COAST COMMUNITY COLLEGE DISTRICT
ORANGE COUNTY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Coast Community College District
Costa Mesa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Coast Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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, we consider 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.

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Coast Community College District
Costa Mesa, California

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

Opinion

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the District as of June 30, 2017, and the results of its operations, changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2017, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans,* No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 16). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's financial statements as a whole. The supplementary schedules, and the continuing disclosure information

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The Board of Trustees
Coast Community College District
Costa Mesa, California

are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

The continuing disclosure information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Coast Community College District (the "District") for the year ended June 30, 2017. This discussion has been prepared by management, and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District is reporting according to the standards of Governmental Accounting Standards Board Statements (GASB) No. 34 and 35 using the Business Type Activity (BTA) model. The California Community College Chancellor's Office, through its Fiscal Accountability Standards Committee, recommended that all community college districts use the reporting standards under the BTA model.

The District includes three comprehensive community colleges. The mission of the District is to respond to the educational needs of an ever-changing community and to provide programs and services that reflect academic excellence. The District's three colleges promote open access and celebrate the diversity of its students and staff, as well as the community. Coastline Community College, Golden West College, and Orange Coast College offer associate degrees, vocational certificates and transfer education, as well as developmental instruction and a broad array of specialized training. Specific activities in the colleges and the continuing education programs are directed toward economic development within the community.

The annual report includes three basic financial statements that provide information on the District as a whole:

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

Each of these statements will be reviewed and significant events discussed. The previous year's financial information is also provided for comparison.

Financial and Enrollment Highlights

Although the District ended the year with a strong fund balance, it represented an approximate $7-million-dollar decline from the previous year. The ability to maintain a prudent reserve has continued to provide cash flow stability for the District without external borrowing. Health and welfare benefit costs continue to rise and are being monitored. Additional funds were set aside to fund the future retiree benefits liability. While Coast was a founding member of the CCLC retiree health benefit trust, based on a recommendation from the Retirement Board, the Board of Trustees took action to bifurcate the retiree health benefit trust between Keenan and the CCLC programs. At June 30, 2017, between the two programs, $71.6 million is held in an irrevocable trust to meet the District's liability of approximately $103.2 million Although the new Governmental Accounting Standards Board (GASB) requirements no longer use the Annual Required Contribution (ARC) as a measure, this in no way changes the District's contractual obligations and we will continue to budget both pay-as-you-go costs as well as an amount to mitigate the unfunded liability in the next 15-20 years.

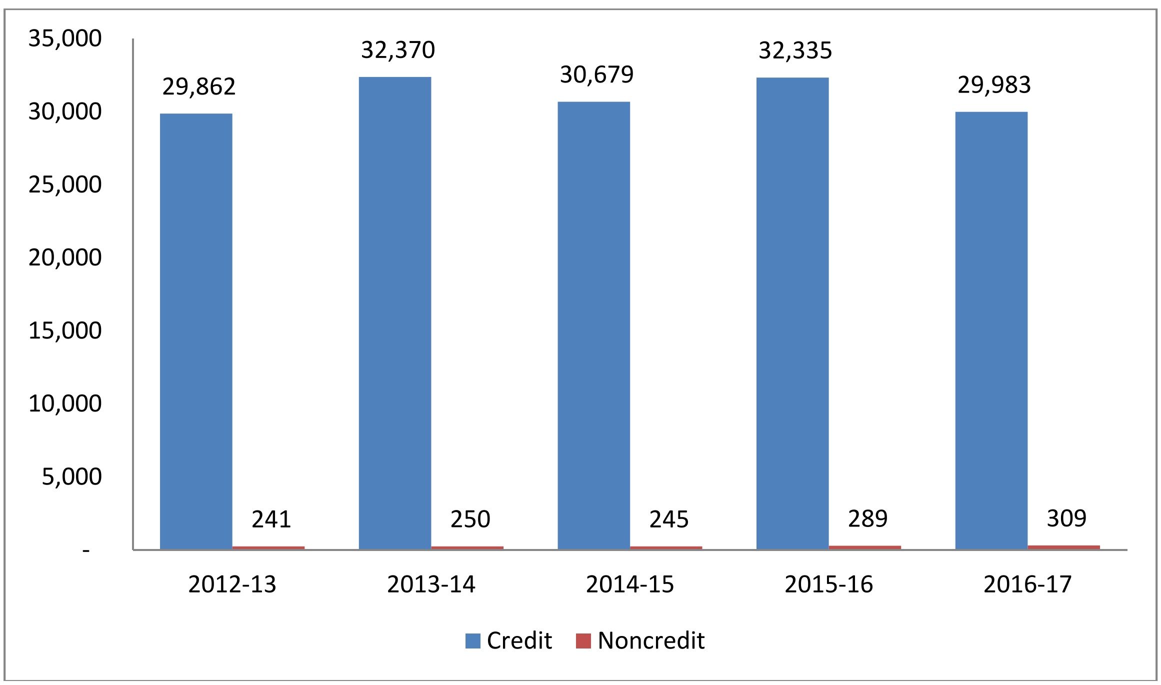
The District runs the Banner financial software which is integrated with the human resources and student systems. The District uses the position budgeting feature to build the budgets and allows on-line budget transfers for faster, more accurate processing. The Banner financial software is also used for the student system. The student financials feed into the Banner financial system which uses an accrual method of accounting. The District is moving forward implementing Financial Aid management and reporting into the Banner system.

In November 2002, the District's citizens passed Measure C, a general obligation bond for facilities. Measure C was fully expended and closed out as of June 30, 2013. On November 6, 2012, the District voters approved and authorized the issuance and sale of $698 million principal amount of Measure M general obligation bonds of the District. During the fiscal year ending June 30, 2017, three series of Measure M bonds were issued including 2016C in the amount of $30 million, 2017D in the amount of $280 million, and 2017E in the amount of $20 million.

Because of the magnitude of the proposed 2017D & E issuances, early in calendar year 2017, Coast sought a bond rating review from Moody's and Standard & Poor's (S&P). Moody's maintained an "Aa1" rating reflecting the District's very large and growing coastal California tax base that is among the largest of Moody's-rated community college districts. The rating also includes the district's strong financial position that benefits from healthy liquidity available outside of General Fund operations. S&P Global Ratings raised its long-term rating and underlying rating (SPUR) to 'AA+' from 'AA." This action reflected the district's strong local economy situated in Orange County, the district's very strong general fund reserves, the flexibility of community college districts in general to manage their enrollment and programs in response to funding levels, and the district's low to moderate debt burden.

The 2016-17 FY Adopted Budget was based on the revenue associated with serving 32,623 resident Full-Time Equivalent Students (FTES). However, at the P-1 Enrollment report in January 2017, earnings were nearly 2,000 FTES below base. This softening in enrollment continued through P-2 in April when enrollments were reported more than 2,200 FTES below base, and again with the annual enrollment report in July when enrollment was reported more than 2,300, or 7.15%, below base. The District reported actual FTES earnings for this year, triggering Stabilization but ensuring base revenue would be received for the 2016-17 FY. The District is on track to report at least base FTES at the close of the 2017-18 FY. The chart below reflects actual earned FTE's for each year, irrespective of Borrowing or Stabilization.

Annual Enrollment
Full-Time Equivalent Students (FTES)



Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, are one way to measure the financial health of the District.

	(in thousands)		
	2017	**2016**	**Change**
ASSETS			
Current assets			
Cash and cash equivalents	$ 110,840	$ 121,365	-9%
Investments	43,638	12,363	253%
Account receivables	19,968	21,196	-6%
Notes receivable - current portion	750	750	0%
Inventories	59	57	4%
Prepaid expenses	39	649	-94%
Total current assets	175,294	156,380	12%
Non-current assets			
Restricted cash and cash equivalents	416,823	127,555	227%
Restricted student loans receivable, net	2,654	2,851	-7%
Notes receivable	12,188	12,937	-6%
Other post-employment benefit asset	-	18,454	-100%
Capital assets, net of depreciation	512,117	459,625	11%
Total non-current assets	943,782	621,422	52%
TOTAL ASSETS	1,119,076	777,802	44%
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	26,623	28,645	-7%
Deferred outflows - pension	51,304	25,053	105%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	77,927	53,698	45%
LIABILITIES			
Current liabilities	82,573	85,603	-4%
Non-current liabilities	1,149,937	741,871	55%
TOTAL LIABILITIES	1,232,510	827,474	49%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	12,282	19,020	-35%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,282	19,020	-35%
NET POSITION			
Invested in capital assets, net of related debt	46,243	33,735	37%
Restricted	45,675	39,578	15%
Unrestricted	(139,707)	(88,307)	58%
TOTAL NET POSITION	$ (47,789)	$ (14,994)	-219%

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017

- Cash and cash equivalents consist mainly of cash held in the county treasury ($507.7 million) and ancillary funds maintained at local banks. Cash increased from the prior year due primarily to the issuance of three Measure M bond series: (1) 2016C in the amount of $30 million, (2) 2017D in the amount of $280 million and, (3) 2017E in the amount of $20 million. At June 30, 2017, the building fund had a cash balance of approximately $369 million.

- Accounts Receivable decreased due to a receipt of $1.6 million receivable of a one-time construction settlement.

- In the current fiscal year, Governmental Accounting Standards Board (GASB) statements 74 and 75 were implemented. As a result of this implementation, the Other Post-Employment Benefits (OPEB) changed from an asset balance to a recognition of $31.5 million in liability. The District has a funding plan to mitigate the unfunded actuarial accrued liability in the next 15 to 20 years.

- The total assets showed an increase of, mostly due to the issuance of three Measure M bonds in the amount of $330 million and the establishment of the Pension Trust $2.5 million. The total liabilities showed an increase of 49%. This is due to the recording of the new GO Bond payables, OPEB and pension liabilities.

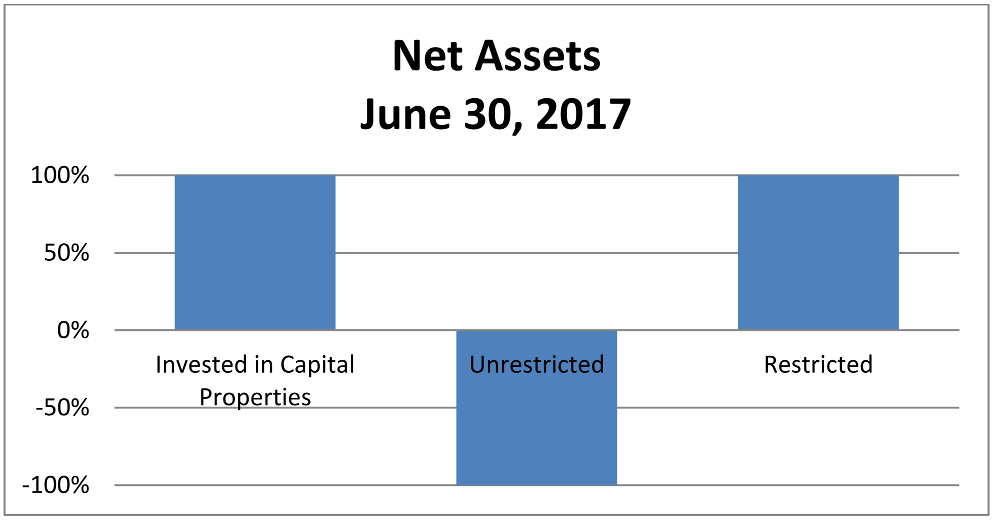
- Governmental Accounting Standards Board (GASB) statements 67 and 68 established a definition of a pension plan that reflects the primary activities associated with the pension arrangement, determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members. The District's outstanding pension liability for both STRS and PERS is $209.7 million as of FY 2016-17.

- Net position showed it decreased by 219% from the prior year. Total operating expenses increased by $12 million, or 4%, while total operating revenues increased by $8.3 million or 5%.

- The net Other post-employment benefits (OPEB) liability decreased from $116 million at the close of the 2015-16 FY, to $103 million at the close of the 2016-17 FY. This change was driven largely by changes in the retirement program for new hires hired on or after January 1, 2018, and the introduction of a new health plan for post-age 70 retirees.

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses. State general apportionment, while budgeted for operations, is considered non-operating revenues by generally accepted accounting principles.

	(in thousands)		
	2017	**2016**	**Change**
Operating Revenues			
Net tuition and fees	$ 38,262	$ 32,448	18%
Grants and contracts, non-capital	119,240	117,006	2%
Auxiliary sales and charges	3,527	3,248	9%
Total operating revenues	161,029	152,702	5%
Operating Expenses			
Salaries and benefits	223,535	210,385	6%
Supplies, materials and other operating expenses and services	41,278	42,495	-3%
Financial aid	56,592	60,167	-6%
Utilities	3,572	3,954	-10%
Depreciation	21,745	17,609	23%
Total operating expenses	346,722	334,610	4%
Operating loss	(185,693)	(181,908)	2%
Non-operating revenues (expenses)			
State apportionments, non-capital	40,108	48,510	-17%
Local property taxes	120,884	114,654	5%
State taxes and other revenues	11,281	25,801	-56%
Investment income, non-capital	619	505	23%
Interest expense	(13,093)	(17,951)	-27%
Loss on disposal of capital assets		(10)	0%
Total non-operating revenues (expenses)	159,799	171,509	-7%
Other revenues, expenses, gains or losses			
State apportionments, capital	1,229	3,728	0%
Local property taxes and revenues, capital	40,648	38,132	7%
Investment income, capital	3,024	1,220	148%
Total other revenues, expenses, gains or losses	44,901	43,080	4%
Change in net position	19,007	32,681	-42%
Net position, beginning of year	(14,994)	(47,675)	-69%
Cumulative effect of change in accounting principles	(51,802)		100%
Net position, end of year	$ (47,789)	$ (14,994)	-219%

- Net tuition and fees consists of enrollment fees ($41.5 million), non-resident tuition ($12.0 million), and other fees ($6.6 million) less scholarships, discounts and allowances ($21.9 million). Regular enrollment fees ($46 per unit) are set by the State for all community colleges reflecting no change from the prior year.

- Revenue from grants and contracts is composed of federal grants ($52.2 million), state grants ($41 million), and local contracts ($25.9 million). The increase in federal funding is due mainly to the increase in federal financial aid provided for students and is also reflected in the increased financial aid operating expenses. The increase in state revenue is primarily due to increased allocations in various student success and support programs.

- The annual 320 enrollment report for 2016-17 reflected 30,292.35 resident Full Time Equivalent Students (FTES), or approximately 7.15% below our base FTES of 32,623.80. Apportionment based revenue for the 2016-17 FY was uninterrupted as the District received Stabilization funding for the difference of 2,331.45 FTES between the actual reported FTES and base. The District has continued its efforts geared toward maximizing enrollment and service to students and the community, and Coast will report at least based FTES for the year ending June 30, 2018.

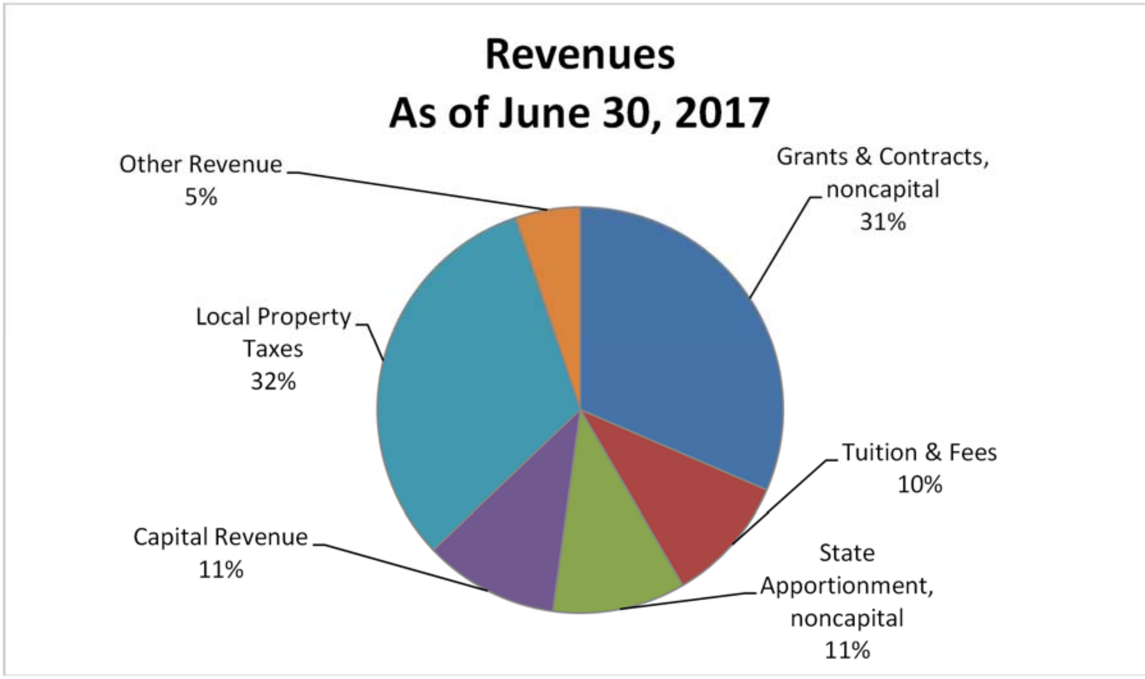
- Depreciation expenses increased due to the construction in progress and projects completed in this fiscal year.

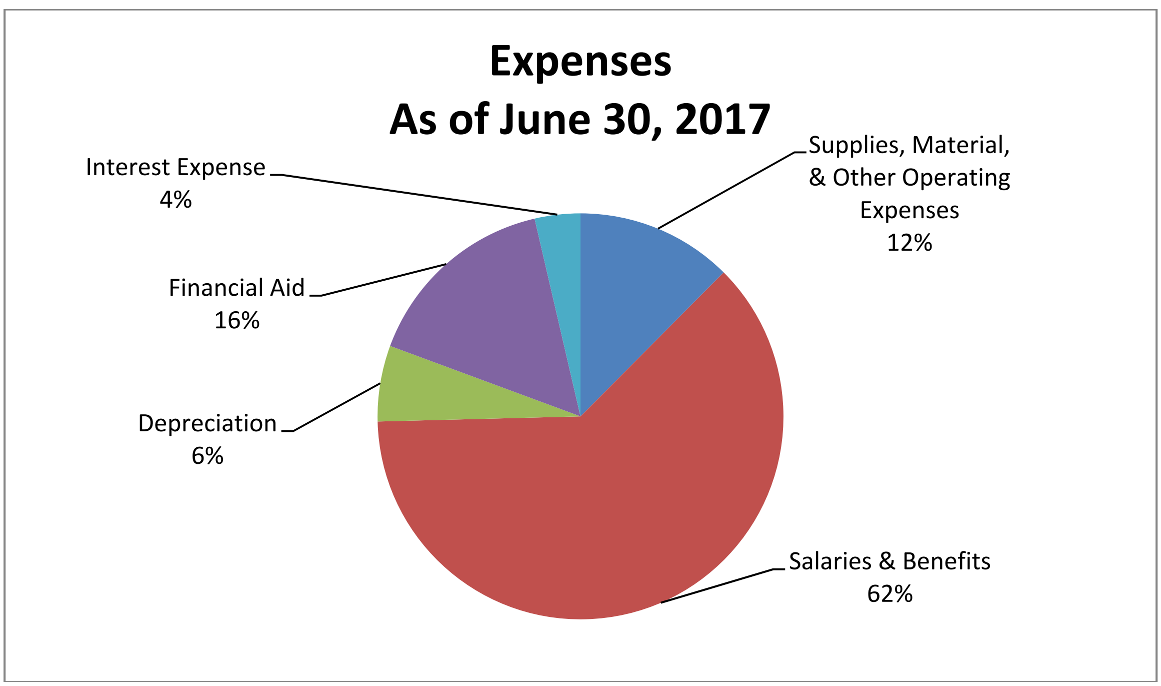
- Salaries and benefits expenses increased $8.2 million or 6% due mainly to hiring of 25 new full-time faculty, implementation of the classification and compensation study, and the increasing pension and health benefit cost.

- Robust property tax receipt, along with the EPA funding, has resulted in a smaller proportion of state apportionment in our total computational apportionment revenue. SB 361 states that for each district the State shall subtract from the computed revenue apportionment a district's local property tax revenue and 98% of the enrollment fees collected by the district.

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017





Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps users assess the District's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	(in thousands) 2017	2016	Change
Cash Provided By (Used in)			
Operating activities	$ (167,623)	$ (156,378)	-7%
Noncapital financing activities	174,605	187,812	-7%
Capital and related financing activities	273,643	(43,035)	736%
Investing activities	(1,881)	(1,675)	12%
Net change in cash and cash equivalents	278,744	(13,276)	-2200%
Cash balance, beginning of year	248,919	262,195	-5%
Cash balance, end of year	$ 527,663	$ 248,919	112%

- The primary cash receipts from operating activities consist of grants, contracts, tuition and fees; while, the outlays include payment of wages, benefits, supplies, services, contracts, scholarships and financial aid.

- General apportionment is the main source of noncapital financing activities and consists of state apportionment, local property taxes, and student fees.

- Cash provided by and used for capital and related financing activities reflects local capital outlay resources.

- Cash from investing activities is interest and gains on investments.

The overall cash balance has increased from prior year because of the proceeds received from the new bonds issuance, base augmentation, one-time mandate reimbursement funding,

District's Fiduciary Responsibility

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

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the District had over $512 million invested in net capital assets. Total capital assets of $823 million consist of land, buildings and building improvements, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of $311 million. New additions for construction and equipment of $61.0 million occurred during 2016-17, and depreciation expense of $21.7 million was recorded for the fiscal year. Construction in progress of $16.7 million was completed and placed into service as buildings and site improvements. Note 5 to the financial statements provides additional information on capital assets. A summary of capital assets net of depreciation is presented below.

	Balance June 30, 2017
Land	$ 24,141,969
Buildings and site improvements	677,747,797
Equipment	46,659,314
Construction in progress	74,807,149
Totals at historical cost	823,356,229
Less accumulated depreciation for:	
Buildings and site improvements	(276,032,252)
Equipment	(35,206,715)
Total accumulated depreciation	(311,238,967)
Governmental capital assets, net	$ 512,117,262

Debt

At June 30, 2017, the District had $923.8 million in debt for the General Obligation bonds. The payments for general obligation bond debt are funded through property tax assessments. Notes 6 and 9 to the financial statements provide additional information on long-term liabilities.

Economic Factors That May Affect the Future

State Economy

On January 10, 2017, the Governor released his budget proposal for the 2017-18 fiscal year. In three of the past four years, actual revenue collections exceeded the Administration's forecasts by a substantial amount. However, even after the state lowered its revenue forecast for 2016-17, revenues are coming in below even the lowered estimates. As a result, the Governor has lowered revenue projections even more substantially.

The theme for the Budget proposal is a broad recognition of the increased risk in the out years. The Governor referred to the fact that California has the most progressive tax structure and, therefore, the most unreliable revenues, in the nation. California's heavy reliance on the Personal Income Tax (PIT), and in particular the top 1% of taxpayers, gives us tremendous revenue volatility, both up and down.

For California Community Colleges (CCCs), the Budget Proposal provides approximately $400 million in additional funding. When netted against unabsorbed growth funding and increasing property taxes across the system, the proposed augmentations actually result in a decrease of $27.1 million in general state apportionments. No one-time discretionary funds are proposed. In the past, these resources have been counted toward paying down outstanding state mandate claims.

The Governor's 2017-18 State Budget proposal provides a 10.87% share of Proposition 98 funding, lower than the traditional 10.93%. The CCCs would be receiving about $45 million more if the system were funded at the 10.93% level. However, it is important to recognize that community college apportionments are not threatened with a deferral like K-12 district apportionments.

The May Revision presents the last statutory opportunity for the Governor to shape his economic proposal before legislative budget committees complete their work and move into Conference committee. The May Revise was released on May 11, 2017, and during the release, the Governor took the opportunity to emphasize his theme of fiscal prudence. It presents a moderately more optimistic picture than did the January Proposal. The assumptions underpinning the May Revise reflect economic insecurity based on a mild drop in state revenue coupled with uncertainty at the federal level.

On June 27, 2017, the 2017-18 FY State Budget Bill was signed into law by Governor Brown. It includes a total investment in Proposition 98 of $74.5 billion, an increase of $2.6 billion over last year's Budget Act level. Some of the new features of the California Community College (CCC) budget include $150 million in one-time funding for community colleges to develop and implement "Guided Pathway" Programs, $25 million for a new CCC Completion Grant Program to provide grants of up to $2,000 to community college students who meet specified criteria, $10 million to provide all colleges with access to the Online Education Initiative's learning management system, and an increase of $6 million in one-time funding to facilitate the development of an integrated library system for the community colleges.

The 2017-18 FY CCCD Budget

- Estimated State Revenue reflected a 1.56% COLA, no growth and a $141 per FTES Unrestricted Lottery Revenue allocation. Available Statewide Growth/Access funding is identified at 1.0% but the District does not budget these funds until the year following the one in which they were earned.

- Statewide Categorical program funding for the 2017-18 FY stands at nearly $978.9 million, providing a significant increase in programmatic funding. The total categorical funding for Coast is nearly $52.7 million.

- For the 2017-18 FY, following Board Policy 6200, the Adopted Budget reflects a General Reserve of 5% and a Reserve for Contingency of 5%, for a total of $21.5 million, or 10% of the prior year unrestricted general fund expense.

- Salaries and benefits continue to comprise the largest portion of the District's expenses. Historically, Coast's budgeting norms do not include estimates of part-time faculty, over-load, or short-term employees. When looking only at contract positions for 2017-18, 73.2% of the unrestricted funds are budgeted for salaries and benefits.

- Volatility continues in our Health and welfare benefit programs. The budget for benefits in the 2017-18 FY is $17,900 Per Employee Per Year (PEPY) as compared with prior year actual of $15,706 PEPY.

- The employer contributions for the PERS will increase from 13.89% to 15.531% of payroll, or 1.641% increase. The STRS employer rate will increase by 1.85%, from 12.58% to 14.43%. These increases in pension contributions commenced with the fiscal year beginning July 1, 2017. For the current fiscal year, the combined increase of these pension system match requirements are estimated at $2.5million.

Significant Future Events

California continues to rely heavily on the Personal Income Tax (PIT) for education funding creating a significant degree of funding volatility. Further, the current economic recovery is among the longest in the post-war period and history suggests the state is ripe for a downturn. Adding to budgetary uncertainty are events at the federal level. While offering no specifics, the Governor noted that if the American Health Care Act ("Trumpcare"), or a similar bill were to become law, it would cost California billions of dollars. Staff will continue tracking events at the federal level in an effort to better understand the potential impact to California and local college districts.

Although budgetary modeling does not indicate the District will grow, the 2017-18 Advance Principal Apportionment Report reflects a growth cap of 1.17% for the District. System-wide, Growth (Access) is funded at 1.0% for the 2017-18 FY.

Not unlike the District's retiree health benefit plan, both the California State Teachers Retirement System (STRS) and the California Public Employee Retirement System (PERS) have significant unfunded liabilities. This phenomenon reflects a mismatch between the pension plan's estimated obligations and its assets. In theory, these plans should be prefunded, meaning regular contributions for each employee are made into the retirement fund during the course of that employee's career. However, because of underfunding in prior years, employer costs for retirement benefits for both STRS and PERS are projected to nearly double over the next several years. Projections for Coast is at an additional $16.9 million in on-going costs by 2020-21 FY.

The most recent actuarial study was completed for OPEB liability as of June 30, 2017. The District has budgeted sufficient funds to meet the annual required contribution for fiscal year 2017-18.

The Governmental Accounting Standards Board (GASB). Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of Statement No. 27, establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members. Districts' financial reports must begin to show the full effect of pension liabilities. The PERS program involves an employer and an employee contribution. In contrast, the STRS program includes both an employer and an employee contribution, along with a state contribution. In practice, most Local Education Agencies (LEA's) did not recognize the states "on-behalf" contributions to CalSTRS, primarily based on 1996 guidance from the California Department of Education. More recently, GASB 68 now requires districts to recognize the "on-behalf" contribution by the state by debiting pension contribution expenditures and crediting revenues. For Coast, this amount is estimated at $3.9 million.

Looking ahead to the 2018-19 FY, tax reform at the federal level is a definite wild card. No one knows the final result, but by January we should have a much better read. California's high dependency on affluent taxpayers could be dramatically affected by federal tax reform and resultant changes in economic activity.

Further, recasting the minimum guarantee under Proposition 98 would likely provide opportunities for Governor Brown to put the finishing touches on his vision of reshaping California's education systems to both reduce the achievement gap and provide a greater measure of social justice.

In conclusion, the 2018-19 FY Budget will be the final chapter in Governor Brown's life-long commitment to California.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Office of Fiscal Affairs at Coast Community College District, 1370 Adams Avenue, Costa Mesa, California 92626, or e-mail Daniela Thompson at DThompson@mail.cccd.edu.

BASIC FINANCIAL STATEMENTS

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2017

	Primary Government	Component Units
Assets		
Current assets:		
Cash and cash equivalents	$ 110,840,112	$ 5,846,862
Investments	43,638,008	27,772,642
Accounts receivable, net	19,967,951	132,176
Deferred tax asset		21,800
Pledges receivable, net		271,550
Beneficial interest in charitable gift annuity		7,209
Inventories	59,803	
Notes receivable- current portion	750,000	
Prepaid expenses and other current assets	39,371	75,707
Total Current Assets	175,295,245	34,127,946
Non-Current Assets:		
Restricted cash and cash equivalents	416,823,033	
Restricted student loans receivable, net	2,653,878	
Contribution receivable from split-interest agreements		479,361
Notes receivable	12,187,500	41,481
Capital assets, net of accumulated depreciation	512,117,262	8,006,444
Total Non-Current Assets	943,781,673	8,527,286
Total Assets	1,119,076,918	42,655,232
Deferred Outflows of Resources		
Deferred charge on refunding	26,623,438	
Deferred outflows- pension	51,303,554	
Total Deferred Outflows of Resources	77,926,992	-
Total Assets and Deferred Outflows of Resources	$ 1,197,003,910	$ 42,655,232

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2017

	Primary Government	Component Units
Liabilities		
Current Liabilities:		
Accounts payable	$ 21,841,525	$ 505,924
Accrued liabilities	9,320,240	8,390
Unearned revenue	25,511,272	736,629
Amounts held in trust	232,305	
Long-term liabilities-current portion	25,667,938	
Current Liabilities	82,573,280	1,250,943
Non-Current Liabilities		
Compensated absences	6,043,567	
Notes payable	3,285,000	
Postemployment healthcare liabilities	31,549,563	
Net pension liabilities	209,753,325	
General obligation bonds payable	899,305,723	
Non-Current Liabilities	1,149,937,178	
Total Liabilities	1,232,510,458	1,250,943
Deferred Inflows of Resources		
Deferred inflows- pension	12,282,042	
Total Deferred Inflows of Resources	12,282,042	-
Net Position		
Net investment in capital assets	46,243,259	
Permanently restricted		7,517,979
Temporarily restricted		30,931,374
Restricted for:		
Capital projects	30,551,535	
Debt service	12,253,300	
Scholarship and loans	2,869,828	
Unrestricted	(139,706,512)	2,377,811
Common stock		158
Retained earnings		576,967
Total Net Position	(47,788,590)	41,404,289
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,197,003,910	$ 42,655,232

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2017

	Primary Government	Component Units
Operating Revenues		
Tuition and fees (gross)	$ 60,232,611	$
Less: Scholarship discounts and allowances	(21,971,189)	
Net tuition and fees	38,261,422	-
Grants and contracts, non-capital:		
Federal	52,234,278	
State	41,021,073	
Local	25,984,695	17,956,601
Sales	3,526,830	
Total Operating Revenues	161,028,298	17,956,601
Operating Expenses		
Salaries	154,282,143	1,513,111
Employee benefits	69,252,887	346,544
Supplies, materials, and other operating expenses and services	41,277,656	10,320,206
Financial aid	56,592,053	
Utilities	3,571,650	
Depreciation	21,745,349	1,857,432
Total Operating Expenses	346,721,738	14,037,293
Operating Income (Loss)	(185,693,440)	3,919,308
Non-Operating Revenues (Expenses)		
State apportionments, non-capital	40,107,985	
Local property taxes	120,884,154	
States taxes and other revenue	11,280,936	4,900
Interest and investment income, non-capital	619,161	1,574,138
Interest expense	(13,093,169)	
Total Non-Operating Revenues (Expenses)	159,799,067	1,579,038
(Loss) Income/Gain Before Other Revenues, Expenses, Gains and Losses	(25,894,373)	5,498,346
Other Revenues, Expenses, Gains and Losses		
Local property taxes and revenues, capital	40,647,991	
State apportionments, capital	1,229,156	
Interest and investment income, capital	3,024,319	
Total Other Revenues, Expenses, Gains and Losses	44,901,466	-
Changes in Net Position	19,007,093	5,498,346
Net Position, Beginning of Year	(14,994,040)	35,905,943
Cumulative effect of change in accounting principles (see Note 16)	(51,801,643)	-
Net Position, Beginning of Year After Restatement	(66,795,683)	35,905,943
Net Position, End of Year	$ (47,788,590)	$ 41,404,289

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017

	Primary Government	Component Units
Cash Flows From Operating Activities		
Tuition and fees	$ 36,747,757	$
Federal grants and contracts	51,105,985	
State grants and contracts	42,543,791	
Local grants and contracts	24,583,080	
Sales	3,526,830	
Auxiliary enterprise sales and charges		5,998,732
Administrative fees and interest		1,867,144
Donations		4,757,673
VLFAA Settlement	(9,739,052)	
Payments to suppliers	(34,979,259)	(8,879,395)
Payments to/on-behalf of employees	(222,775,170)	(59,891)
Payments to/on-behalf of students	(56,926,563)	(1,711,268)
Other (payments) receipts	(1,710,069)	3,300
Net cash provided (used) by operating activities	(167,622,670)	1,976,295
Cash Flows From Non-Capital Financing Activities		
State apportionments and receipts	41,054,681	
Property taxes	120,884,154	
State tax and other revenues	11,719,073	
Principal collections on loans receivable	196,953	
Principal collections on notes receivable	750,000	
Net cash provided (used) by non-capital financing activities	174,604,861	-
Cash Flows From Capital and Related Financing Activities		
Interest on capital investments	1,521,563	
Property taxes for capital purposes	40,647,991	
Local revenue, grants and gifts for capital purposes	4,253,475	
Net purchase and sale of capital assets	(64,434,333)	(49,311)
Proceeds from long-term debt	360,306,946	
Purchase investments from proceeds from long-term debt	(28,775,156)	
Principal paid on long-term debt	(23,351,814)	
Interest paid on long-term debt	(16,526,345)	
Net cash provided (used) by capital and financing activities	273,642,327	(49,311)
Cash Flows from Investing Activities		
Purchase of investments	(2,500,000)	(3,300,116)
Interest on investments	619,161	129,822
Net cash provided (used) by investing activities	(1,880,839)	(3,170,294)
Net Change in Cash and Cash Equivalents	278,743,679	(1,243,310)
Cash Balance - Beginning of Year	248,919,466	7,090,172
Cash Balance - End of Year	$ 527,663,145	$ 5,846,862

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	Primary Government	Component units
Operating income (loss)	$ (185,693,440)	$ 3,919,308
Net non-cash contributions		(2,564,140)
Realized and unrealized gains on investments, net		(1,628,894)
Loss on sale of fixed asset		(50,425)
Change in value of split-interest agreement		(1,153)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	21,745,349	1,857,432
Changes in assets and liabilities:		
Receivables, net	(207,783)	(98,720)
Pledge receivable		27,247
Contribution receivable from split-interest agreements		147,505
Inventory	(2,680)	
Prepaid expense	609,592	57,868
Postemployment healthcare asset	18,453,746	
Deferred outflows- pension	(26,250,741)	
Accounts payable and accrued liabilities	(7,001,536)	218,779
Unearned revenue	8,846	91,488
Compensated absences	668,433	
Amounts held in trust for others	7,221	
Estimated liability for open claims and IBNR's	21,784	
Deferred inflows of pension plan investments	(6,738,080)	
Net postemployement healthcare liability	(20,252,080)	
Net pension liability	37,008,699	
Net cash provided (used) by operating activities	$ (167,622,670)	$ 1,976,295

Noncash transaction: Capital purchase with $3,610,000 loan.

	Primary Government
Breakdown of ending cash balance:	
Cash and cash equivalents	$ 110,840,112
Restricted cash and cash equivalents	416,823,033
Total	$ 527,663,145

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	Ancillary Funds	Associated Student Body Funds
Assets		
Cash and cash equivalents	$ 3,279,185	$ 12,852,866
Accounts receivable:		
Miscellaneous	937,711	390,430
Other current assets	20,000	105,060
Total Assets	4,236,896	13,348,356
Deferred Outflows of Resources		
Deferred outflows - pension		546,521
Total Deferred Outflows of Resources	-	546,521
Total Assets and Deferred Outflows of Resources	$ 4,236,896	$ 13,894,877
Liabilities		
Current Liabilities		
Accounts payable	$ 848,077	$ 1,128,529
Funds held in trust	3,388,819	3,503,734
Total Current Liabilities	4,236,896	4,632,263
Non-Current Liabilities		
Net pension liability		1,913,441
Total Non-Current Liabilities	-	1,913,441
Total Liabilities	4,236,896	6,545,704
Deferred Inflows of Resources		
Deferred inflows - pension costs		126,576
Total Deferred Inflows of Resources	-	126,576
Net Position		
Unrestricted		7,222,597
Total Net Position	-	7,222,597
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 4,236,896	$ 13,894,877

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2017

	Associated Student Body Funds
Additions	
Sales, net of purchases	$ 1,209,451
Interest and investment income	1,437
Student representation fee	1,789,859
Other local revenues	393,384
Total Additions	3,394,131
Deductions	
Classified salaries	650,304
Employee benefits	283,875
Services and other operating expenses	2,159,112
Capital outlay	23,185
Total Deductions	3,116,476
Change in net position	277,655
Net Position, Beginning of Year	6,944,942
Net Position- End of Year	$ 7,222,597

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
June 30, 2017

	Retiree (OPEB) Trust
Assets	
Investments	$ 71,617,326
Total Assets	$ 71,617,326
Net Position Held in Trust for Other Postemployment Benefits	$ 71,617,326

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
For the Fiscal Year Ended June 30, 2017

	Retiree (OPEB) Trust
Additions	
Employer contributions	$ 6,533,048
Dividends and interest	6,030,540
Total Additions	12,563,588
Deductions	
Benefit payments	6,533,048
Administrative expenses	106,841
Total Deductions	6,639,889
Net changes in net position	5,923,699
Net Position Held in Trust for Other Postemployment Benefits, Beginning of Year	65,693,627
Net Position Held in Trust for Other Postemployment Benefits, End of Year	$ 71,617,326

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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 considered its financial and operational relationships with potential component units under the reporting entity definition of the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component units have been included in the District's reporting entity:

Coast Community College District Foundation, Coastline College Foundation, Golden West College Foundation, Orange Coast College Foundation and Coast Community College District Enterprise Corporation: Each Foundation is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. The Enterprise Corporation is a separate for-profit corporation and operates the swap meet at Golden West and Orange Coast Colleges. The Board of Directors are elected independent of any District's Board Trustee's appointments. The Board of Directors are responsible for approving

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

their own budgets and accounting and finance related activities; however, the District's governing board has fiscal responsibility over each Foundation and the Enterprise Corporation. The financial activities of the Foundations and the Enterprise Corporation have been discretely presented. Their separate financial statements may be obtained through the District.

Retiree Health Benefit OPEB Trust (the Trust): The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, then maintain investment liquidity and thirdly, to protect investment yield. As such, the District acts as the fiduciary of the Trust. The Trust has been discretely presented; separate financial statements are not prepared for the Trust.

Pension Stabilization Trust (the PST): The PST was established to help California public entities stabilize the funding of their pension benefit liabilities be creating a secure vehicle to hold assets pending their contribution to a pension plan in satisfaction of their funding obligation. The PST is an irrevocable governmental trust intended to qualify as a trust arrangement that is tax exempt under applicable guidance and procedures under Section 115 of the Internal Revenue Code. The PST is administered by Benefit Trust Company as directed by the Board of Authority; the District appoints one member. The District is the sole beneficiary of the PST; the fund does not meet the definition of a fiduciary activity, thus, it is reported as a blended component unit. Separate financial statements are not prepared for the PST.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by GASB. The financial statement presentation provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund and the Retiree Benefits Fund, are excluded from the basic financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The statements of plan net position and changes in plan net position of the Retiree Health Benefit OPEB Trust are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Board of Trustees must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

These budgets are revised by the District's Board of Trustees during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents

The District's cash and cash equivalents, are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments in the Other Post-Employment Benefits Plan are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

Accounts Receivables

Accounts receivable consists primarily of amounts due from the Federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of items held for resale in the food service and sailing center operations and expendable instructional, custodial, health and other supplies held for consumption.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts designated for acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debt.

Restricted Student Loans Receivable, Net

Student loans receivable consist of loan advances to students awarded under the student financial aid programs the District administers for Federal agencies. Student loans receivable are recorded

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

net of cancelled principal. The receivables are held in trust for the awarding Federal agency.

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 valued at $5,000 or more 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.

Interest costs are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs are offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets.

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 as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method with a half-year convention over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for building, 10 years for land improvements, 8 years for equipment and vehicles and 3 years for technology.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion, and the difference between expected and actual experience. The deferred outflows – pensions will be deferred and amortized as detailed in Note 11 to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable.

Unearned Revenue

Cash received for Federal and state special projects, and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes summer enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

The District has accrued a liability for the amounts attributable to load banking hours within accrued liabilities. Load banking hours consist of hours worked by instructors in excess of a full-time load for which they may carryover for future paid time off.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Net Pension Liability

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources related to pensions results from the difference between the estimated and actual return on pension plan investments, the effect of changes in proportion and changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Net Position

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 in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net position – nonexpendable.

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board, as designated, to meet current expenses for specific future purposes.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year.

Any prior year corrections due to the recalculation in February of 2017 will be recorded in the year computed by the State.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been accrued in these financial statements because it is not material. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the basic financial statements.

Classification of Revenues

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

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

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

Scholarship Discounts and Allowances

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

Estimates

The preparation of the financial statements in conformity with generally accepted accounting

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2017, $35,759,152 of the District's bank balance of $36,131,985 was exposed to credit risk as uninsured and collateral held by pledging bank's trust department not in the District's name.

Cash in County

In accordance with *The Budget and Accounting Manual*, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2017 is measured at 99.70% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the Country Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

NOTE 2: DEPOSITS AND INVESTMENTS

The pool sponsor's annual financial report may be obtained from the Auditor-Controller County of Orange, 12 Civic Center Plaza, Room 200, Santa Ana, CA 92702.

Investments

Policies

Under provisions of California Government Code Sections 16430, 53601 and 53602, the District may invest in the following types of investments:

- State of California Local Agency Investment Fund (LAIF)
- County Treasurer's Investment Pools
- U.S. Treasury notes, bonds, bills or certificates of indebtedness
- Fully insured or collateralized certificates of deposit
- Fully insured and collateralized credit union accounts

The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2017.

Investments and investments with fiscal agent at June 30, 2017 are presented herein:

Maturities (in Years)	Fair Value	U.S. Treasury Bonds	Federal Agency Bonds	Corporate Bonds
Less Than 1	$ 1,644,559	$ 1,644,559	$	$
1 to 5	10,301,515	6,302,470		3,999,045
6 to 10	8,765,604	5,949,804	2,815,800	
More Than 10	22,926,330	15,597,362	7,328,968	
Total	$ 43,638,008	$ 29,494,195	$ 10,144,768	$ 3,999,045

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2017 are presented herein:

NOTE 2: DEPOSITS AND INVESTMENTS

Investment - Level 1 Inputs	Fair Value	Standard & Poor's Rating
U.S. Treasury Bonds	$ 29,494,195	AA+
Federal Agency Bonds	10,144,768	AA+
Corporate Bonds:	3,999,045	AA+
Total	$ 43,638,008	

Investments categorized as Level 1 are valued based on prices quoted in active markets for those securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Board Policy 6320 Investments includes as the primary objectives 1) Safety: Preservation of principal is the foremost objective of the District; 2) Liquidity: The District's portfolio will remain sufficiently liquid to enable the District to meet its liquidity needs, and 3) Yield: The District's portfolio will be designed to obtain a market rate of return through economic cycles consistent with the constraints imposed by its safety objective and cash flow considerations. Board Policy 6320 does not specify limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the District has operated within parameters of the "Permitted Investments" as specified in the Measure M 2013 and 2016 Official Statements and the Board Resolution No. 13.06 authorizing the election. These parameters set up the outer boundaries of what the bond proceeds can be invested in. The District has since developed an investment strategy for those proceeds. Information about the exposure of the District's investments to this risk is provided above. Effective January 1, 2017, AB2738 prohibits the proceeds from the sale of bonds from being withdrawn for investment outside the county treasury.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District has operated within parameters of the "Permitted Investments" as specified in the Measure M 2013 and 2016 Official Statements and the Board Resolution No. 13.06 authorizing the election. These parameters set up the outer boundaries of what the bond proceeds can be invested in. The District has since developed an investment strategy for those proceeds. Information about the exposure of the District's investments to this risk is provided herein.

NOTE 2: DEPOSITS AND INVESTMENTS

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount that may be invested in any one issuer. In accordance with governmental accounting standards, the District is exposed to concentration of credit risk whenever an investment in any one issuer exceeds 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017 consists of the following:

Accounts Receivable	June 30, 2017
Federal and state	$ 1,817,228
Tuition and fees	9,724,914
Student loans receivable, net	2,653,878
Miscellaneous	8,425,809
Total accounts receivable	$ 22,621,829

NOTE 4: NOTE RECEIVABLE

The District entered into a note receivable in the amount of $20,000,000 for the sale of KOCE and the KOCE-TV operating license on March 17, 2004. The payments are to be made to the District over 26 years. The District received $750,000 during this fiscal year and is expecting to receive $750,000 in the next fiscal year. The balance of the notes receivable as of June 30, 2017, is $12,937,500.

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

A summary of changes in capital assets for the year ended June 30, 2017 is shown herein.

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets not being depreciated:				
Land	$ 24,141,969	$	$	$ 24,141,969
Construction in progress	30,449,783	61,054,363	(16,696,997)	74,807,149
Total capital assets not being depreciated	54,591,752	61,054,363	(16,696,997)	98,949,118
Capital assets being depreciated:				
Buildings and improvements	655,462,873	22,284,924		677,747,797
Equipment and vehicles	39,109,497	7,594,603	(44,786)	46,659,314
Total capital assets being depreciated	694,572,370	29,879,527	(44,786)	724,407,111
Less accumulated depreciation for:				
Buildings and improvements	(255,842,552)	(20,189,700)		(276,032,252)
Equipment and vehicles	(33,695,852)	(1,555,649)	44,786	(35,206,715)
Total accumulated depreciation	(289,538,404)	(21,745,349)	44,786	(311,238,967)
Depreciable assets, net	405,033,966	8,134,178	-	413,168,144
Governmental activities capital assets, net	$ 459,625,718	$ 69,188,541	$ (16,696,997)	$ 512,117,262

For the year ended June 30, 2017, amount of interest capitalized was $8,919,580. Interest earned on proceeds of the District's tax exempt debt used to offset capitalized interest was $1,470,904.

NOTE 6: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2017 is shown herein.

Governmental	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due in One Year
Capital leases	$ 268,295	$	$ 176,814	$ 91,481	$ 91,481
Compensated absences	6,116,591	668,433		6,785,024	741,457
Note payable	3,765,000		155,000	3,610,000	325,000
General obligation bonds:					
Bonds payable	498,864,504	330,000,000	23,020,000	805,844,504	24,510,000
Accreted interest	38,503,246	6,990,333		45,493,579	
Bonds premium	45,701,998	30,306,946	3,531,304	72,477,640	
Total general obligation bonds	583,069,748	367,297,279	26,551,304	923,815,723	24,510,000
Postemployment healthcare liabilities	-	31,549,563		31,549,563	
Net pension liability	172,744,626	37,008,699		209,753,325	
Total	$ 765,964,260	$ 436,523,974	26,728,118	$ 1,175,605,116	$ 25,667,938

Fiduciary	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due in One Year
Net pension liability	$ 1,548,363	$ 365,078	$	1,913,441	$ -
Total	$ 1,548,363	$ 365,078	$	$ 1,913,441	$ -

NOTE 6: LONG-TERM DEBT – SCHEDULE OF CHANGES

Liabilities for compensated absences and the net pension liability are liquidated by the governmental funds in which related salaries and benefits are recorded. Capital leases are liquidated by the General Fund, while the general obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

NOTE 7: LEASES

Capital Leases

The District has entered into a lease agreement to implement an energy conservation photovoltaic power system totaling $1,485,600. Future minimum lease payments are shown herein.

Year Ending June 30,	Principal	Interest	Total
2018	$ 91,481	$ 2,113	$ 93,594
Total	$ 91,481	$ 2,113	$ 93,594

The current year payment for this lease is approximately $187,000. The District will receive no sublease rental revenues nor pay any contingent rentals for this agreement.

Operating Leases

The District has entered into various operating leases for land, buildings, vehicles, and equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements are shown herein.

Year Ending June 30,	Lease Payment
2018	$ 393,299
2019	245,896
2020	134,230
2021	97,047
2022	53,419
Total	$ 923,891

Current year expenditures for operating leases is approximately $420,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 8: NOTE PAYABLE

On March 24, 2016, the District entered into a note payable in the amount of $3,765,000 at an interest rate of 3.75% to purchase the property on Newhope Street in the city of Fountain Valley, California. The payments are to be made over 10 years as presented herein.

Year Ending June 30,	Principal	Interest	Total
2018	$ 325,000	$ 73,339	$ 398,339
2019	335,000	138,281	473,281
2020	350,000	126,281	476,281
2021	360,000	113,812	473,812
2022	375,000	100,875	475,875
2023-2027	1,865,000	292,969	2,157,969
Total	$ 3,610,000	$ 845,557	$ 4,455,557

NOTE 9: GENERAL OBLIGATION BONDS

Measure C

On November 5, 2002, $370,000,000 in general obligation bonds were authorized by an election (Measure C) held within the District. The bonds were authorized (i) to finance the construction, acquisition, and modernization of certain property and District facilities and (ii) to provide a portion of the monies needed to prepay certain lease and debt obligations of the District, and (iii) to pay the related costs of bonds issuance.

Between 2003 and 2006, the District issued bonds, Series A, B, and C, totaling $370,000,000. In 2005, the District issued 2005 refunding bonds totaling $74,893,867 to advance refund portions of the District's Series 2003A bonds.

Measure M

On November 6, 2012, $698,000,000 in general obligation bonds were authorized by an election (Measure M) held within the District. The bonds were authorized to (i) finance the construction, acquisition, and modernization of certain property and District facilities, (ii) to finance an endowment for voter-approved technology upgrades, (iii) to provide a portion of the monies needed to prepay certain lease and debt obligations of the District, and (iv) to pay the related costs of bonds issuance.

On May 29, 2013, the District issued bonds, Series A, Series B, Tax-Exempt Refunding Series A, and Tax Refunding Series B totaling $315,740,000. In 2015, the District issued Refunding Bonds totaling $162,855,806 to advance refund Series C from Measure C.

NOTE 9: GENERAL OBLIGATION BONDS

The balance of the bonds refunded was $28,645,281 less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of $2,012,843 was recognized during the year ended June 30, 2017.

On August 31, 2016, the District issued bonds, Series C totaling $30,000,000, to (i) finance an endowment for voter-approved technology upgrades and (ii) to pay the cost of using the bonds.

On March 29, 2017, the District issued bonds, Series D and Series E, totaling $300,000,000. Series D bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the bonds. Series E bonds are being issued to (i) finance voter-approved technology upgrades, and (ii) pay the costs of issuing the Series E bonds.

The outstanding general obligation bonded debt of the District at June 30, 2017 is shown herein.

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2017
Measure C:					
Series A	4/17/2003	8/1/2016	2.50-5.50	$ 110,000,000	$
2005 Refunding	3/10/2005	8/1/2022	3.00-5.25	74,893,867	2,618,867
Accreted Interest					8,287,540
Series B	6/28/2006	8/1/2030	3.63-5.00	149,859,831	48,859,831
Accreted Interest					35,522,345
Total Measure C				334,753,698	95,288,583
Measure M:					
Series A	5/29/2013	8/1/2038	1.50-5.00	190,000,000	154,480,000
Series B	5/29/2013	8/1/2018	0.45-1.64	10,000,000	4,055,000
Refunding Series A	5/29/2013	8/1/2024	2.00-5.00	80,265,000	78,725,000
Refunding Series B	5/29/2013	8/1/2020	0.35-2.27	35,475,000	25,970,000
2015 Refunding	10/29/2015	8/1/2036	2.00-5.00	162,855,806	161,135,806
Accreted Interest					1,683,694
Series C	8/31/2016	8/1/2023	0.80-1.98	30,000,000	30,000,000
Series D	3/29/2017	8/1/2042	4.00-5.00	280,000,000	280,000,000
Series E	3/29/2017	8/1/2019	1.43-1.69	20,000,000	20,000,000
Total Measure M				808,595,806	756,049,500
Total				$ 1,143,349,504	$ 851,338,083

NOTE 9: GENERAL OBLIGATION BONDS

Payments-Measure C

The annual requirements to amortize Measure C bonds payable, outstanding as of June 30, 2017, are as shown herein.

Series A

The last principal payment of $595,000 was made on August 1, 2016.

2005 Refunding Bonds

Year Ending June 30,	Principal	Interest	Total
2018	$	$	$ -
2019			-
2020			-
2021	425,933	2,114,067	2,540,000
2022	1,159,595	6,610,405	7,770,000
2023	1,033,339	6,746,660	7,779,999
Total	$ 2,618,867	$ 15,471,132	$ 18,089,999

Series B

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2018	$	$	$	$ -
2019				-
2020				-
2021				-
2022				-
2023-2027	19,422,018	31,897,982		51,320,000
2028-2031	29,437,813	60,952,187		90,390,000
Total	$ 48,859,831	$ 92,850,169	$ -	$ 141,710,000

Payments-Measure M

The annual requirements to amortize Measure M bonds payable, outstanding as of June 30, 2017, are as shown herein.

NOTE 9: GENERAL OBLIGATION BONDS

Series A

Year Ending June 30,	Principal	Interest	Total
2018	$ 1,185,000	$ 6,711,625	$ 7,896,625
2019	825,000	6,681,475	7,506,475
2020	1,920,000	6,630,700	8,550,700
2021	2,335,000	6,545,600	8,880,600
2022	2,745,000	6,444,000	9,189,000
2023-2027	20,845,000	29,971,775	50,816,775
2028-2032	36,695,000	23,407,025	60,102,025
2033-2037	57,400,000	13,690,150	71,090,150
2038-2039	30,530,000	1,404,950	31,934,950
Total	$ 154,480,000	$ 101,487,300	$ 255,967,300

Series B

Year Ending June 30,	Principal	Interest	Total
2018	$ 2,015,000	$ 46,896	$ 2,061,896
2019	2,040,000	16,708	2,056,708
Total	$ 4,055,000	$ 63,604	$ 4,118,604

Tax-Exempt Refunding Series A

Year Ending June 30,	Principal	Interest	Total
2018	$ 4,090,000	$ 3,762,400	$ 7,852,400
2019	5,115,000	3,578,300	8,693,300
2020	6,225,000	3,320,375	9,545,375
2021	7,470,000	2,978,000	10,448,000
2022	8,845,000	2,570,125	11,415,125
2023-2025	46,980,000	3,886,500	50,866,500
Total	$ 78,725,000	$ 20,095,700	$ 98,820,700

Taxable Refunding Series B

Year Ending June 30,	Principal	Interest	Total
2018	$ 6,925,000	$ 412,320	$ 7,337,320
2019	7,030,000	308,416	7,338,416
2020	7,140,000	180,654	7,320,654
2021	4,875,000	55,234	4,930,234
Total	$ 25,970,000	$ 956,624	$ 26,926,624

NOTE 9: GENERAL OBLIGATION BONDS

2015 Refunding Bonds

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2018	$	$	$ 5,177,950	$ 5,177,950
2019			5,177,950	5,177,950
2020			5,177,950	5,177,950
2021			5,177,950	5,177,950
2022			5,177,950	5,177,950
2023-2027			25,889,750	25,889,750
2028-2032	61,675,000		21,292,875	82,967,875
2033-2037	99,460,806	65,224,194	1,775,100	166,460,100
Total	$ 161,135,806	$ 65,224,194	$ 74,847,475	$ 301,207,475

Series C

Year Ending June 30,	Principal	Interest	Total
2018	$ 10,295,000	$ 336,166	$ 10,631,166
2019	2,610,000	283,316	2,893,316
2020	3,060,000	254,084	3,314,084
2021	3,220,000	214,465	3,434,465
2022	3,400,000	165,698	3,565,698
2023-2024	7,415,000	144,969	7,559,969
Total	$ 30,000,000	$ 1,398,698	$ 31,398,698

Series D

Year Ending June 30,	Principal	Interest	Total
2018	$	$ 10,830,894	$ 10,830,894
2019		12,911,000	12,911,000
2020	1,750,000	12,876,000	14,626,000
2021		12,841,000	12,841,000
2022		12,841,000	12,841,000
2023-2027	19,085,000	62,878,125	81,963,125
2028-2032	32,615,000	55,508,375	88,123,375
2033-2037	87,070,000	42,211,000	129,281,000
2038-2042	116,480,000	16,792,000	133,272,000
2043	23,000,000	460,000	23,460,000
Total	$ 280,000,000	$ 240,149,394	$ 520,149,394

NOTE 9: GENERAL OBLIGATION BONDS

Series E

Year Ending June 30,	Principal	Interest	Total
2018	$	$ 262,352	$ 262,352
2019	9,650,000	243,982	9,893,982
2020	10,350,000	87,613	10,437,613
Total	$ 20,000,000	$ 593,947	$ 20,593,947

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Eligibility

The District administers a single-employer defined benefit healthcare plan. The District provides medical, dental and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. The District reports the financial activity of the plan as a trust fund in these financial statements and no separate financial statement is prepared.

Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. For employees participating in CalSTRS and CalPERS, the eligibility requirement is a minimum age of 55 and a minimum ten years of service with the District. Additional age and service criteria may be required.

Participant Type:	Number of Participants
Inactive participants currently receiving benefits	749
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	1,315
Total	2,064

Funding Policy

The contribution requirements are established and may be amended by the District. All contributions are discretionary and an actuarial determined contribution was not calculated. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses up to age 70 and $4,000 maximum per year beyond age 70 until death. For fiscal year ended June 30, 2017, the District contributed $6,533,048 to the plan.

Net OPEB Liability (Asset)

The following table shows the components of the net OPEB liability (asset) of the District:

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

	Balance June 30, 2017
Total OPEB liability	$ 103,166,889
Plan fiduciary net position	71,617,326
District's net OPEB liability (asset)	$ 31,549,563

Investments

The Plan has assets with two trustees; the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) held in the Retiree Health Benefit OPEB Trust (the Trust), and Benefit Trust Company held in the Futuris Public Entity Investment Trust (Futuris). These accounts collectively comprise the Plan assets. The Plan's policy for allocation of invested assets is established and may be amended by each Retirement Board of Authority through a majority vote. It is the policy of both Boards to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of specific asset classes. Assets held in the Plan are limited to those within the terms of the trust agreement and the participation agreement, any applicable plan documents and in accordance with California Code Section 53620 through 53622. The investment policy has a long-term focus. It discourages both major shifts of asset class allocations over a short time span and, except for liquidity purposes, the use of cash equivalents. There is no established net rate of return or asset allocation policy.

The JPA or Futuris did not violate any provisions of the investment policy during the fiscal year ended June 30, 2017.

The District participates with other colleges in the Balanced Fund Master Trust held by Union Bank as trustee for the JPA. The Balanced Fund is comprised of various mutual funds and the District owns a pro-rata interest in the pool. In a Master Trust, the market value of the pool is converted to units valued at $1.00 per unit and the District's individual statement reflects the units that they own in the pool. Master Trusts are unitized to the dollar and thus, the market and cost are the same. Income earnings, gains, losses and expense are allocated pro rata to all colleges participating in the Master Trust.

At June 30, 2017, all Plan investments were in either master trusts or mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position.

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was not available.

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The mutual funds held in the Master Trust are priced using a net asset value (NAV). The mutual funds may include several different underlying investments, including equities, bonds, real estate, and global securities. The NAV price is derived from the value of these investments, accrued income, anticipated cash flows (maturities), management fees, and other fund expenses. Certain investments within the fund may be deemed unobservable and not considered to be in an active market. The Plan's investments' fair value measurements at June 30, 2017 are presented herein.

		Fair Value Measurements Using		
Investment	Costs	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Master Trust	$ 36,499,807	$ -	$ -	$ 36,499,807
Mutual Fund - Fixed income	17,565,999	17,563,900	-	-
Mutual Fund - Domestic equity	9,292,889	9,257,143	-	-
Mutual Fund - International equity	5,796,791	5,757,357	-	-
Mutual Fund - Real estate	2,461,840	2,459,749	-	-
Total	$ 71,617,326	$ 35,038,149	$ -	$ 36,499,807

Actuarial Methods and Assumptions

The District's total OPEB liability and the net OPEB liability were measured using an actuarial valuation as of June 30, 2017.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified herein.

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

Actuarial Methods and Assumptions	
Valuation date	June 30, 2017
Measurement date	June 30, 2017
Inflation	2.75%
Salary increases	2.75%
Investment rate of return	6%
Healthcare trend rate	4%

Mortality rates were based on the rates used by CalPERS Active Mortality for Miscellaneous Employees 2014 tables and the 2009 rates used by STRS for the pension valuations.

The long-term expected rate of return on 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 best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of the Plan's investment policy) are shown herein.

Asset Class - Community College League of California	Asset Allocation	Long-term Expected Real Rate of Return
US large cap	60%	7.80%
US small cap	15%	7.80%
Long-term corporate bonds	20%	5.30%
Short-term government fixed	5%	3.25%

Asset Class - Futuris	Asset Allocation	Long-term Expected Real Rate of Return
US Domestic stock	50%	7.80%
Long-term corporate bonds	50%	5.30%

The discount rate used to measure the total OPEB liability was 6.0 percent. The valuation used historic 30 year real rates of return for each asset class along with assumed long-term inflation assumptions to set the discount rate. 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 OPEB liability.

Since the most recent GASB 45 valuation, the following changes have been made:

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

- The discount rate and expected rate of return on assets was changed from 6.8% to 6.0%

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	$ 99,041,524	$ 65,693,627	$ 33,347,897
Changes for the year:			
Service cost	4,772,670		4,772,670
Interest	5,885,743		5,885,743
Employer contributions		6,533,048	(6,533,048)
Net investment income		6,030,540	(6,030,540)
Benefit payments	(6,533,048)	(6,533,048)	-
Administrative expenses		(106,841)	106,841
Net changes	4,125,365	5,923,699	(1,798,334)
Balances at June 30, 2017	$ 103,166,889	$ 71,617,326	$ 31,549,563

The District's net OPEB liability calculated using the discount rate of 6.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate is shown herein.

Discount rate	Net OPEB Liability
1% decrease (5.0%)	$ 40,611,844
Current discount rate (6.0%)	31,549,563
1% increase (7.0%)	23,688,277

The District's net OPEB liability calculated using the current healthcare cost trend rate of 6.5 percent decreasing to 4.0 percent, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.0 percent) than the current rate is shown herein.

Healthcare trend rate	Net OPEB Liability
1% decrease (3.0%)	$ 27,103,734
Current healthcare trend rate (4.0%)	31,549,563
1% increase (5.0%)	36,325,161

OPEB expense

OPEB expense for the year ended June 30, 2017 was $4,734,714.

NOTE 11: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2017, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans as shown herein.

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	$ 114,042,210	$ 23,966,331	$ 5,950,659	$ 11,535,645
CalPERS - Schools Pool Plan	97,624,556	27,883,744	6,457,959	10,610,309
Total	$ 211,666,766	$ 51,850,075	$ 12,408,618	$ 22,145,954

The details for the governmental fund and the fiduciary fund are as shown herein.

Entity:	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
Governmental Fund	$ 209,753,325	$ 51,303,554	$ 12,282,042	$ 21,937,992
Fiduciary Fund	1,913,441	546,521	126,576	207,962
Total	$ 211,666,766	$ 51,850,075	$ 12,408,618	$ 22,145,954

The details of each plan are as included herein.

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

NOTE 11: EMPLOYEE RETIREMENT PLANS

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2017, are summarized as shown herein.

Provisions and Benefits	CalSTRS-STRP Defined Benefit Program and Supplement Program	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	9.21%
Required employer contribution rate	12.58%	12.58%
Required state contribution rate	8.828%	8.828%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2017 are presented above and the total District contributions were $9,698,103.

NOTE 11: EMPLOYEE RETIREMENT PLANS

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as shown herein.

Proportionate Share of Net Pension Liability	Balance June 30, 2017
District proportionate share of net pension liability	$ 114,042,210
State's proportionate share of the net pension liability associated with the District	64,931,754
Total	$ 178,973,964

The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.1410%.

For the year ended June 30, 2017, the District recognized pension expense of $11,535,645 and revenue of $6,276,338 for support provided by the state. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown herein.

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,698,103	$
Difference between expected and actual experience		2,781,930
Difference in proportion	5,201,928	3,168,729
Net differences between projected and actual earnings on plan investments	9,066,300	
Total	$ 23,966,331	$ 5,950,659

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

NOTE 11: EMPLOYEE RETIREMENT PLANS

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2016 measurement date is 7 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 6 years.

The remaining amount will be recognized to pension expense as shown herein.

Year Ending June 30,	Amortization
2018	$ 2,315,185
2019	2,315,185
2020	2,315,185
2021	2,315,185
2022	48,608
2023	(991,779)
Total	$ 8,317,569

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the methods and assumptions shown herein, applied to all prior periods included in the measurement.

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.60%
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is

NOTE 11: EMPLOYEE RETIREMENT PLANS

re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop an expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.60%)	$ 164,132,460
Current discount rate (7.60%)	114,042,210
1% increase (8.60%)	72,440,160

NOTE 11: EMPLOYEE RETIREMENT PLANS

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

California Public Employees Retirement System (CalPERS)

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized herein.

NOTE 11: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	CalPERS-Schools Pool Plan	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	13.888%	13.888%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017 are as presented above and the total District contributions were $8,536,763.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $97,624,556. The net pension liability was measured as of June 30, 2016. The total pension liability for CalPERS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015 and rolling forward the total pension liability to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.4943%.

For the year ended June 30, 2017, the District recognized pension expense of $10,610,309. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein.

NOTE 11: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,536,763	$
Difference between expected and actual experience	4,198,791	
Changes of assumptions		2,933,036
Difference in proportion		3,524,923
Net differences between projected and actual earnings on plan investments	15,148,190	
Total	$ 27,883,744	$ 6,457,959

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2016 measurement date is 3.9 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.9 years.

The remaining amounts will be recognized to pension expense as show herein:

Year Ending June 30,	Amortization
2018	$ 615,766
2019	1,670,591
2020	6,649,122
2021	3,953,543
Total	$ 12,889,022

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the methods and assumptions shown herein, applied to all prior periods included in the measurement.

NOTE 11: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.65%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized herein.

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	51%	5.71%
Global debt securities	20%	2.43%
Private equity	10%	6.95%
Real estate	10%	5.13%
Infrastructure and Forestland	2%	5.09%
Inflation assets	6%	3.36%
Liquidity	1%	-1.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School

NOTE 11: EMPLOYEE RETIREMENT PLANS

Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 145,656,381
Current discount rate (7.65%)	97,624,556
1% increase (8.65%)	57,628,609

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Public Agency Retirement System (PARS)

Plan Description

The Public Agency Retirement System (PARS) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the PARS Board of Trustees.

Funding Policy

Contributions of 7.5% of covered compensation of eligible employees are made by the employer and employee. Total contributions, employer and employee combined, were made in the amount of $745,386 during the fiscal year. The total amount of covered compensation was $12,166,745 Total contributions made are 100% of the amount of contributions required for fiscal year 2015-16.

NOTE 12: INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through

NOTE 12: INTERFUND TRANSACTIONS

which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within the government funds has been eliminated in the basic financial statements.

NOTE 13: INTERNAL SERVICE FUNDS

The District is exposed to various risks of loss related injuries to employees and medical claims. During the fiscal year, the District maintained an Internal Service Fund to account for and finance its uninsured risks of loss. The Self Insurance Fund provides coverage for up to a maximum of $250,000 for each worker’s compensation claim filed prior to June 30, 1998. During July 1, 1998, the District is fully insured for workers’ compensation. The Self Insurance Fund also provides for a maximum of $275,000 for each claim each plan year for medical claims. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims and premiums.

At June 30, 2017, the District accrued the claims liability in accordance with GASB standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The present value of the liability, estimated at $3,287,265, is included in accrued liabilities.

Changes in the reported liability are shown herein.

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	$ 466,931	$ (70,164)	$ 61,373	$ 335,394
Health and Other Benefits	2,798,550	22,861,514	22,708,193	2,951,871
Total	$ 3,265,481	$ 22,791,350	$ 22,769,566	$ 3,287,265

NOTE 14: JOINT POWERS AGREEMENTS

The District participates in four Joint Powers Authority (JPA) entities by written agreement; the Protected Insurance Program for Schools (PIPS), the Schools Association for Excess Risk (SAFER), the CSAC Excess Insurance Authority (CSAC), and the Statewide Association of Community Colleges (SWACC).

NOTE 14: JOINT POWERS AGREEMENTS

PIPS is a California Joint Power Authority (JPA) insurance pool and provides workers' compensation reinsurance protection to its public schools and community college membership throughout California. This is a finite risk sharing pool that transfers risk away from the members to the insurance market. Member premiums are determined based on payroll expense and District loss experience based upon claims incurred.

The SAFER Joint Power Authority is a general liability and property loss excess insurance pool which provides coverage for liability losses from $1,000,000 to $50,000,000 for liability, and $5,000,000 to $250,000,000 for excess property coverage, dependent upon selected coverage sought by each member.

CSAC Excess Insurance Authority's Master Rolling Owner Controlled Insurance Program covers liability, property, and workers' compensation job-site risks of construction activities for District projects. District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. CSAC Membership is comprised of 315 various counties, cities, schools, special districts, and other JPAs. Premiums are determined for each construction project or projects.

The Statewide Association of Community Colleges Joint Power authority ("SWACC") was established to provide a comprehensive program of property and liability coverage for more than 40 community colleges in California. The program's general objectives are to formulate, develop and administer, on behalf of the member public agencies, a program of insurance, to obtain lower costs for that coverage, and to develop comprehensive loss control programs.

Each of the above JPAs is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA, including selection of management and approval of members, independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Each JPA maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationships between the District and the JPAs are such that none of the JPAs are component units of the District for financial reporting purposes.

The most recent condensed financial information available for PIPS, SAFER, CSAC, and SWACC is shown herein.

NOTE 14: JOINT POWERS AGREEMENTS

JPA Condensed Financial Information	PIPS 6/30/2017 (Audited)	SAFER 6/30/2016 (Audited)	CSAC 6/30/2016 (Audited)	SWACC 6/30/2016 (Audited)
Total assets	$ 129,260,118	$ 23,297,652	$ 741,987,349	$ 53,650,572
Total liabilities	111,815,654	21,155,886	604,314,732	25,243,178
Fund balance	$ 17,444,464	$ 2,141,766	$ 137,672,617	$ 28,407,394
Total revenues	301,089,852	56,004,631	787,536,407	18,776,551
Total expenditures	296,996,362	55,390,780	762,270,435	20,885,850
Net increase/(decrease) in Fund Balance	$ 4,093,490	$ 613,851	$ 25,265,972	$ (2,109,299)

NOTE 15: FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the statement of revenues, expenses and change in net position. A schedule of expenses by function is shown herein.

Functional Expense	Salaries	Employee Benefits	Supplies, materials, and other operating expenses and services	Financial Aid	Depreciation	Total
Instructional activities	$ 66,896,199	$ 30,431,839	$ 5,017,673	$	$	$ 102,345,711
Academic support	17,424,562	7,926,631	3,698,398			29,049,591
Student services	22,798,362	10,371,234	4,449,008			37,618,604
Operation and maintenance of plant	6,667,852	3,033,282	5,135,807			14,836,941
Instructional support services	24,945,477	11,347,981	19,805,003			56,098,461
Community services and economic development	348,212	158,406	13,336			519,954
Ancillary services and auxiliary operations	14,274,718	5,561,212	5,085,958			24,921,888
Physical property and related acquisitions	926,761	422,302	1,644,123			2,993,186
Transfers, student aid and other outgo				56,592,053		56,592,053
Depreciation expense					21,745,349	21,745,349
Total	$ 154,282,143	$ 69,252,887	$ 44,849,306	$ 56,592,053	$ 21,745,349	$ 346,721,738

NOTE 16: CUMULATIVE EFFECT OF ACCOUNTING CHANGES

The beginning net position of the basic financial statements has been restated by a reduction of $51,801,643 to recognize the beginning balance of the OPEB liability of $33,347,897 and removal of the June 30, 2016 OPEB asset of $18,453,746 resulting from the implementation of GASB Statements No. 74 and No. 75 (See Note 10).

NOTE 17: COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

NOTE 17: 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.

Purchase Commitments

As of June 30, 2017, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $74,800,000. Projects will be funded through bond proceeds, state funds and general funds.

NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

GASB has issued pronouncements prior to June 30, 2017, that have effective dates that may impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 81 – *Irrevocable Split-Interest Agreements*

This statement establishes guidance in order to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The statement is effective for the fiscal year 2017-18.

Statement No. 83 – *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations when a legally enforceable liability is associated with the retirement of a tangible capital asset. The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. The statement is effective for the fiscal year 2018-19.

NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

Statement No. 85 – *Omnibus 2017*

The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB statements. Specific topics addressed in this statement are related to blended component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). The statement is effective for the fiscal year 2017-18.

Statement No. 86 – *Certain Debt Extinguishment Issues*

The objective of the statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial report for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is in-substance defeased. The statement is effective for the fiscal year 2017-18.

Statement No. 87 – *Leases*

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement is effective for the fiscal year 2020-21.

REQUIRED SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30, 2017

Total OPEB Liability	2017
Service Cost	$ 4,772,670
Interest	5,885,743
Benefit Payments	(6,533,048)
Net Change in Total OPEB Liability	4,125,365
Total OPEB Liability - beginning	99,041,524
Total OPEB Liability - ending (a)	$ 103,166,889

Plan Fiduciary Net Position	2017
Contributions - Employer	$ 6,533,048
Net Investment Income	6,030,540
Benefit Payments	(6,533,048)
Administrative Expense	(106,841)
Net Change in Plan Fiduciary Net Position	5,923,699
Plan Fiduciary Net Position - beginning	65,693,627
Plan Fiduciary Net Position - ending (b)	$ 71,617,326
Net OPEB Liability - ending (a) - (b)	$ 31,549,563
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.42%
Covered payroll	$ 110,477,993
Net OPEB liability as a percentage of covered payroll	28.56%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30, 2017

Total OPEB Liability	2017
Service Cost	$ 4,772,670
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Benefit Payments	(6,533,048)
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See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYEMENT HEALTHCARE BENEFITS EMPLOYER CONTRIBUTION
For the Fiscal Year Ended June 30, 2017

OPEB Contributions	2017
Actuarially Determined Contribution (ADC)	$ 4,594,742
Contributions in relation to the ADC	6,390,000
Contribution deficiency (excess)	$ (1,795,258)
District's covered payroll	$ 110,477,993
Contributions as a percentage of covered payroll	5.78%

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
For the Fiscal Year Ended June 30, 2017

Year	Annual money-weighted rate of return, net of investment expense
2017	NA

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2017

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017
District's proportion of the net pension liability (assets)	0.1360%	0.1460%	0.1410%
District's proportionate share of the net pension liability (asset)	$ 79,474,320	$ 98,293,040	$114,042,210
State's proportionate share of the net pension liability (asset) associated with the District	47,990,508	51,986,043	64,931,754
Total	$127,464,828	$150,279,083	$178,973,964
District's covered payroll	$ 60,100,000	$ 67,800,000	$ 71,000,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	132.24%	144.97%	160.62%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.00%	70.04%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017
District's proportion of the net pension liability (assets)	0.5164%	0.5156%	0.4943%
District's proportionate share of the net pension liability (asset)	$ 58,623,973	$ 75,999,949	$ 97,624,556
District's covered payroll	$ 53,300,000	$ 56,700,000	$ 59,700,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	109.99%	134.04%	163.53%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	79.43%	73.90%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS – STRP AND CALPERS
For the Fiscal Year Ended June 30, 2017

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017
Contractually required contribution	$ 6,022,305	$ 7,618,862	$ 9,698,103
Contributions in relation to the contractually required contribution	6,022,305	7,618,862	9,698,103
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 67,800,000	$ 71,000,000	$ 77,100,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017
Contractually required contribution	$ 6,678,600	$ 7,075,135	$ 8,536,763
Contributions in relation to the contractually required contribution	6,678,600	7,075,135	8,536,763
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 56,700,000	$ 59,700,000	$ 60,300,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None

Changes of Assumptions - The discount rate and expected rate of return on assets was changed from 7.0% to 6.0% and the initial healthcare trend rate changed from 6.0% to 6.5%

Schedule of Postemployment Healthcare Benefits Employer Contributions

The schedule is intended to show trends about the amounts contributed in relation to the actuarially determined contribution.

Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increases	3%
Investment Rate of Return	6.0%
Health Care Trend Rate	6.5% decreasing to 4.0% in 2023

Mortality rates were based on the rates used by CalPERS and the 2009 rates used by STRS for the pension valuations.

Schedule of Postemployment Healthcare Benefits Money-Weighted Rate of Return on Plan Assets

The schedule is intended to show trends about the rate of return on plan assets.

Schedules of District's Proportionate Share of the Net Pension Liability – STRP and CalPERS

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Schedules of District Contributions – STRP and CalPERS

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2017

The Coast Community College District encompasses approximately 105 square miles located in Orange County. The District currently operates Coastline College, Golden West College, Orange Coast College, and the District site. The District serves a large population in Orange County, which covers the communities of Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Midway City, Newport Beach, Santa Ana, Seal Beach/Surfside, Stanton, Sunset Beach and Westminster. The Chancellor is the chief administrative officer and is assisted by vice chancellors, deans, directors, division chairpersons, and members of the faculty in bringing educational excellence to the community. The Board of Trustees has five members elected at large to overlapping four-year terms.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2017 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Mr. David A. Grant	President	2018
Ms. Mary L. Hornbuckle	Vice President	2020
Dr. Lorraine Prinsky	Clerk of the Board	2020
Mr. Jerry Patterson	Trustee	2020
Mr. Jim Moreno	Trustee	2018
Mr. Javier Venegas	Student Trustee	2016-2017

DISTRICT ADMINISTRATORS

Mr. John Weispfenning, Ph.D.	Chancellor
Dr. Dennis Harkins	President, Orange Coast College
Mr. Wes Bryan	President, Golden West College
Dr. Loretta Adrian	President, Coastline Community College
Dr. Andrew Dunn	Vice Chancellor, Finance and Administrative Services
Dr. Cynthia Vyskocil	Vice Chancellor, Human Resources
Dr. Andreea M. Serban	Vice Chancellor, Educational Services and Technology

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Education			
Direct:			
Student Financial Aid Cluster:			
Federal Work Study	84.033	(1)	$ 489,748
Pell Grant	84.063	(1)	39,236,008
Financial Aid Administrative Allowance	84.063	(1)	186,597
Supplemental Education Opportunity Grant	84.007	(1)	993,164
Federal Direct Student Loans	84.268	(1)	8,679,679
Subtotal: Student Financial Aid Cluster			49,585,196
Title III - Access 2 Success	84.031A	(1)	381,034
New Asian American Pacific Islander Generation Initiative	84.031L	(1)	294,370
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	5,592
Subtotal: Direct Programs			680,996
Pass-Through Program From California Community Colleges Chancellor's Office:			
Career and Technical Education (CTE):			
CTE Title I, Part C - Carl D. Perkins	84.048A	(1)	1,335,842
CTE Transitions	84.048A	(1)	115,951
Subtotal: CTE			1,451,793
Pass-Through Program From California Department of Education:			
English Literacy and Civic Education	84.002A	(1)	21,861
Adult Education and Family Literacy Act - ESL - 231 Grant	84.002A	(1)	61,056
Subtotal: Passed-Through Programs			82,917
Total: United States Department of Education			51,800,902
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Care Food Program	10.558	(1)	65,997
Total: United States Department of Agriculture			65,997
United States Department of Health and Human Services			
Pass-Through Program From California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	136,608
Pass-Through Program From California Department of Education:			
Child Care and Development Block Grant	93.575	15136	92,478
Pass-Through Program From Yosemite Community College District:			
Child Development Training Consortium	93.575	(1)	17,353
Subtotal: Passed-Through Programs			246,439
Total: United States Department of Health and Human Services			246,439

See the accompanying notes to the supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Defense			
Direct:			
CAE-2Y Pilot Grant Program - CAE Development of CAE Regional Resource Centers (CRRCs)	12.902		69,961
Passed-Through From Whatcom Community College:			
CyberWatch West	47.076	DUE-1361636	31,645
CyberWatch West: Securing Cyber West	47.076	DUE-1500375	4,000
Subtotal: Passed-Through Programs			35,645
Total: United States Department of Health and Human Services			105,606
United States Department of Interior			
Pass-Through Program From Department of Parks and Recreation:			
Aquatic Center	15.622	68106	15,334
Total: United States Department of Interior			15,334
Total Federal Programs			$ 52,234,278
Student Financial Aid Loan Programs:			
Loan Outstanding			
Perkins Loan Program, loan balance outstanding as of 06/30/17	84.038	(1)	$ 1,064,786

(1) Pass-Through Entity Identifying Number not readily available or not applicable

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
For the Fiscal Year Ended June 30, 2017

	Program Revenues						
Program Name	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	Total Program Expenditures
State Categorical Aid Programs:							
Adult Block Grant	$ 1,516,630	$ 1,856,003	$	$ 2,572,304	$	$ 800,329	$ 800,329
Board Financial Assistance Admin Allowance	1,497,607					1,497,607	1,497,607
Basic Skills (S.F.A.A)	451,731	406,447		400,452		457,726	457,726
Cal Grant	3,866,664					3,866,664	3,866,664
Cooperating Agencies Foster Youth Education Support	475,010					475,010	475,010
Disabled Student Programs & Service (DSPS)	3,215,624					3,215,624	3,215,624
Economic Opportunity (EOPS)	3,237,764					3,237,764	3,237,764
EOPS-Coop Agency Resource Education (CARE)	260,939				17	260,922	260,922
CalWORKs	707,444				5,195	702,249	702,249
Career Technical Education Enhancement	257,772					257,772	257,772
Career Technical Education Pathways Initiative	40,000		981,730			1,021,730	1,021,730
Instructional Equipment and Library Materials	4,026,431	99		447,821		3,578,709	3,578,709
Full-time Student Success Grant	1,012,485	212,671				1,225,156	1,225,156
Nursing Education	89,240					89,240	89,240
Schedule of Maintenance	1,857,331	2,626,542		1,612,994		2,870,879	2,870,879
State Capital Outlay (Prop 39 Clean Energy)	1,192,413					1,192,413	1,192,413
State Hospitals (Fairview Handicapped)	632,817					632,817	632,817
Strong Workforce Program	2,414,498			1,903,862		510,636	510,636
Student Equity Program	3,351,737	2,163,419		1,855,834		3,659,322	3,659,322
Student Success and Support Program (SSSP) Credit	7,096,167	2,359,193		1,961,392	194,225	7,299,743	7,299,743
SSSP-Noncredit	102,173	52,013			44,155	110,031	110,031
Total State Categorical Aid Programs	$ 37,302,477	$ 9,676,387	$ 981,730	$ 10,754,659	$ 243,592	$ 36,962,343	$ 36,962,343

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
For the Fiscal Year Ended June 30, 2017

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2015 only)			
1. Noncredit[1]	14.56		14.56
2. Credit[1]	2,241.58		2,241.58
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit[1]	-		-
2. Credit[1]	6.56		6.56
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,813.68		19,813.68
(b) Daily Census Contact Hours	1,040.94		1,040.94
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	294.71		294.71
(b) Credit[1]	1,099.99		1,099.99
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,127.50		4,127.50
(b) Daily Census Contact Hours	1,652.81		1,652.81
(c) Noncredit Independent Study/Distance Education Courses			-
D. Total FTES	30,292.33	-	30,292.33
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	11.37		11.37
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	195.55		195.55
(b) Credit[1]	2,366.80		2,366.80
CCFS 320 Addendum			
CDCP Noncredit FTES	-		-
Centers FTES			
(a) Noncredit[1]	-		-
(b) Credit[1]	-		-

1 Including Career Development and College Preparation (CDCP) FTES

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

The audit resulted in no adjustments to the fund balances reported on the June 30, 2017 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2017 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

General Fund Balance		$ 40,892,865
Bond Interest and Redemption Fund Balance		63,432,697
Capital Outlay Fund Balance		30,551,535
Measure M - Bond Construction Funds Balance		364,343,373
Self-Insurance Fund Balance	103,534,115	
Amount reported as OPEB Plan Fund Balance	(71,617,326)	
Incurred but not reported liability	(3,287,265)	
Self-Insurance Fund Balance - Revised		28,629,524
All Other Funds		15,470,285
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)		$ 543,320,279

COAST COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 543,320,279
Notes receivable is recognized in the statement of net position. The repayment of notes receivable is reported as revenue in the governmental funds, but the repayment reduces the notes receivable in the statement of net position.	12,937,500
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of $5,411,250 is already recorded in other governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	506,706,012
Deferred charges on refunding debt are recorded as deferred outflows and are amortized over the life of the refunded debt.	26,623,438
Deferred outflows of resources - pensions are for contributions made during the fiscal year that are removed from expenses and differences between estimated and actual results. The contributions will be recognized as a reduction of the net pension liability in the subsequent year and the differences will be amortized.	51,303,554
Capital lease are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. The liability is added to the statement of net position which reduces the total net assets reported.	(91,481)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of compensated absences of $741,457 is already recorded in the General Fund.	(6,043,567)
Long-term liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(923,815,723)
The liability of employers contributing for other post employment retirement plans in excess of annual required contributions is reported as a liability in the governmental funds.	(31,549,563)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(209,753,325)
Deferred inflows of resources - pensions represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources – pensions, results from various differences between estimated and actual results. These amounts are deferred and amortized.	(12,282,042)
Interest expense related to bonds incurred through June 30, 2017 is accrued as a current lability on the statement of net position which reduces the total net assets reported.	(5,143,672)
Total net position	$ (47,788,590)

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2017

		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	36,616,325		36,616,325	36,616,325		36,616,325
Instructional Salaries - Other	1300	28,417,701		28,417,701	28,417,701		28,417,701
Total Instructional Salaries		65,034,026	-	65,034,026	65,034,026	-	65,034,026
Non-Instructional Salaries - Contract or Regular	1200			-	14,535,314		14,535,314
Non-Instructional Salaries - Other	1400			-	2,125,146		2,125,146
Total Non-Instructional Salaries		-	-	-	16,660,460	-	16,660,460
Total Academic Salaries		65,034,026	-	65,034,026	81,694,486	-	81,694,486
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100			-	33,220,007		33,220,007
Non-Instructional Salaries - Other	2300			-	2,952,687		2,952,687
Total Non-Instructional Salaries		-	-	-	36,172,694	-	36,172,694
Instructional Aides - Regular Status	2200	2,973,615		2,973,615	2,973,615		2,973,615
Instructional Aides - Other	2400	1,436,277		1,436,277	1,436,277		1,436,277
Total Instructional Aides		4,409,892	-	4,409,892	4,409,892		4,409,892
Total Classified Salaries		4,409,892	-	4,409,892	40,582,586	-	40,582,586
Employee Benefits	3000	26,661,617		26,661,617	54,457,554		54,457,554
Supplies and Materials	4000			-	1,946,716		1,946,716
Other Operating Expenses	5000			-	16,604,469		16,604,469
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		96,105,535	-	96,105,535	195,285,811	-	195,285,811
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900	5,265,729		5,265,729	5,265,729		5,265,729
Student Health Services Above Amount Collected	6441			-	77,645		77,645
Student Transportation	6491			-	380,797		380,797
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-	6,933,564		6,933,564
Objects to Exclude							
Rents and Leases	5060			-	1,425,607		1,425,607
Lottery Expenditures							
Academic Salaries	1000			-	3,400,213		3,400,213
Classified Salaries	2000			-			-
Employee Benefits	3000			-	966,998		966,998
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Other Operating Expenses and Services	5000			-	729,175		729,175
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Other Outgo	7000			-			-
Total Exclusions		5,265,729	-	5,265,729	19,179,728	-	19,179,728
Total for ECS 84362, 50% Law		90,839,806	-	90,839,806	176,106,083	-	176,106,083
Percent of CEE (Instructional Salary Cost/Total CEE)		51.58%	0%	51.58%	100%	0%	100%
50% of Current Expense of Education					88,053,042	-	88,053,042

See the accompanying notes to the supplementary information.

PROPOSITION 55 EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
For the Fiscal Year Ended June 30, 2017

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 24,178,261
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 24,178,261	$ -	$ -	$ 24,178,261
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 24,178,261	$ -	$ -	24,178,261
Revenue less Expenditures					
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30, 2017

	2018 (Budgeted)	2017	2016	2015
Total revenues	$ 260,316,071	$ 250,569,791	$ 256,368,317	$ 213,701,133
Total expenditures	261,066,071	258,999,882	244,389,882	214,928,037
Total other sources	750,000	1,050,000	771,906	687,768
Change in fund balance	-	(7,380,091)	12,750,341	(539,136)
Ending fund balance	$ 40,892,865	$ 40,892,865	$ 48,272,956	$ 35,522,615
Available reserve	$ 31,141,380	$ 27,305,716	$ 45,753,622	$ 32,464,301
Available reserve %	11.93%	10.54%	18.72%	15.10%
Full-time equivalent students	32,623	30,292	32,624	30,924
Total long term debt	$ 922,348,526	$ 934,302,228	$ 593,219,634	$ 595,352,888

IMPORTANT NOTES:

Available reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the General Fund. The 2018 budget reserve balance was estimated using the budgeted contingency reserve balances less other 2017 amounts reserved.

The 2017 budget is the Plan and Budget adopted by the Board of Trustees on September 6, 2017.

The California Community College Chancellor's Office has provided guidelines that recommend an ending fund balance of 3% of unrestricted expenditures as a minimum with a prudent ending fund balance being 5% of unrestricted expenditures.

Long-term debt is reported for the District as a whole and includes debt related to all funds, excluding the net pension liability.

2015 amounts for state revenues and employee benefits have not been revised to include amounts for on-behalf payments.

See the accompanying notes to the supplementary information.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Schedule of State Financial Assistance - Grants

The Schedule of State Financial Assistance was prepared on the modified accrual basis of accounting

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

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the June 30, 2017 Annual Financial and Budget Report (Form CCFS-311). This schedule shows a reconciliation between the governmental fund balances on the June 30, 2017 CCFS-311, based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting shown.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50 percent law calculation (Education Code Section 84362).

Proposition 55 Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Proposition 55 Education Protection Act were expended.

Schedule of General Fund Financial Trends and Analysis

This report is prepared to show financial trends of the General Fund over the past three fiscal years as well as the current year budget. This schedule is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

OTHER INDEPENDENT AUDITOR'S REPORT

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

The Board of Trustees
Coast Community College District
Costa Mesa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Coast Community College District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, as described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness, finding 2017-001, and another deficiency that we consider to be a significant deficiency, finding 2017-002.

Compliance and Other Matters

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

District's Response to the Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

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

The Board of Trustees
Coast Community College District
Costa Mesa, California

Report on Compliance for Each Major Federal Program

We have audited Coast Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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, yet important enough to merit attention by those charged with governance.

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

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

Purpose of this Report

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

CliftonLarsonAllen

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

The Board of Trustees
Coast Community College District
Costa Mesa, California

We have audited the Coast Community College District's (the District) compliance with the types of compliance requirements described in the *2016-17 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2017. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below.

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 *2016-17 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

Section	Description	Procedures Performed
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Instructional Service Agreements/Contracts	Not applicable
424	State General Apportionment Funding System	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment of K-12 Students in Community College Credit Courses	Yes
428	Student Equity	Yes
429	Student Success and Support Program (SSSP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
440	Intersession Extension Program	Not applicable
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Yes
490	Proposition 1D State Bond Funded Projects	Not applicable
491	Proposition 55 Education Protection Account Funds	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2017.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-17 Contracted District Audit Manual*, published by the California Community College Chancellor's Office. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	X	*Yes*		*No*
Significant deficiency(ies) identified?	X	*Yes*		*None Reported*
Noncompliance material to financial statements noted?		*Yes*	X	*No*

Federal Awards

Internal control over major federal awards:

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 federal 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 Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, and 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: $1,567,028

Auditee qualified as low-risk auditee?		*Yes*	X	*No*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE: Each of the findings and recommendations below include details about the criteria or specific requirements, the condition, the effect and the cause. Questioned costs, if applicable are listed separately. The district response that follows the finding is the District's corrective action plan.

2017-001 RECONCILIATION AND CLOSING PROCEDURES

Original Finding: 2014-001

Finding: Our audit procedures revealed the lack of a systematic method to ensure complete monthly reconciliations and closing procedures take place. A continuing and growing backlog of accounts that are not reconciled may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities, including fraud, to exist and continue without notice. We noted the following deficiencies:

- There are 17 checking accounts between the General Fund and the Student Financial Aid Fund, of the 17, six accounts were reconciled, seven accounts have unreconciled differences, and four accounts with no bank reconciliations.
- No reconciliation process between the campuses' auxiliary funds and the District's Fund 81, which is the control fund for the campuses
- Due to incomplete reconciliations of some accounts receivable and accounts payable accounts, there were three proposed adjusting entries. One was for $899,268 in accounts receivable and one was for $849,236 in accounts payable, totaling to a net effect of $50,033 on the ending fund balance. In addition, there were differences on the initial federal and state revenues and expenditures schedule provided to us.

Recommendation: Establish a system of consistent monthly reconciliations and closing procedures. To provide more accurate financial statements, establish effective review and reconciliation policies and procedures as a customary part of the business operations and accounting process. This would include monthly reconciliations of all accounts, recording adjustments throughout the year that have typically been made at year-end only, and perform regular reviews of the general ledger throughout the year.

District Response: There has been significant turnover in the District Fiscal Department resulting in a delay of our implementation plan. However, our original plan is sound and entails full staffing to implement a system of monthly closing procedures. These procedures will include account reconciliations to ensure accounts are reviewed, reconciled, and adjusted monthly. The plan includes the following:

a) Documentation supporting the reconciliation of bank balance to the account balance in the general ledger.
b) Monthly account reconciliations completed and reviewed by specified due dates and a

2017-001 RECONCILIATION AND CLOSING PROCEDURES

review of the unidentified differences and posting the necessary adjustments timely.

c) Procedures established to reconcile auxiliary charges to District Fund 81 balances. In addition, we will implement procedures and timelines to ensure all audit adjusting entries are posted when required.

d) Year-end accruals in pre-paid and accounts payable accounts will be reviewed and corrected as appropriate.

e) The monthly close process will be reviewed periodically to identify improvements that help ensure quality, accuracy and completeness of the reconciliations.

2017-002 Internal Controls – Payroll Segregation of Duties and Personnel Files

Finding: Salaries and benefits expenditures are the most significant expense of the District. A strong internal control system over the payroll functions of on-boarding new employees, and ongoing payroll preparation, reviewing process, and record keeping can reduce the potential threats of error and misappropriation. Our audit procedures disclosed the following deficiencies:

- Except for the part-time faculty, the payroll department uses a version of the authorization form such as Personnel Action Form (PAF), the electronic PAF (ePAF), or the Personnel Action Request (PAR), forwarded by the human resource department to enter all new employees and their pay rates and pay rate changes into Banner, the financial system, and payroll system. The human resources department enters the part-time faculty information into Banner and the payroll system. No confirmation of input of the PAFs is sent back to the human resource department and there is no audit function performed by other departments to review the payroll department's input process of the PAFs.

- Currently, the payroll department audits its own work. The payroll technicians cross audit all their entries each payroll cycle. The payroll analyst audits each payroll cycle for data entry errors, misclassifications of employees, retirement misclassification of pay, salary calculation errors. The payroll systems manager audits each payroll cycle for balancing, retirement reporting, and tax reporting. Although the payroll department is performing and auditing all the functions noted above, the documentation of such process is not available for audit review.

- Personnel files do not always include the most current authorizations such as the PAF, ePAF, or the PAR for pay rates. These authorizations exist, but are not maintained in a central location. When a PAF or a PAR was not available for audit review, the assumption is the employees may have an ePAF; however, documentation was not easily accessible by the human resources department. Requesting the ePAF from payroll, requires the transaction number which is not easily obtained. Also, if no ePAF is on file, and the employee has a Faculty Load and Compensation (FLAC) approval, the payroll

2017-002 **Internal Controls – Payroll Segregation of Duties and Personnel Files**

department maintains custody of the supporting documentation

Recommendation:

- To strengthen internal controls, have individual(s) or a department outside the payroll function, such as the human resources department enter all new employees and pay rate changes. The payroll department should not have access to this function within the payroll system. Review, and documentation of the review, strengthen internal controls by ensuring changes made to an employee's record and personnel file are proper and correct.

- Document the payroll department's current cross audit and review functions within the department and maintain evidence that the review was completed.

- Establish a process to ensure the history and authorization of each employees' pay rate changes are documented and retained. The process established should result in a timely response to requests for supporting documentation.

District Response: The District is in the process of implementing the electronic personnel action form (ePAF) by February 2018, which will automatically apply the pay rates after the ePAF has been fully approved by all respective departments within its workflow process. Since the system will be automatically applying the pay rates, and the payroll department will not be part of the workflow approval process of an ePAF, this business process will effectively segregate the duties as Human Resources will be entering the pay rates into the system for an ePAF.

The review and cross audit of payroll functions will be properly documented with dates and signatures of the reviewer. In addition to compensating internal controls, Payroll will engage the Fiscal department to perform sampling audits for payroll completeness, accuracy and existence. The District will be able to run ePAF reports at any given time to see a historical audit approval trail as well as any relevant changes to an employee's pay.

The official personnel file for all employees is maintained and housed securely in the District Human Resources Office. With the implementation of ePAF in February 2018, Human Resources will create and annually print a report of all current fiscal year authorizations for each faculty member with assignment and pay rate, and place this report in each personnel file. With regard to Load, Human Resources will create a load report for each faculty member, and include printed reports in the personnel file.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2017

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS
June 30, 2017

There were no findings and questioned costs related to state awards for the year ended June 30, 2017.

2016-001 Reconciliation and Closing Procedures

Original Finding: 2014-001

Finding: Our audit procedures revealed the lack of a systematic method to ensure complete monthly reconciliations and closing procedures take place. A continuing and growing backlog of accounts that are not reconciled may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities, including fraud, to exist and continue without notice. We noted the following deficiencies:

- The District Office has 23 bank accounts of which nine accounts reconciled to the general ledger, ten accounts have no bank reconciliation reports, and four bank reconciliations with reports did not reconcile to the general ledger
- Prepaid expenditures in the Self-insurance fund related to 2014-15 activity that should be recorded as expense during the closing process
- No reconciled detail listing for account object 9510, accounts payable for the year end
- Journal entries of $705,378 were recorded and later reversed which caused the beginning balance to not reconcile to either the 2013-14 or 2014-15 ending fund balance
- No reconciliation process between the campuses' auxiliary funds and the District's Fund 81, which is the control fund for the campuses

Recommendation: Establish a system of consistent monthly reconciliations and closing procedures. In addition, in order to provide more accurate financial statements, we strongly recommend the District establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end only, and performing more frequent reviews of the general ledger throughout the year.

District Response: The District will establish a system of monthly reconciliations and closing procedures. These monthly reconciliations will consist of the following:

a) Documentation supporting the reconciliation of bank balance to the account balance in the general ledger.

b) Account reconciliations will be completed and reviewed in a timely manner by creating due dates for reconciliations, and a review of the unidentified differences and posting the necessary adjustments timely.

c) The account reconciliation process will be reviewed quarterly to identify improvements that help ensure quality, accuracy and completeness of the reconciliations.

d) Year-end accruals in pre-paid and accounts payable accounts will be reviewed and

2016-001 **Reconciliation and Closing Procedures**

corrected as appropriate.

e) We will establish procedures to reconcile auxiliary charges to District Fund 81 balances. In addition, we will establish procedures and timelines to ensure all audit adjusting entries are posted when required.

Status: See current year finding 2017-001. The following items from the prior year have been implemented:

- Prepaid expenditures in the Self-insurance fund related to 2014-15 activity that should be recorded as expense during the closing process
- A detail listing for account object 9510, accounts payable that is reconciled at year end
- Journal entries of $705,378 were recorded and later reversed which caused the beginning balance to not reconcile to either the 2013-14 or 2014-15 ending fund balance.

2016-002 **Return to Title IV**

Federal Program: Student Financial Aid Cluster (84.038, 84.063, and 84.268)
CFDA Number:
Federal Award Number & Year: P268K163665, P268K161161, P268K163665, P063P153665, P063P151139, P063P151161, 2015-2016
Name of Federal Agency: U.S. Department of Education
Name of the Pass-through Agency: Not applicable
Campus: Coastline College (CCC), Golden West College (GWC), and Orange Coast College (OCC)

Criteria: According to 34 CFR 668.22(1)(3)(i), "For a student who provides notification to the institution of his or her withdrawal, the student's withdrawal date as determined under paragraph (c) […the date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw] … or the date of notification of withdrawal".

According to 34 CFR 668.22(j)(1), an institution must return the amount of title IV funds for which it is responsible under paragraph (g) as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in (l)(3).

Condition: From a sample of Return to Title IV (R2T4) students selected for file testing, we verified the R2T4 calculation including the determination and return to the U.S. Department of Education's Grant Management System (G5). A total of 47 students, 13 at CCC, 15 at GWC, and 19 at OCC, were selected for R2T4 testing which includes recalculation, timing of determination,

2016-002 **Return to Title IV**

and verification of the funding was returned through G5.

- From the total, the determination period was not met for 28 students; the student notified campus that he/she was withdrawing and R2T4 calculation was not done at the time per regulation. Of the 28 students noted, eight were at CCC, 10 were at GWC, and 10 were at OCC.
- From the total, three students did not have R2T4 returned within 45 days. One student is from GWC and two were from OCC.

Context: A total of 47 students, 13 at Coastline Campus (CCC), 15 at Golden West Campus (GWC), and 19 at Orange Coast Campus (OCC), were selected for R2T4 testing. From the total, 28 students did not meet the determination period (eight at CCC, 10 at GWC, and 10 at OCC). From the students selected for testing, 24 students' R2T4 calculated for no funds to be returned. There were four students' R2T4 funds that were not returned by the timeframe, two from GWC and two from OCC.

Effect: Not in compliance with 34 CFR 668.22(l)(3)(i) and 34 CFR 668.22(j)(1)
Cause: Unknown

Total Program Expenditures: $54,775,981

Questioned Costs and Units: Not applicable

Recommendation: Implement procedures to ensure the timeframes indicated by 34 CFR 668.22(1)(3)(i) and 34 CFR 668.22(j)(1).

Corrective Action Plan: All 2015-16 Return to Title IV calculations were completed and all applicable funds were returned to the U.S. Department of Education's Grant Management System (G5) by all three colleges in the District.

As a result of the external auditor visits in April and August 2016, the Return to Title IV (R2T4) procedures have been revised to ensure that the Colleges meet all required timelines and calculations.

The Condition/Context of the audit finding report dated June 30, 2016, 2016-002 indicated that from the total of 47 students selected for file testing, 28 students notified the campus that he/she was withdrawing and R2T4 calculation were not done at the time per regulation 34 CFR 668.22(1)(3)(i). Of the 28 students noted, eight were from CCC, 10 were at GWC, and 10 were at OCC.

In fall 2015, staff was processing a large percentage of students "dropping" all units as official withdrawals and others were seeking a Last Day of Attendance (LDA) from faculty. By the time

2016-002 Return to Title IV

spring 2016 started, further clarification and training was provided to staff on how to process R2T4 official and unofficial withdrawals and understanding the difference between the two types of withdrawals and related difference in R2T4 processing rules.

Although the colleges have an official withdrawal process, rarely does a student utilize this option to inform the college that she/he is withdrawing for the term. When looking at the total file testing sample, not one student officially withdrew from either college. Outside the sample testing, Orange Coast College (OCC) had only one student notify the college of the withdrawal by submitting the official withdrawal form. Coastline Community College (CCC) had two students notify the college of their withdrawal submitting the official withdrawal form and Golden West College (GWC) had none.

The Colleges have implemented the following R2T4 procedures for official and unofficial withdrawals as institutions not required to take attendance (except for students in online courses which are treated differently).
The Colleges refer to the federal handbook for all federal regulations pertaining to Return to Title IV at http://ifap.ed.gov/fsahandbook/attachments/1617FSAHbkVol5Master.pdf

The Financial Aid Office is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, dismissed, or take an unapproved leave of absence prior to completing 60% of the payment period or term.

If a student leaves the institution prior to completing 60% of the payment period, the Financial Aid Office recalculates eligibility for Title IV funds. Recalculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:

a. Percentage of payment period or term completed = the number of days completed up to the withdrawal date divided by the total days in the payment period or term. (Any break of five days or more is not counted as part of the days in the term.) This percentage is also the percentage of earned aid.
b. Funds are returned to the appropriate federal program based on the percentage of unearned aid using the following formula:
   i. Aid to be returned = (100% of the aid that could be disbursed minus the percentage of earned aid) multiplied by the total amount of aid that could have been disbursed during the payment period or term.
   ii. If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student may be required to return a portion of the funds. Keep in mind that when Title IV funds are returned, the student borrower may owe a debit balance to the institution.
   iii. If a student earned more aid than was disbursed to him/her, the institution would owe the student a post-withdrawal disbursement, which must be paid within 120 days of the student's withdrawal.

2016-002 **Return to Title IV**

Types of Withdrawals

- Official Withdrawal - a student begins the official withdrawal process or provides official notification to the college of his or her intent to withdraw. The date of the institution's determination that the student withdrew would be the date the student began the official withdrawal process or the date of the student's notification, whichever is later.
- Unofficial Withdrawals - Encompasses all other withdrawals where official notification is not provided to the college.

The colleges have now in place revised R2T4 procedures to ensure the correct calculation and determination of R2T4 and timely return of applicable funds. These procedures are described in the R2T4 Procedure Manual.

Status: Implemented.

2016-003 **SFA Finding related to Common Origination of Disbursement (COD)**

CFDA Title and Number: Student Financial Aid Cluster (84.038, 84.063, and 84.268)
Federal Award Number and Year: P268K163665, P268K161161, P268K163665, P063P153665, P063P151139, P063P151161, 2015-2016
Name of Federal Agency: U.S. Department of Education
Name of the Pass-through Agency: Not applicable
Campus: Coastline College (CCC), Golden West College (GWC), and Orange Coast College (OCC)

Criteria: According to 34 CFR 668.164(a), "the disbursement date is the date that a school credits a student's account at the school or pays a student or parent borrower directly with Title IV funds received from the U.S. Department of Education (the Department) or with institutional funds in advance of receiving Title IV program funds. This is the date that a school must report to the COD [Common Origination and Disbursement] System as the actual disbursement date for a Direct Loan, as distinguished from the anticipated disbursement date".

Condition: File testing at OCC was based on a sample size of 29 students; noted that 22 students' COD disbursement dates did not match the students' actual disbursement dates. Each student had more than one disbursement reported on COD. For the 22 errors noted, 12 students had incorrect COD disbursement dates for all disbursement received and the remaining 10 students had one disbursement date that did not correspond.

At the other two campuses, GWC and CCC, we noted no issues during the initial file testing; noted that these campuses corrected the file before testing was performed, which aligns to the

2016-003 **SFA Finding related to Common Origination of Disbursement (COD)**

guidance that it is acceptable to revise the dates in the COD system when errors are found. An additional 25 students were selected per campus and issues related to incorrect dates were noted. At both campuses, all students' in the additional sample had COD disbursement dates that did not match the actual date disbursements were received.

Context: At OCC, 22 out of the original 29 students tested had COD disbursement dates that did not match the actual date disbursements were received. For both GWC and CCC, the additional 25 students tested, all contained errors between the COD disbursement date and the actual disbursement date.

Effect: Not in compliance with 34 CFR 668.164(a).

Cause: There was an initial misunderstanding of the date to use. Within the Banner system, the federal awards are directly applied to the student's outstanding balance; therefore, the COD disbursement date should reflect the Banner system date.

Total Program Expenditures: $54,775,981
Questioned Costs and Units: Not applicable

Recommendation: Implement procedures to report accurate information. For errors noted in FY15-16, perform procedures to correct and reconcile between COD and students' actual disbursements.

Corrective Action Plan: In fall 2015, the District and the colleges became aware of the discrepancies in posted disbursement dates for specific transactions of Title IV program funds between the Common Origination and Disbursement (COD) and the District's Enterprise Resource Planning System Banner student ledger. The reason for this discrepancy was an initial misunderstanding of the date to use. Within the Banner system, the federal awards are directly applied to the student's outstanding balance. The federal awards are loaded through a process that transfers information from the financial aid management system PowerFaids, which is a standalone system outside Banner, to the Banner Students Accounts Receivables module. The COD date that the staff posted in COD was the date when the student received the balance of the funds through the refund process not the date when the federal awards were posted to the student account in the Banner Students Accounts Receivables module. The COD date should have been the Banner system date when the federal awards were directly applied to the student's outstanding balance.

Once the staff understood this misunderstanding and discrepancy, staff attempted to adjust the setup in the PowerFaids financial aid management software for the 2015-16 aid year. However**,** because some 2015-16 aid year disbursements had already taken place, PowerFaids does not allow the setup to be changed. As a result, all COD dates for 2015-16 need to be adjusted

2016-003 <u>SFA Finding related to Common Origination of Disbursement (COD)</u>

manually.

The sample files used by the external auditors for the 2015-16 aid year reflected that some of the dates have already been aligned and some were not at the time of the review. The colleges are in the process of aligning the COD disbursements dates with the student ledger disbursement dates for the 2015-16 aid year. Due to the magnitude of the project and staffing capacity, the process of aligning the dates in COD manually will take some time.

Below is a summary of the current status for each college:

Coastline Community College – there are 3,206 students with approximately 6 disbursements each for the 2015-16 aid year that need dates in COD aligned. This represents about 19,236 dates in COD to align.

- As of November 4, 2016, approximately 2,905 students and 17,430 dates in COD remained to be aligned.

Golden West College (GWC) – there are 6,000 students with approximately 6 disbursements each for the 2015-16 aid year that need dates in COD aligned. This represents about 36,000 dates in COD to align.

- As of November 4, 2016, approximately 3,900 students and 23,400 dates in COD remain to be aligned.

Orange Coast College (OCC) – there are 8,011 students with approximately 6 disbursements each for the 2015-16 aid year that need dates in COD aligned. This represents about 48,000 dates in COD to align.

- As of November 4, 2016, approximately 7,800 students and 46,800 dates in COD remain to be aligned.

For the 2016-17 aid year, PowerFaids was set up correctly prior to any 2016-17 disbursements. The dates in COD and the Banner student ledger match for all 2016-17 disbursements.

In order to enhance the District’s financial aid system, the District decided to move forward with the implementation of the Banner Financial Aid module which is integrated within the Banner Enterprise Resource Planning System. The implementation of Banner Financial Aid will remove the outside and additional current financial aid management system PowerFaids, helping the District to reconcile and work within one system to improve efficiency and accuracy. This will eliminate the need for data loads between various internal systems and from Banner to COD. This will also eliminate the timing delays, since information will be submitted from Banner to COD as the disbursement process is run in Banner. The Banner Financial Aid implementation is scheduled for January 2017 for the 2017-18 aid year.

Status: Implemented.

CONTINUING DISCLOSURE INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

2015-16 LARGEST LOCAL SECURED TAXPAYERS (UNAUDITED)
June 30, 2017

2016-17 Largest Local Secured Taxpayers (1)

	Property Owner	Primary Land Use	2016-17 Assessed Valuation	% of Total[2]
1.	The Irvine Company	Commercial	$1,471,596,770	1.22%
2.	Bella Terra Associates LLC.	Commercial	333,555,816	0.28
3.	PH Finance LLC	Commercial	286,473,762	0.24
4.	Oxy USA Inc.	Oil & Gas	268,589,374	0.22
5.	South Coast Plaza	Commercial	267,523,731	0.22
6.	PRII/MCC South Coast Property Owner LCC	Commercial	233,000,000	0.19
7.	Block 500 Newport Center Drive LCC	Commercial	203,034,528	0.17
8.	United Dominion Realty LP	Apartments	194,669,466	0.16
9.	Hyndai Motor America	Commercial	186,408,920	0.15
10.	McDonnell Douglas Corp.	Industrial	184,135,545	0.15
11.	JKS-CMFV LLC	Commercial	178,189,182	0.15
12.	Marjack LLC Irvine Company	Apartments	153,657,985	0.13
13.	Westminster Mall LLC	Commercial	133,072,884	0.11
14.	Interinsurance Exchange of the Automobile Club of America	Commercial	130,381,181	0.11
15.	UDR Newport Beach North LP	Apartments	129,962,688	0.11
16.	Casden Lakes LP	Apartments	126,946,891	0.11
17.	Balboa Bay Club Ventures LLC	Commercial	126,036,927	0.10
18.	Coronado South Apartments LP	Apartments	124,735,592	0.10
19.	SOCO Retail Fee Owner	Industrial	120,000,000	0.10
20.	ASN Long Beach LLC	Apartments	117,350,468	0.10
			$4,969,321,710	4.12%

(1) Information obtained from California Municipal Statistics, Inc.
(2) % of total assessed valuation for the fiscal year 2016-17 of $120,774,337,722

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Revenue from Federal Sources			
Higher Education Act	$ 1,430,753	$ 970,714	$ (460,039)
Temporary Assistance for Needy Families (TANF)	136,608	136,608	-
Career and Technical Education Act	1,486,656	1,451,792	(34,864)
Other Federal Revenue	995,563	607,837	(387,726)
Revenue from State Sources			
General Apportionments	37,918,563	40,107,985	2,189,422
Categorical Apportionments	45,109,050	34,487,976	(10,621,074)
Other State Revenues	16,823,645	11,280,936	(5,542,709)
Revenue from Local Sources			
Property Taxes	124,064,988	120,884,154	(3,180,834)
Interest and Investment Income	428,400	606,248	177,848
Student Fees and Charges	30,150,092	33,290,058	3,139,966
Other Local Revenue	5,197,833	7,495,483	2,297,650
Total Revenue	263,742,151	251,319,791	(12,422,360)
Expenditures			
Academic Salaries	91,521,665	89,178,225	2,343,440
Classified Salaries	63,002,837	55,988,494	7,014,343
Employee Benefits	62,805,088	62,130,350	674,738
Supplies and Materials	7,476,243	4,768,185	2,708,058
Other Operating Expenses & Services	48,587,363	23,984,095	24,603,268
Capital Outlay	9,374,941	6,925,018	2,449,923
Other Uses	3,986,778	3,394,512	592,266
Total Expenditures	286,754,915	246,368,879	40,386,036
Excess (deficiency) of revenues over expenditures	(23,012,764)	4,950,912	27,963,676
Other Financing Sources (Uses)			
Interfund Transfers In	300,000	300,000	-
Interfund Transfers Out	(441,562)	(12,631,003)	(12,189,441)
Total Other Financing Sources (Uses)	(141,562)	(12,331,003)	(12,189,441)
Excess (deficiency) of revenues over expenditures and other sources (uses)	$ (23,154,326)	(7,380,091)	$ 15,774,235
Fund Balance at Beginning of Year		48,272,956	
Fund Balance at End of Year		$ 40,892,865	