,646,521		1,646,521	1,646,521		1,646,521
Other	2400	213,864		213,864	213,864		213,864
Total Instructional Aides		1,860,385		1,860,385	1,860,385		1,860,385
Total Classified Salaries		1,860,385		1,860,385	12,673,796		12,673,796
Employee Benefits	3000	7,124,335		7,124,335	15,149,440		15,149,440
Supplies and Materials	4000				439,938		439,938
Other Operating Expenses	5000	1,153,623		1,153,623	6,477,428		6,477,428
Equipment Replacement	6420						
TOTAL EXPENDITURES PRIOR TO EXCLUSIONS		29,657,095		29,657,095	58,931,700		58,931,700

OHLONE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2019

		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						
Student Health Services Above Amount Collected	6441						
Student Transportation	6491				82,954		82,954
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740						
Objects to Exclude:							
Rents and Leases	5060				3,462		3,462
Lottery Expenditures:							
Academic Salaries	1000						
Classified Salaries	2000						
Employee Benefits	3000						
Supplies and Materials:	4000						
Software	4100						
Books, Magazines, & Periodicals	4200				53,768		53,768
Instructional Supplies & Materials	4300				33,487		33,487
Noninstructional Supplies & Materials	4400						
Total Supplies and Materials					87,255		87,255
Other Operating Expenses and Services	5000				1,046,621		1,046,621
Capital Outlay:	6000						
Library Books	6300				13,346		13,346
Equipment:	6400						
Equipment - Additional	6410						
Equipment - Replacement	6420						
Total Equipment							
Total Capital Outlay					13,346		13,346
Other Outgo	7000						
TOTAL EXCLUSIONS					1,233,638		1,233,638
Total for ECS 84362, 50% Law		$ 29,657,095	$	$ 29,657,095	$ 57,698,062	$	$ 57,698,062
Percent of CEE (Instructional Salary Cost / Total CEE)		51.40%		51.40%	100%		100%
50% of Current Expense of Education					$ 28,849,031		$ 28,849,031

OHLONE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF EDUCATION PROTECTION ACCOUNT EXPENDITURES TO DISTRICT ACCOUNTING RECORDS YEAR ENDED JUNE 30, 2019

Education Protection Act (EPA) Expenditure Report

Activity Classification	Activity Code				Unrestricted
EPA Proceeds:	8630				$ 7,368,779
Activity Classification	**Activity Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 7,368,779			$ 7,368,779
Total Expenditures for EPA*		$ 7,368,779	$	$	7,368,779
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, 2019

Fund Balance:		
General Fund	$	14,845,041
Bond Interest and Redemption Fund		13,582,359
Capital Outlay Projects Fund		3,990,989
Revenue Bond Construction Fund		69,732,242
Other Internal Services Fund		3,787,944
Financial Aid Trust Fund		95,097
Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)		106,033,672
Net Audit Adjustments:		
No adjustments were made to the District's Funds		
Total Fund Balance		106,033,672
Reconciliation to Net Position:		
Fair market value adjustment		(689,563)
Capital assets, net		450,406,667
Deferred amount on refunding		8,403,815
Deferred outflows of resources related to pensions		20,079,826
Deferred outflows of resources related to OPEB		502,442
Interest received on endowment account		2,105,179
Interest payable		(8,090,292)
Long-term debt not reported in fund based statements		(520,083,172)
Deferred inflows of resources related to pensions		(2,814,806)
Total Net Position	$	55,853,768

AUDITOR COMMENTS

No adjustments were made to the District's Fund Financial Statements.

1. PURPOSE OF SCHEDULES

Schedules of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2019, 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, 2019.

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 Statement of Net Position

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

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

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the Annual Financial and Budget Report (Form CCFS-311).

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

November 21, 2019

GILBERT
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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, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal 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, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

November 21, 2019

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

Independent Auditor's Report

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, 2019.

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 Activities Funded from Other Sources

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- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP and Non-CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy Fund
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- Education Protection Account Funds

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office and which are described in the accompanying schedule of findings and questioned costs as items 2019-001, and 2019-002. Our opinion on the types of compliance requirements referred to above is not modified with respect to this matter.

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

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, 2019.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

November 21, 2019

FINDINGS AND RECOMMENDATIONS SECTION

OHLONE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

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?	X Yes	______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

2019-001 – TO BE ARRANGED HOURS

Criteria:

According to California Code of Regulations, Title V, Section 58102 and the California Community College's Chancellor's Office Memorandum dated March 8, 2013 titled "Courses with To Be Arranged (TBA Hours)", the description of each course shall be clear and understandable to the prospective student and shall be published in the official catalog and/or schedule of classes, and/or addenda which includes a clear description of the course, designated location for the course and the number of To Be Arranged (TBA) hours required.

Condition:

We noted one TBA course did not properly publish the number of hours in the published class schedule.

Context:

Out of 12 TBA classes tested, one course did not properly publish the number of hours. This error was determined to be isolated and testing of additional attendance confirmed the isolation. No additional errors were identified.

Effect:

There is no impact on FTES for this exception, as the FTES was correctly calculated. This error was clerical and does not affect the FTES calculated for the course.

Questioned Costs:

There is no impact on FTES for this exception, as the FTES was correctly calculated. This error was clerical and does not affect the FTES calculated for the course.

Recommendation:

We recommend that the District perform an internal review of all TBA courses to ensure all required information is properly published in the class schedule.

District's Corrective Action Plan:

The instructional method for the class in question was erroneously listed as LABA (lab by arrangement) instead of LAB, and therefore the course did not properly publish the number of hours in the published class schedule. Relevant process has been reviewed and staff members have already been trained in order to ensure such errors do not occur in the future.

2019-002 – STATE GENERAL APPORTIONMENT FUNDING SYSTEM – COURSE OUTLINE OF RECORD

Criteria:

According to California Code of Regulations, Title V, Section 55002 (3), a community college shall maintain a course outline of record in the official college files that describes the course, including the unit value, the expected number of contact hours for the course as a whole, and other relevant information. Scheduling of courses should be consistent with the total contact hours indicated in the approved course outline of record, with the exception of reasonable variances due to legitimate scheduling considerations such as schedule compression.

Condition:

Three alternative attendance courses offered by the District had incorrect CORs that did not tie to the class schedule accurately.

Context:

A class's schedule was not consistent with the hours listed in the course outline of record for 3 out of 75 census classes tested

Effect:

There is no impact on FTES for this exception, as the FTES was correctly calculated based on regularly scheduled hours of the course, and not the course outline of record.

Questioned Costs:

There is no financial impact for this exception, as the FTES was correctly calculated based on regularly scheduled hours of the course, and not the course outline of record.

Recommendation:

We recommend that the District compare the actual contact hours of courses with the course outline of record to identify and correct differences between the approved course description and the actual scheduling of the course.

District's Corrective Action Plan:

In these three sections, the faculty misunderstood the required contact hours for each class. All of the academic deans have been alerted to this issue so that they can then educate their faculty regarding the importance of knowing the required contact hours for their classes. A report that provides the required contact hours for every alternative attendance class has been created and is sent to each academic deans twice each semester, with the intent that the academic deans then share the report with the appropriate faculty.

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, 2019

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

Condition and Recommendation	Current Status	District Explanation If Not Implemented
2018-001 – STATE GENERAL APPORTIONMENT FUNDING SYSTEM – WEEKLY ATTENDANCE	Implemented	
Condition: We noted one weekly course was not reported at the correct amount of Contact Hours in the District's attendance accounting system but corrected prior to submission of the Annual Attendance Accounting Report (320 Annual Report).	No items of noncompliance were noted in the 2019 audit.	
Recommendation: We recommend that the District perform an internal review of weekly classes to ensure contact hours are properly calculated, and therefore FTES amounts reported are accurate.		
2018-002 – STATE GENERAL APPORTIONMENT FUNDING SYSTEM – DAILY ATTENDANCE	Implemented	
Condition: We noted eight daily courses were not calculated using the correct daily contact hours formula per the CCR in the District's attendance accounting system, but was corrected prior to submission of the Annual Attendance Accounting Report (320 Annual Report).	No items of noncompliance were noted in the 2019 audit.	
Recommendation: We recommend that an internal review be performed of daily classes to ensure contact hours are properly calculated, and therefore FTES amounts reported are accurate.		

OHLONE COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2019

Condition and Recommendation	Current Status	District Explanation If Not Implemented
2018-003 – STATE GENERAL APPORTIONMENT FUNDING SYSTEM – COURSE OUTLINE OF RECORD **Condition:** One weekly course, one daily course and one alternative attendance course offered by the District had incorrect or missing CORs that did not tie to the class schedule accurately. **Recommendation:** We recommend that the District compare the actual contact hours of courses with the course outline of record to identify and correct differences between the approved course description and the actual scheduling of the course.	Not implemented	Refer to finding 2019-002