GLENDALE COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

GLENDALE COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2017

FINANCIAL SECTION

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Glendale Community College District
Glendale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Glendale Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2016-2017 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 12 and other required supplementary schedules on pages 66 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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, 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 20, 2017

Dr. David Viar
Superintendent/President

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applies the new reporting standards to public colleges and universities.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

The following discussion and analysis complies with the GASB standard and provides an overview of Glendale Community College District's (the District) financial position and activities for the year ended June 30, 2017, with selected comparative information for the year ended June 30, 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

As required by generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole:

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

Each of these statements will be discussed.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- Reported enrollment at the District increased in 2016-2017. Credit enrollment increased about 10.1 percent. Noncredit enrollment increased about 10.5 percent from 2015-2016.
- Nonresident enrollment decreased almost 1.2 percent in 2016-2017.
- The District ended the year with an unrestricted General Fund balance of $11.5 million.
- The District ending fund balance had no significant change in its ending balance.

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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. The biggest change in this statement is that our fixed assets (land, building, and equipment) are capitalized and depreciated, and long-term obligations are now included. As a result, they are now reflected as an asset on this statement. Net Position, the difference between assets and liabilities, are one way to measure the financial health of the District.

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT

(Amounts in thousands)

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 185,610	$ 45,463
Receivables	10,402	11,581
Inventory and other assets	149	163
Total Current Assets	196,161	57,207
NONCURRENT ASSETS		
Capital assets, net	162,330	163,765
Total Assets	358,491	220,972
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	422
Deferred outflows of resources related to pensions	20,106	17,408
Total Assets and Deferred Outflows of Resources	$ 378,597	$ 238,802
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 19,450	$ 14,095
Unearned revenue	8,561	7,214
Current portion of long-term obligations other than pensions	5,692	5,590
Total Current Liabilities	33,703	26,899
NONCURRENT LIABILITIES		
Noncurrent portion of long-term obligations other than pensions	211,690	81,882
Aggregate net pension obligation	95,275	80,706
Total Noncurrent Liabilities	306,965	162,588
Total Liabilities	340,668	189,487
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	8,303	20,199
NET POSITION		
Net investment in capital assets	87,470	99,487
Restricted	25,983	13,586
Unrestricted	(83,827)	(83,957)
Total Net Position	29,626	29,116
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 378,597	$ 238,802

- Cash and cash equivalents consist of cash in the Los Angeles County Treasurer and associate students investments. Cash and cash equivalents were increased by approximately $140.1 million over last year due to the proceeds from Measure GC Bond, Series A.
- Receivables consist mainly of receivables from State and Federal grants and the apportionment funds due from the State. Receivables were decreased by approximately 1.2 million over the last year due to the collection of prior year receivables.
- Capital Assets are the net historical value (original cost) of land, buildings, construction in progress, and equipment less accumulated depreciation. Capital Assets decreased approximately $1.4 million due to completion of projects.
- Accounts Payable and Accrued Liabilities consist of payables to vendors and the June payroll. Payables increased approximately $5.4 million compared to 2015-2016 primarily due to shortening the cutoff dates at the end of 2016-2017 fiscal year.
- Long-term obligations consist primarily of the general obligation bond issues, and our 2007 COPS issues. The total noncurrent liability increased approximately $129.8 million from 2015-2016 due to the new bond issuance. Debt service payments and accreted interest accruals were made reducing the principal on existing bond issues.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the District, as well as the nonoperating revenue and expenses. The State general apportionment and property taxes, while budgeted for operations, are considered nonoperating revenues according to the GASB standards. As a result, this statement will show a significant operating loss.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT

(Amounts in thousands)

	2017	2016
REVENUES		
OPERATING REVENUES		
Net tuition and fees	$ 11,983	$ 11,145
Internal service sales and charges	1,561	1,307
Total Operating Revenues	13,544	12,452
Total Operating Expenses	156,949	148,816
Operating Loss	(143,405)	(136,364)
NONOPERATING REVENUES (EXPENSES)		
State apportionment	58,662	62,493
Grants and contracts - noncapital	51,940	59,405
Local property taxes	29,099	22,449
State taxes and other revenues	3,248	3,062
Investment income (expenses) - net	(3,636)	(1,872)
Other nonoperating revenues	2,963	2,694
Total Nonoperating Revenues	142,276	148,231
Income (Loss) Before Other Revenues	(1,129)	11,867
OTHER REVENUES		
State and local revenues - capital	1,639	11,743
Change in Net Position	$ 510	$ 23,610

- Net Tuition and Fees are primarily enrollment fees, nonresident tuition, community service fees, and health fees. Fees were flat. There was no significant change in its ending balance.
- Auxiliary Enterprise revenue consists mainly of Cafeteria sales and the Self Insurance fund. This category increased by approximately $254 thousand due to the Blue Shield Rebate and improvement in the Cafeteria's sales.
- State Apportionment decreased by approximately $3.8 million over last year.
- State Taxes and Other Revenues are our State lottery funds and mandated cost block grant. State Taxes and Other Revenues were relatively stable increasing by approximately $186 thousand over last year.
- Investment Income is our interest earnings at the County Treasurer less interest on our bond issues. This category increased due to reduction of interest payment and General Obligation Bond payments.

FUNCTIONAL EXPENSES

In accordance with requirements set forth by the California State Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Year ended June 30, 2017:

(Amounts in thousands)

	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Student Financial Aid	Depreciation	Total
Instructional activities	$ 41,810	$ 14,449	$ 1,909	$ 1,464	$ -	$ -	$ 59,632
Academic support	3,757	(161)	151	10	-	-	3,757
Student services	15,243	5,369	1,691	1,335	20	-	23,658
Plant operations and maintenance	3,043	1,343	5,476	55	-	-	9,917
Institutional support services	7,221	6,039	3,812	687	-	-	17,759
Community services and economic development	334	132	555	-	-	-	1,021
Ancillary services and auxiliary operations	2,449	692	2,246	303	-	-	5,690
Student aid	-	-	-	-	29,533	-	29,533
Physical property and related acquisitions	-	-	592	(425)	-	-	167
Depreciation expense	-	-	-	-	-	5,815	5,815
Total	$ 73,857	$ 27,863	$ 16,432	$ 3,429	$ 29,553	$ 5,815	$ 156,949

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and the District's need for external funding.

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT

(Amounts in thousands)

	2017	2016
Cash Provided by (Used in)		
Operating activities	$ (132,642)	$ (125,919)
Noncapital financing activities	141,722	145,895
Capital financing activities	130,456	(7,015)
Investing activities	610	192
Net Change in Cash	140,146	13,153
Cash, Beginning of Year	45,463	32,310
Cash, End of Year	$ 185,609	$ 45,463

- Cash Provided by Operating Activities are student fees less our operating expenses (salaries, benefits, supplies, and services).
- Noncapital Financing Activities are our State apportionment and property taxes. Although these revenues are earned from student enrollment, they are non-operating since it comes from the State and not from the primary users (students) of college programs.
- Capital and Related Financing Activities are the proceeds received from the general obligation bond (increase) less the purchase of capital assets (land, buildings, and equipment).
- Investing Activities are earning off investments and the general obligation bond proceeds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had $162.3 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2016, our net capital assets were $163.8 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campus. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2017-2018 fiscal year and beyond with primary funding through our general obligation bond.

(Amounts in thousands)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Land and construction in progress	$ 61,734	$ 2,230	$ 181	$ 63,783
Building and improvements	139,924	1,182	476	140,630
Furniture and equipment	23,954	1,626	-	25,580
Subtotal	225,612	5,038	657	229,993
Accumulated depreciation	61,847	5,816	-	67,663
	$ 163,765	$ (778)	$ 657	$ 162,330

We present more detailed information regarding our Capital Assets in Note 7 of the financial statements.

Obligations

At the end of the 2016-2017 fiscal year, the District had $200.6 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Glendale Community College District boundaries. Other obligations for the District include two certificates of participation and capital lease obligations.

In addition to the above obligations, the District is obligated to employees of the District for compensated absences, load banking, other postemployment benefits, and pension obligations.

(Amounts in thousands)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
General obligation bonds	$ 70,769	$ 135,708	$ 5,915	$ 200,562
Certificates of participation	2,405	-	175	2,230
Capital leases	1,401	-	450	951
Compensated absences	3,391	-	66	3,325
Load banking	2,458	75	-	2,533
Net OPEB obligation	7,048	2,294	1,561	7,781
Aggregate net pension obligation	80,706	14,569	-	95,275
Total Long-Term Obligations	$ 168,178	$ 152,646	$ 8,167	$ 312,657
Amount due within one year				$ 5,692

We present more detailed information regarding our long-term obligations in Note 11 of the financial statements.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The Glendale Community College District (GCCD) is focused on strategic enrollment management. It has implemented the design of Guided Pathways to enhance its service to students by placing them on a structured path to successfully complete degrees, transferable units, and career technical education (CTE) certificates. GCCD has taken this opportunity to align its program offerings in a way that is supported by the funding strategies outlined by the Chancellor's Office. The Chancellor's budget recommendations made to the California Governor's Office stipulates that resources are specifically needed for CTE and Guided Pathways efforts.

The continual rise of pension costs for all districts and colleges is a continual consideration as GCCD develops its budgets to protect its reserves balances. The additional base funding requested by the Chancellor's Office from the State of California Governor's Office is a positive indicator for the college to meet its pension obligations over the long-term.

As GCCD continues to focus on Full Time Equivalent Student (FTES) stabilization, the pending Federal Tax Bill in its current form will have a significant effect on the projections noted above. The tax bill contains language reducing corporate tax rates, reducing education budgets, and taxing students for interest on student loans.

The Legislative Analyst Office has projected favorable economic outcomes that could lead to an increase in resource allocations from the Governor's Office. In particular, there is a projected Cost of Living Adjustment (COLA) of 1.8 percent in the forecast. A COLA of this amount begins a trend of increases when compared to the previous three years. COLAs normally increase the unrestricted discretionary resources of the District and colleges. This allows for more flexibility of the use of resources when considering the strategic plan of GCCD.

GCCD will pay off 2007 COP's as a continual process of operational efficiency. The payoff of the COPs will remove the annual payment obligation of approximately $288,000 that is paid from unrestricted funds. In addition, the early defeasance of these COPs will save the taxpayers approximately $141,000 in interest costs. On December 1, 2017 the 2007 COPs totaling approximately $2.27 million will be paid off.

GCCD will continue to implement its touchpoint strategy as it continues to enhance the educational learning experiences and successes of its students.

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 demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District at: Glendale Community College District, 1500 North Verdugo Road, Glendale, CA 91208.

GLENDALE COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2017

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 144,323
Investments - unrestricted	20,469,524
Investments - restricted	164,995,604
Accounts receivable	4,669,313
Student loans receivable	5,732,894
Prepaid expenses	137,748
Inventories	11,109
Total Current Assets	196,160,515
NONCURRENT ASSETS	
Nondepreciable capital assets	63,783,021
Depreciable capital assets, net of depreciation	98,547,260
Total Noncurrent Assets	162,330,281
TOTAL ASSETS	358,490,796
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	20,106,080
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	17,560,070
Accrued interest payable	1,890,458
Unearned revenue	8,561,200
Current portion of long-term obligations other than pensions	5,691,688
Total Current Liabilities	33,703,416
NONCURRENT LIABILITIES	
Noncurrent portion of long-term obligations other than pensions	211,689,499
Aggregate net pension obligation	95,275,326
Total Noncurrent Liabilities	306,964,825
TOTAL LIABILITIES	340,668,241
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	8,302,841
NET POSITION	
Net investment in capital assets	87,470,188
Restricted for:	
Debt service	16,659,688
Capital projects	992,114
Educational programs	8,331,301
Unrestricted	(83,827,497)
TOTAL NET POSITION	$ 29,625,794

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

GLENDALE COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES	
Tuition and Fees	$ 21,590,126
Less: Scholarship discount and allowance	(9,606,866)
Net tuition and fees	11,983,260
Internal Service Sales and Charges	1,560,467
TOTAL OPERATING REVENUES	13,543,727
OPERATING EXPENSES	
Salaries	73,856,530
Employee benefits	27,863,119
Supplies, materials, and other operating expenses and services	16,432,436
Financial aid	29,552,617
Equipment, maintenance, and repairs	3,428,958
Depreciation	5,815,419
TOTAL OPERATING EXPENSES	156,949,079
OPERATING LOSS	(143,405,352)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	58,662,525
Grants and Contracts, noncapital:	
Federal	29,191,503
State and local	22,748,088
Local property taxes levied for general purposes	22,716,963
Local property taxes levied for capital debt	6,382,288
State taxes and other revenues	3,247,786
Investment income, noncapital	509,273
Investment income, capital	101,400
Interest expense on capital related debt	(4,298,254)
Interest income on capital asset-related debt	51,410
Other nonoperating revenue	2,963,217
TOTAL NONOPERATING REVENUES (EXPENSES)	142,276,199
LOSS BEFORE OTHER REVENUES	(1,129,153)
OTHER REVENUES	
State revenues, capital	1,270,403
Local revenues, capital	369,042
TOTAL OTHER REVENUES	1,639,445
CHANGE IN NET POSITION	510,292
NET POSITION, BEGINNING OF YEAR	29,115,502
NET POSITION, END OF YEAR	$ 29,625,794

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

GLENDALE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 11,574,374
Loans issued to students	(849,369)
Payments to vendors for supplies and services	(14,168,372)
Payments to or on behalf of employees	(101,206,720)
Payments to students for scholarships and grants	(29,552,617)
Auxiliary enterprise sales	1,560,467
Net Cash Flows From Operating Activities	(132,642,237)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	58,893,002
Grants and contracts	53,280,176
Property taxes	22,716,963
State taxes and other apportionments	4,059,624
Other nonoperating	2,772,172
Net Cash Flows From Noncapital Financing Activities	141,721,937
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Proceeds from capital debt	135,707,601
State revenue for capital purposes	1,270,403
Purchase of capital assets	(4,282,041)
Property taxes - related to capital debt	6,382,288
Principal paid on capital debt	(6,539,443)
Interest costs on capital debt-net	(2,503,013)
Interest received on capital investments	51,410
Local revenue for capital purposes	369,042
Net Cash Flows From Capital Financing Activities	130,456,247
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	610,673
NET CHANGE IN CASH AND CASH EQUIVALENTS	140,146,620
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	45,462,831
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 185,609,451

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

GLENDALE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (143,405,352)
Adjustments to Reconcile Net Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	5,815,419
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
Receivables	(849,369)
Stores inventories	3,994
Accounts payable and other obligations	3,884,167
Prepaid expense	10,191
Unearned revenue	1,183,074
Deferred outflows of resources related to pensions	(2,698,467)
Deferred inflows of resources related to pensions	(11,896,077)
Aggregate net pension obligation	14,568,926
Compensated absences and load banking	9,025
Net OPEB obligation	732,232
Net Cash Flows From Operating Activities	$ (132,642,237)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 144,323
Investments	185,465,128
	$ 185,609,451
NONCASH TRANSACTIONS	
On behalf payments for benefits	$ 3,053,975

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

GLENDALE COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

ASSETS	
Cash and cash equivalents	$ 1,538,102
Investments	3,879,194
Accounts receivable	32,644
Student loan receivable	37,560
Total Assets	5,487,500
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	85,528
LIABILITIES	
Current Liabilities	
Due to student groups	968,071
Noncurrent Liabilities	
Aggregate net pension obligation	546,540
TOTAL LIABILITIES	1,514,611
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	5,835
NET POSITION	
Unrestricted	$ 4,052,582

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

GLENDALE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONS	
Local revenues	$ 650,009
DEDUCTIONS	
Employee benefits	293,788
Services and operating expenditures	785,332
Total Deductions	1,079,120
Change in Net Position	(429,111)
Net Position - Beginning of Year	4,481,693
Net Position - End of Year	$ 4,052,582

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

NOTE 1 - ORGANIZATION

The Glendale Community College District (the District) was established in 1983 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one community college and one center located in Glendale, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

- **The Los Angeles County Schools Regionalized Business Service Corporation**

  The Los Angeles County Schools Regionalized Business Service Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The financial activity has been "blended" or consolidated within the financial statements of the District as if the activity was the District's. The activity is included as the Other Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term obligations of the District. Individually-prepared financial statements are not prepared for the Los Angeles County Schools Regionalized Business Service Corporation.

Blended Component

Condensed component unit information for the Corporation, the District's blended component unit, for the year ended June 30, 2017, is as follows:

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

EXPENDITURES	$ (280,015)
TRANSFER IN	280,015
CHANGE IN NET POSITION	-
NET POSITION, BEGINNING OF YEAR	-
NET POSITION, END OF YEAR	$ -

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2017, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets are classified on the Statement of Net Position because their use is limited by enabling legislation, applicable bond covenants, and other laws of other governments. Also, resources have been set aside to satisfy certain requirements of the bonded debt issuance and to fund certain capital asset projects.

Accounts Receivable

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

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2017.

Inventories

Inventories consist primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

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

Debt Issuance Costs, Premiums, and Discounts

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

Deferred Charge on Refunding

Deferred charge on refunding is amortized using the straight-line method over the remaining life of the new debt.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Compensated Absences

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

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

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, capital lease obligations, load banking, OPEB obligations, and net pension obligation with maturities greater than one year.

Net Position

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $25,983,103 of restricted net position.

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in March 2002 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

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

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

The District has implemented the provisions of this Statement as of June 30, 2017.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has implemented the provisions of this Statement as of June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27.* This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to State or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of GASB Statement No. 68 applied to the financial statements of all State and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers; and (3) has no predominant State or local governmental employer (either individually or collectively with other State or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The District has implemented the provisions of this Statement as of June 30, 2017.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment to GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment to GASB Statement No. 14*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67*, Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, GASB Statement No. 68*, Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

New Accounting Pronouncements

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

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

The requirements of this Statement are effective for financial statements for periods beginning after June 30, 2017. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is 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 requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

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

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

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

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

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

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

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB;

- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

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

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this 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 reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, consisted of the following:

Primary Government

Cash on hand and in banks	$ 113,323
Cash in revolving	31,000
Investments	185,465,128
Total Deposits and Investments	$ 185,609,451

Fiduciary Funds

Cash on hand and in banks	$ 1,530,602
Cash in revolving	7,500
Investments	3,879,194
Total Deposits and Investments	$ 5,417,296

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in certificates of deposits, money market funds, and the Los Angeles County Investment Pool. The District maintains an investment of $185,465,128 with the Los Angeles County Investment Pool with a weighted maturity of 672 days. In addition, the District also has an investment of $3,879,194 in various certificates of deposits and money market funds with various banks.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool is not required to be rated. However, as of June 30, 2017, the Los Angeles County Investment Pool has been rated by Fitch Ratings as AAA. The various money market accounts and certificates of deposits are not rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District had $1,985,980 exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2017:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Certificates of Deposits and Money Market Accounts	$ 3,879,194	$ 3,879,194	$ -
Los Angeles County Investment Pool	184,361,090	-	184,361,090
Total	$ 188,240,284	$ 3,879,194	$ 184,361,090

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectable in full.

	Primary Government
Federal Government	
Categorical aid	$ 1,742,494
State Government	
Categorical aid	1,115,822
Lottery	904,422
JPA	312,682
Other State sources	57,141
Local Sources	
Other local sources	536,752
Total	$ 4,669,313
Student Loans Receivable	$ 5,732,894

	Fiduciary Funds
Other Local Sources	$ 32,644
Student Loans Receivable	$ 37,560

NOTE 6 - PREPAID EXPENSES

Payments made to vendors for goods or services benefit periods beyond June 30, 2017 amounted to $137,748. These payments consisted of health and welfare and debt service expenses.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions/ Adjustments	Deductions/ Adjustments	Balance June 30, 2017
Capital Assets Not Being Depreciated				
Land	$ 18,262,747	$ -	$ -	$ 18,262,747
Construction in progress	43,471,663	2,229,903	181,292	45,520,274
Total Capital Assets Not Being Depreciated	61,734,410	2,229,903	181,292	63,783,021
Capital Assets Being Depreciated				
Buildings and improvements	101,785,622	1,182,068	-	102,967,690
Site improvements	38,138,534	-	475,845	37,662,689
Vehicles, machinery and equipment	23,954,039	1,625,552	-	25,579,591
Total Capital Assets Being Depreciated	163,878,195	2,807,620	475,845	166,209,970
Total Capital Assets	225,612,605	5,037,523	657,137	229,992,991
Less Accumulated Depreciation				
Site improvements	29,286,208	2,195,779	-	31,481,987
Buildings and improvements	17,671,660	1,970,953	-	19,642,613
Vehicles, machinery and equipment	14,889,423	1,648,687	-	16,538,110
Total Accumulated Depreciation	61,847,291	5,815,419	-	67,662,710
	$ 163,765,314	$ (777,896)	$ 657,137	$ 162,330,281

Depreciation expense for the year was $5,815,419.

Interest expense on capital related debt for the year ended June 30, 2017, was $4,723,761. Of this amount, $425,507 was capitalized.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consisted of the following:

	Primary Government
Accrued payroll and benefits	$ 7,201,119
Construction	315,542
JPA parking fees	134,409
Student aid disbursements	1,031,926
Apportionment	5,544,341
Other	3,332,733
Total	$ 17,560,070

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	Primary Government
Federal financial assistance	$ 898
State categorical aid	4,009,637
Student fees	4,264,240
Other local	286,425
Total	$ 8,561,200

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2017, there were no amounts owed between the primary government and the fiduciary funds.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2017 fiscal year, there were no transfers between the primary government and the fiduciary funds.

NOTE 11 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2017 fiscal year consisted of the following:

Primary Government

	Balance July 1, 2016	Adjustments Additions	Adjustments Deductions	Balance June 30, 2017	Due in One Year
Bonds and Notes Payable					
General obligation bonds, 2003 Series B and C	$ 15,223,481	$ 803,874	$ 1,205,000	$ 14,822,355	$ 1,260,000
General obligation refunding bonds, 2005 Series A	4,662,766	157,959	2,435,000	2,385,725	2,440,000
Unamortized premium	419,194	-	209,597	209,597	-
General obligation bonds, 2006 Series D	1,015,000	-	1,015,000	-	-
Unamortized premium	263,835	-	263,835	-	-
General obligation bonds, 2011 Series E	4,091,044	21,454	190,000	3,922,498	195,000
Unamortized premium	146,681	-	21,466	125,215	-
General obligation bonds, 2013, Series F	13,995,000	-	-	13,995,000	-
Unamortized premium	1,075,704	-	73,762	1,001,942	-
2014 General obligation Refunding Bond	25,980,000	-	120,000	25,860,000	1,145,000
Unamortized premium	3,895,848	-	275,001	3,620,847	-
General obligation Bonds, Series A	-	122,000,000	-	122,000,000	-
Unamortized premium	-	12,724,314	106,036	12,618,278	-
Certificates of participation - 2007	2,405,000	-	175,000	2,230,000	185,000
Total Bonds and Notes Payable	73,173,553	135,707,601	6,089,697	202,791,457	5,225,000
Other Liabilities					
Capital Lease	1,400,702	-	449,746	950,956	466,688
Compensated absences	3,391,621	-	66,572	3,325,049	-
Load banking	2,457,585	75,597	-	2,533,182	-
Net Other postemployment benefits Obligation (OPEB)	7,048,311	2,293,171	1,560,939	7,780,543	-
Aggregate net pension obligation	80,706,400	14,568,926		95,275,326	-
Total Other Liabilities	95,004,619	16,937,694	2,077,257	109,865,056	466,688
Total Long-Term Obligations	$ 168,178,172	$ 152,645,295	$ 8,166,954	$ 312,656,513	$ 5,691,688

Fiduciary Funds

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due in One Year
Aggregate net pension obligation	$ 380,645	$ 165,895	$ -	$ 546,540	$ -

Description of Debt

Payments on the general obligation bonds are to be made by the bond interest and redemption fund with local property tax collections. Payments for the certificates of participation are made by the other debt service fund. The compensated absences and net pension obligation will be paid by the fund for which the employee worked. The District's General Fund makes payments for the capital leases, load banking, and postemployment benefits.

Bonded Debt

2003 General Obligation Bonds, Series B and C

During July 2003, the District issued the 2003 General Obligation Bonds in the amount of $17,499,930. The bonds included $5,000,000 of current interest bonds and $12,499,930 of Capital Appreciation bonds. The Capital Appreciation bonds have a maturing principal balance of $15,670,000. The bonds mature beginning on August 1, 2006 through August 1, 2028, with an interest rate at four percent. At June 30, 2017, the principal balance outstanding (including accreted interest to date) was $14,822,355.

2005 General Obligation Refunding Bonds, Series A

During October 2005, the District issued the 2005 General Obligation Refunding Bonds in the amount of $16,951,097. The bonds issued included $14,575,000 of current interest bonds and $2,376,097 of Capital Appreciation bonds. The capital appreciation bonds have a maturing principal balance of $7,310,000. The bonds mature beginning on October 1, 2008 through October 1, 2017, with interest rates ranging from 3.50 percent to 4.0 percent. At June 30, 2017, the principal balance outstanding (including accreted interest to date) was $2,385,725 and unamortized premium of $209,597. The premium is amortized over the life of the bonds as a component of interest expense on the bonds.

2006 General Obligation Bonds, Series D

During October 2006, the District issued the 2006 General Obligation Bonds, Series D in the amount of $34,500,000. The bonds mature beginning on November 1, 2007 through November 1, 2016, with interest rates ranging from 4.0 percent to 5.0 percent. As a result of the issuance of the 2014 General Obligation Refunding bonds, a partial refunding of $27,800,000 was advanced refunded for these bonds. As of June 30, 2017, the bond was paid in full.

2011 General Obligation Bonds, Series E

During April 2011, the District issued the 2011 General Obligation Bonds, Series E in the amount of $5,001,453. The bonds mature beginning on August 1, 2013 through August 1, 2030, with interest yields ranging from 2.12 percent to 4.20 percent. The bonds issued included $3,735,000 of current interest bonds and $1,266,453 of capital appreciation bonds with the value of the capital appreciation bonds maturing to a principal balance of $1,705,000. At June 30, 2017, the principal balance outstanding was $3,922,498 and unamortized premium of $125,215.

2002 General Obligation Bonds, 2013 Series F

During January 2013, the District issued the sixth and final series of general obligation bonds authorized by a local election in March 2002. At June 30, 2017, $13,995,000 had been issued, the outstanding principal balance was $13,995,000, and the unamortized premium balance was $1,001,942. The bonds mature beginning on August 1, 2018 through August 1, 2031, with an interest rate ranging from 3.0 percent to 5.0 percent.

2014 General Obligation Refunding Bonds

On June 26, 2014, the District issued the 2014 General Refunding Bonds in the amount of $26,660,000. The bonds mature beginning on August 1, 2014 through August 1, 2031, with interest rates ranging from 1.0 percent to 5.0 percent.

Proceeds from the bonds were used to advance refund a portion of the District's 2006 General Obligation Bonds, Series D. The refunding of debt resulted in an economic gain (difference between the present value of the debt service on the old and the new certificates) of approximately $1,640,000. The advance refunding met the requirements of an in-substance defeasance and the associated liability of $27,800,000 was removed from the District's financial statements. An Escrow Fund was established to fund the continued payment of the principal and interest as it becomes due. As of June 30, 2017, the balance in the escrow account amounted to $19,703.

At June 30, 2017, the principal outstanding on the 2014 General Obligation Refunding Bonds, was $25,860,000 and unamortized premium of $3,620,847.

2016 General Obligation Bond, Series A

During March 2017, the District issued the 2016 General Obligation Bonds, Series A in the amount of $122,000,000. The bonds mature beginning on August 1, 2017 through August 1, 2046, with interest yields ranging from 4.0 percent to 5.25 percent. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of District sites and facilities and pay the costs of issuing the Bonds. At June 30, 2017, the principal outstanding of the 2016 General Obligation Bond, Series A was $122,000,000, and unamortized premium on issuance of $12,618,278.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2017
2003	08/1/28	4.0%	$ 17,499,930	$ 15,223,481	$ 803,874	$ 1,205,000	$ 14,822,355
2005	10/1/17	3.50% - 4.0%	16,951,097	4,662,766	157,959	2,435,000	2,385,725
2006	11/1/16	4.0% - 5.0%	34,500,000	1,015,000	-	1,015,000	-
2011	8/1/30	2.12% - 4.2%	5,001,453	4,091,044	21,454	190,000	3,922,498
2013	8/1/31	3.0% - 5.0%	13,995,000	13,995,000	-	-	13,995,000
2014	8/1/31	1% - 5.0%	26,660,000	25,980,000	-	120,000	25,860,000
2017	8/1/46	4.0%-5.25%	122,000,000	-	122,000,000	-	122,000,000
				$ 64,967,291	$ 122,983,287	$ 4,965,000	$ 182,985,578

The general obligation bonds 2003 Series B and C mature through 2029 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2018	$ 1,229,149	$ 30,851	$ 1,260,000
2019	1,205,061	94,939	1,300,000
2020	1,213,193	166,807	1,380,000
2021	1,206,585	243,415	1,450,000
2022	1,195,940	324,060	1,520,000
2023-2027	6,124,200	2,669,862	8,794,062
2028-2029	2,648,227	1,973,128	4,621,355
Total	$ 14,822,355	$ 5,503,062	$ 20,325,417

The general obligation refunding bonds 2005 Series A mature through 2018 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2018	$ 2,385,725	$ 54,275	$ 2,440,000

The general obligation bonds 2011 Series E mature through 2031 as follows:

Fiscal Year	Principal	Accreted Interest	Current Interest to Maturity	Total
2018	$ 187,498	$ 7,502	$ 175,600	$ 370,600
2019	200,000	-	171,600	371,600
2020	210,000	-	163,400	373,400
2021	220,000	-	154,800	374,800
2022	235,000	-	145,700	380,700
2023-2027	1,400,000	-	549,500	1,949,500
2028-2031	1,470,000	-	152,750	1,622,750
Total	$ 3,922,498	$ 7,502	$ 1,513,350	$ 5,443,350

The general obligation bonds 2002 Series F mature through 2032 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ -	$ 515,775	$ 515,775
2019	770,000	500,375	1,270,375
2020	800,000	468,975	1,268,975
2021	830,000	436,375	1,266,375
2022	865,000	402,475	1,267,475
2023-2027	4,875,000	1,439,575	6,314,575
2028-2032	5,855,000	465,856	6,320,856
Total	$ 13,995,000	$ 4,229,406	$ 18,224,406

The general obligation bonds 2014 refunding bond mature through 2032 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 1,145,000	$ 1,220,450	$ 2,365,450
2019	1,200,000	1,173,550	2,373,550
2020	1,250,000	1,124,550	2,374,550
2021	1,285,000	1,067,425	2,352,425
2022	1,370,000	1,001,050	2,371,050
2023-2027	8,340,000	3,850,850	12,190,850
2028-2032	11,270,000	1,476,000	12,746,000
Total	$ 25,860,000	$ 10,913,875	$ 36,773,875

The general obligation bonds 2016 Series A mature through 2047 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ -	$ 1,659,488	$ 1,659,488
2019	6,425,000	5,531,625	11,956,625
2020	6,500,000	5,274,625	11,774,625
2021	-	5,014,625	5,014,625
2022	-	5,014,625	5,014,625
2023-2027	1,750,000	25,023,125	26,773,125
2028-2032	7,860,000	24,003,125	31,863,125
2033-2037	17,465,000	21,154,625	38,619,625
2038-2042	31,470,000	15,403,088	46,873,088
2043-2047	50,530,000	6,395,399	56,925,399
Total	$ 122,000,000	$ 114,474,350	$ 236,474,350

Certificates of Participation

In June 2007, the Los Angeles County Schools Regionalized Business Services Corporation issued certificates of participation in the amount of $3,730,000 to finance additional improvements to a parking facility that serves the administrators, faculty, and students of Glendale Community College. The certificates mature through 2027 with interest rates ranging from 3.800 percent to 4.375 percent. At June 30, 2017, the principal balance outstanding was $2,230,000.

2007 Certificates of Participation

The certificates mature through 2027 as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 185,000	$ 98,015	$ 283,015
2019	190,000	90,430	280,430
2020	200,000	82,450	282,450
2021	205,000	73,950	278,950
2022	215,000	64,982	279,982
2023-2027	1,235,000	171,900	1,406,900
Total	$ 2,230,000	$ 581,727	$ 2,811,727

Capital Leases

The District has utilized capital lease purchase agreements to primarily purchase equipment. The liability on lease agreements with options to purchase is summarized below:

	Total
Balance, July 1, 2016	$ 1,507,530
Payments	(502,510)
Balance, June 30, 2017	$ 1,005,020

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2018	$ 502,510
2019	502,510
Total	1,005,020
Less: Amount Representing Interest	54,064
Present Value of Minimum Lease Payments	$ 950,956

Compensated Absences

At June 30, 2017, the liability for compensated absences was $3,325,049.

Load Banking

At June 30, 2017, the liability for load banking was $2,533,182.

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2017, was $2,479,490, and contributions made by the District during the year were $734,969 and contribution to an irrevocable trust for $548,310. Interest on the net OPEB obligation and adjustments to the annual required contribution were $373,560 and $(559,879), respectively. The change in value of the irrevocable trust was a gain of $277,660. This resulted in an increase to the net OPEB obligation of $732,232. As of June 30, 2017, the net OPEB obligation was $7,780,543. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plans.

Aggregate Net Pension Obligation

At June 30, 2017, the liability for the aggregate net pension obligation amounted to $95,275,326. Set Note 14 for additional information.

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

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

Plan Description

The Glendale Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 57 retirees and beneficiaries currently receiving benefits and 650 active Plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2016-2017, the District contributed $1,283,279 to the Plan of which $734,969 was used for current premiums, and $548,310 was contributed to an irrevocable trust.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 2,479,490
Interest on net OPEB obligation	373,560
Adjustment to annual required contribution	(559,879)
Annual OPEB Cost	2,293,171
Contributions made by District	(734,969)
Contributions made to Irrevocable Trust	(548,310)
Change in value of Irrevocable Trust	(277,660)
Increase in net OPEB obligation	732,232
Net OPEB obligation, July 1, 2016	7,048,311
Net OPEB obligation, June 30, 2017	$ 7,780,543

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2015	$ 2,343,135	$ 679,437	29.0%	$ 6,821,914
2016	2,479,490	2,253,093	90.9%	7,048,311
2017	2,293,171	1,560,939	68.1%	7,780,543

Funding Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	$ 16,663,213
Actuarial Value of Plan Assets*	2,224,352
Unfunded Actuarial Accrued Liability (UAAL)	$ 14,438,861
Funded Ratio (Actuarial Value of Plan Assets/AAL)	13%
Covered Payroll	$ 53,700,584
UAAL as Percentage of Covered Payroll	27%

* Asset valuation as of June 30, 2017.

The above noted actuarial accrued liability was based on the August 29, 2015, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the August 29, 2015, actuarial valuation, the "entry age normal" actuarial cost method was used. The actuarial assumptions included a 5.3 percent investment rate of return based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend assumptions were based on a four percent increase each year. The UAAL is being amortized at a level percentage of payroll method. This amortization payment would increase each year based on covered payroll. The remaining amortization period at June 30, 2017, was 23 years. The actuarial value of assets was not determined in this actuarial valuation. At June 30, 2017, the irrevocable trust held assets in the amount of $2,224,352.

NOTE 13 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracted with the Alliance for Schools for Cooperative Insurance Program (ASCIP) Joint Powers Authority for property and liability insurance with coverages of $1 million combined single limit per occurrence for general and automobile liability and replacement costs subject to policy limits, terms, and conditions for property liability.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2017, the District contracted with the ASCIP Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2017, the District participated in the Schools Linked for Insurance Management (SLIM) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2017, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Primary Government

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 56,874,602	$ 9,213,214	$ 4,743,845	$ 4,772,850
CalPERS	36,531,807	10,355,288	3,361,961	2,762,333
CalPERS - Safety Risk Pool	1,868,917	537,578	197,035	287,226
Total	$ 95,275,326	$ 20,106,080	$ 8,302,841	$ 7,822,409

Fiduciary Funds

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalPERS - Misc. Plan (Associated Students)	$ 546,540	$ 85,528	$ 5,835	$ 21,983

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2017, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
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 contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the District's total contributions were $4,335,443.

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 follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 56,874,602
State's proportionate share of net pension liability associated with the District	32,377,696
Total	$ 89,252,298

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 college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.0703 percent and 0.0756 percent, respectively, resulting in a net decrease in the proportionate share of 0.0053 percent.

For the year ended June 30, 2017, the District recognized pension expense of $4,772,850. In addition, the District recognized pension expense and revenue of $3,129,645 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 following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,335,443	$ -
Net change in proportionate share of net pension liability	356,268	3,356,454
Differences between projected and actual earnings on the pension plan investments	4,521,503	-
Differences between expected and actual experience in the measurement of the total pension liability	-	1,387,391
Total	$ 9,213,214	$ 4,743,845

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

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

Year Ended June 30,	Deferred Outflows of Resources
2018	$ 98,644
2019	98,644
2020	2,628,365
2021	1,695,850
Total	$ 4,521,503

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ (741,362)
2019	(741,362)
2020	(741,362)
2021	(741,362)
2022	(741,363)
Thereafter	(680,766)
Total	$ (4,387,577)

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 following methods and assumptions, applied to all prior periods included in the measurement:

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 re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on the Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 81,855,379
Current discount rate (7.60%)	56,874,602
1% increase (8.60%)	36,127,020

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Safety Risk Pool Actuarial Valuation Report. These reports and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.00%
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 calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were $3,115,508 and $141,566, respectively.

Pension Liabilities, Pension Expense, and 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 and CalPERS Safety Risk Pool net pension liability totaling $36,531,807 and $1,868,917, respectively. 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 college districts, actuarially determined. The District's CalPERS' proportionate share for the measurement period June 30, 2016 and June 30, 2015, respectively, was 0.1850 percent and 0.1915 percent, resulting in a net decrease in the proportionate share of 0.0065 percent. The District's CalPERS Safety Risk Pool's proportionate share for the measurement period June 30, 2016 and June 30, 2015, respectively, was 0.0361 percent and 0.0381 percent, resulting in a net decrease in the proportionate share of 0.0020 percent.

For the year ended June 30, 2017, the District recognized pension expense of $2,762,333 for CalPERS and $287,226 for CalPERS Safety Risk Pool. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,115,508	$ -
Net change in proportionate share of net pension liability	-	2,264,398
Differences between projected and actual earnings on the pension plan investments	5,668,562	-
Differences between expected and actual experience in the measurement of the total pension liability	1,571,218	-
Changes of assumptions	-	1,097,563
Total	$ 10,355,288	$ 3,361,961

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 141,566	$ -
Net change in proportionate share of net pension liability	-	197,035
Differences between projected and actual earnings on the pension plan investments	396,012	-
Total	$ 537,578	$ 197,035

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

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

Year Ended June 30,	CalPERS Deferred Outflows of Resources
2018	$ 795,091
2019	795,091
2020	2,598,936
2021	1,479,444
Total	$ 5,668,562

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows of Resources
2018	$ 55,909
2019	55,910
2020	181,101
2021	103,092
Total	$ 396,012

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and the differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The CalPERS' EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	CalPERS Deferred Outflows/(Inflows) of Resources
2018	$ (1,626,316)
2019	(103,740)
2020	(60,687)
Total	$ (1,790,743)

The CalPERS' Safety Risk Pool's EARSL is 3.8 years (measurement period 2014-2015) and 3.7 years (measurement period 2015-2016) and will be recognized in pension expense as follows:

	CalPERS Safety Risk Pool
Year Ended June 30,	Deferred Inflows of Resources
2018	$ (99,364)
2019	(83,532)
2020	(14,139)
Total	$ (197,035)

Actuarial Methods and Assumptions

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

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	7.65%
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 ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	CalPERS Net Pension Liability
1% decrease (6.65%)	$ 54,505,660
Current discount rate (7.65%)	36,531,807
1% increase (8.65%)	21,565,038

	CalPERS Safety Risk Pool
Discount Rate	Net Pension Liability
1% decrease (6.65%)	$ 2,797,697
Current discount rate (7.65%)	1,868,917
1% increase (8.65%)	1,106,484

California Public Employees' Retirement System (CalPERS) - Misc. Plan (Associated Students)

Plan Description

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

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, the Miscellaneous Risk Pool Actuarial Valuation. The report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The CalPERS Miscellaneous Risk Pool is closed to new entrants and no current employees are covered by the plan.

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized as follows:

	School Employer Pool (CalPERS) - Misc. Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.00%
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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the total District contributions for CalPERS was $23,405.

Pension Liabilities, Pension Expense, and 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 Miscellaneous Risk Pool net pension liability totaling $546,540. 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 college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.01570 percent and 0.01399 percent, respectively, resulting in a net increase in the proportionate share of 0.00171 percent.

For the year ended June 30, 2017, the District recognized pension expense of $21,983 for CalPERS Miscellaneous Risk Pool. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 23,405	$ -
Net change in proportionate share of net pension liability	29,062	-
Differences between projected and actual earnings on the pension plan investments	33,061	-
Changes of assumptions	-	5,835
Total	$ 85,528	$ 5,835

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

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

Year Ended June 30,	Deferred Outflows of Resources
2018	$ 4,801
2019	4,801
2020	14,895
2021	8,564
Total	$ 33,061

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ 201,336
2019	(185,603)
2020	7,494
Total	$ 23,227

Actuarial Methods and Assumptions

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

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	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

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 ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.65%)	$ 851,495
Current discount rate (7.65%)	546,540
1% increase (8.65%)	294,510

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.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2017, which amounted to $3,053,975, (8.828 percent for 2017) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2017. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the District until paid or made available to the employee or other beneficiary, subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

The funds are currently on deposit in the Glendale Federal Credit Union and CalPERS with separate accounts established for each participating employee.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its plan for its classified staff. Contributions for employees and employer are 6.2 percent.

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

The District is a member of the Schools Linked for Insurance Management (SLIM) and the Alliance for Schools for Cooperative Insurance Programs (ASCIP) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools, are such that they are not component units of the District for financial reporting purposes.

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

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2017, the District made payments of $279,850 and $536,500 to SLIM and ASCIP, respectively.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

GLENDALE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
May 1, 2009	$ -	$ 17,534,021	$ 17,534,021	0%	$ 51,869,000	34%
April 1, 2013	-	12,665,791	12,665,791	0%	48,383,000	26%
August 29, 2015	2,224,352 *	16,663,213	14,438,861	13%	53,700,584	27%

* Asset valuation as of June 30, 2017.

See accompanying note to required supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
District's proportion of the net pension liability	0.0703%	0.0756%	0.0749%
District's proportionate share of the net pension liability	$ 56,874,602	$ 50,907,097	$ 43,786,963
State's proportionate share of the net pension liability associated with the District	32,377,696	26,924,243	26,440,459
Total	$ 89,252,298	$ 77,831,340	$ 70,227,422
District's covered-employee payroll	$ 32,732,293	$ 31,331,194	$ 33,374,121
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.76%	162.48%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
CalPERS			
District's proportion of the net pension liability	0.1850%	0.1915%	0.2191%
District's proportionate share of the net pension liability	$ 36,531,807	$ 28,230,684	$ 24,878,835
District's covered-employee payroll	$ 22,221,871	$ 22,419,217	$ 23,005,261
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.40%	125.92%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
CalPERS -Safety Risk Pool			
District's proportion of the net pension liability	0.03610%	0.03810%	0.02324%
District's proportionate share of the net pension liability	$ 1,868,917	$ 1,568,619	$ 1,445,953
District's covered-employee payroll	$ 1,981,126	$ 1,916,277	$ 1,877,661
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.34%	81.86%	77.01%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%

See accompanying note to required supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalPERS - Miscellaneous Risk Pool			
District's proportion of the net pension liability	0.01570%	0.01399%	0.00744%
District's proportionate share of the net pension liability	$ 546,540	$ 380,645	$ 462,861
District's covered-employee payroll	$ 158,496	$ 46,428	$ 70,323
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	344.83%	819.87%	658.19%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%

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

See accompanying note to required supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 4,335,443	$ 3,512,175	$ 2,782,210
Contributions in relation to the contractually required contribution	4,335,443	3,512,175	2,782,210
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 34,462,981	$ 32,732,293	$ 31,331,194
Contributions as a percentage of covered-employee payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 3,115,508	$ 2,632,625	$ 2,638,966
Contributions in relation to the contractually required contribution	3,115,508	2,632,625	2,638,966
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 22,433,093	$ 22,221,871	$ 22,419,217
Contributions as a percentage of covered-employee payroll	13.888%	11.847%	11.771%
CalPERS - Safety Risk Pool			
Contractually required contribution	$ 141,566	$ 234,704	$ 225,565
Contributions in relation to the contractually required contribution	141,566	234,704	225,565
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 666,763	$ 1,981,126	$ 1,916,277
Contributions as a percentage of covered-employee payroll	21.232%	20.230%	18.260%
CalPERS - Miscellaneous Risk Pool			
Contractually required contribution	$ 23,405	$ 18,777	$ 5,465
Contributions in relation to the contractually required contribution	23,405	18,777	5,465
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 71,950	$ 158,496	$ 46,428
Contributions as a percentage of covered-employee payroll	7.159%	7.200%	11.771%

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

See accompanying note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

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

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

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

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

Schedule of District Contributions for Pensions

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

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2017

The Glendale Community College District was formed in 1983, by an act of law, which required the college to separate from the Glendale Unified School District. The District boundaries include the city of Glendale and the unincorporated area of Los Angeles known as La Crescenta. The College serves approximately 15,000 students at the main campus, as well as the Garfield Campus and the Professional Development Center. There were no changes in the District's boundaries during the 2016-2017 fiscal year. The District's College is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Dr. Armine Hacopian	President	2021
Ms. Ann H. Ransford	Vice President	2021
Dr. Vahé Peroomian	Clerk	2019
Mr. Anthony P. Tartaglia	Member	2019
Ms. Yvette Vartanian Davis	Member	2021

ADMINISTRATION

Dr. David Viar	Superintendent/President
Dr. Anthony Culpepper	Executive Vice President, Administrative Services
Dr. Michael Ritterbrown	Vice President, Instructional Services
Dr. Ricardo Perez	Vice President, Student Services

See accompanying note to supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
NATIONAL SCIENCE FOUNDATION			
Supporting Two-year College Economics Faculty at the Conference on Teaching and Research in Economic Education**	47.076		$ 32,599
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		285,698
FSEOG Administration Allowance	84.007		60,649
Federal Work-Study Program (FWS)	84.033		400,412
Federal Pell Grant Program	84.063		23,100,118
Federal Pell Grant Program Administration Allowance	84.063		62,860
Federal Direct Student Loans	84.268		1,974,338
Total Student Financial Assistance Cluster			25,884,075
HIGHER EDUCATION ACT			
Gateway to STEM	84.031C		1,278,501
Pass-through from California State University - Northridge			
Bridging the Gap: Enhancing AIMS2 for Student Success	84.031C	F-11-2910GCC	97,900
Building a Completion Pathway for Hispanic and Other High Need Students	84.031S		223,359
ADULT EDUCATION AND FAMILY LITERACY ACT			
Pass-through from California Department of Education			
Adult Basic Education	84.002A	14508/13978	641,216
English Literacy and Civics Education Grant (EL Civics)	84.002A	14109	247,525
CAREER AND TECHNICAL EDUCATION ACT			
Pass-through from California Community Colleges Chancellor's Office			
Career and Technical Education (CTE), Title I, Part C	84.048A	15-C01-019	478,566
CTE Transitions	84.048A	15-C01-019	43,748
Total U.S. Department of Education			28,894,890
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-through from California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	*	221,302
Pass-through from Pacific Clinics			
Head Start/Early Head Start	93.600	*	35,206
Total U.S. Department of Health and Human Services			256,508
Total Expenditures of Federal Awards			$ 29,183,997 [1]

* Pass-Through Entity Identifying Number not available.

** Research and Development Grant.

[1] The difference between the Schedule of Expenditures of Federal Awards and Federal revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position is due to differences of $7,506 related to revenue recognition principles in various programs.

See accompanying note to supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues				
PROGRAM	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Board Financial Assistance Program	$ 571,774	$ -	$ -	$ 571,774	$ 571,774
CalWORKS	1,556,468	26,209	-	1,582,677	1,582,677
CARE-Financial Aide	64,195	-	-	64,195	64,195
State Construction	1,127,282	-	-	1,127,282	1,127,282
California Clean Energy Jobs Act	-	508,239	-	508,239	423,283
Disabled Students Program and Services	2,330,281	-	-	2,330,281	2,330,281
Adult Education Block Grant	2,135,076	-	1,456,994	678,082	678,082
Employment Training Panel	443,656	512,667	-	956,323	461,818
Extended Opportunity Program	1,195,486	-	-	1,195,486	1,195,486
Extended Opportunity Program and Services	905,063	-	-	905,063	905,063
Lottery-Prop 20	408,977	380,489	-	789,466	608,863
Instructional Equipment	1,029,181	-	-	1,029,181	1,122,669
Student Success	2,927,326	-	603,325	2,324,001	2,324,001
Student Equity	1,757,828	-	-	1,757,828	1,757,828
Staff Development	2,029	-	1,494	535	535
Staff Diversity	99,852	-	78,696	21,156	21,156
State Preschool	42,552	-	15,658	26,894	26,894
Child Care Resource Center	14,285	-	-	14,285	14,285
TANF CDC	3,814	-	3,814	-	-
California State Preschool	50,897	-	-	50,897	50,896
Nursing Program Enrollment	255,749	17,891	-	273,640	273,640
Nursing Tutor/Mentor	90,000	-	-	90,000	90,000
Cal Grants - Financial Aid	2,248,473	4,384	-	2,252,857	2,252,857
F/T Student Success Grant	736,402	-	103,645	632,757	632,757
Trade Act	17,228	-	16,858	370	370
Clean Energy Workforce Grant	49,808	-	-	49,808	49,808
Clean Energy - Job Creation	49,721	-	-	49,721	49,721
California Career Pathway Trust	118,548	901	-	119,449	119,449
Strong Workforce Program	872,733	-	860,304	12,429	12,429
Career Tech Ed - Nursing	50,064	30,655	-	80,719	80,719
ICT/Cross Hub	42,202	-	-	42,202	42,202
Career Tech Ed	5,992	-	-	5,992	5,992
CCC Maker Project	20,000	14,876	-	34,876	34,876
Basic Skills Grants	732,162	-	396,502	335,660	335,660
Basic Skills Transformation	598,598	-	182,646	415,952	415,952
Basic Skills Partnership	790,978	-	289,701	501,277	501,277
Total State Programs	$ 23,344,680	$ 1,496,311	$ 4,009,637	$ 20,831,354	$ 20,164,777

See accompanying note to supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2017

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2016 only)			
1. Noncredit*	450.07	-	450.07
2. Credit	903.20	-	903.20
B. Summer Intersession (Summer 2017 - Prior to July 1, 2017)			
1. Noncredit	-	-	-
2. Credit	556.00	-	556.00
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	8,843.55	-	8,843.55
(b) Daily Census Contact Hours	1,119.84	-	1,119.84
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	2,640.99	-	2,640.99
(b) Credit	163.95	-	163.95
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Contact Hours	602.15	-	602.15
(b) Daily Census Contact Hours	260.85	-	260.85
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	15,540.60	-	15,540.60
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	2,838.21	-	2,838.21
2. Credit	809.10	-	809.10
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	2,847.21	-	2,847.21
Centers FTES			
1. Noncredit*	3,091.06	-	3,091.06

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

See accompanying note to supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 15,446,739	$ -	$ 15,446,739	$ 16,477,900	$ -	$ 16,477,900
Other	1300	18,061,254	-	18,061,254	18,137,361	-	18,137,361
Total Instructional Salaries		33,507,993	-	33,507,993	34,615,261	-	34,615,261
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	6,146,786	-	6,146,786
Other	1400	-	-	-	658,358	-	658,358
Total Noninstructional Salaries		-	-	-	6,805,144	-	6,805,144
Total Academic Salaries		33,507,993	-	33,507,993	41,420,405	-	41,420,405
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	15,171,671	-	15,171,671
Other	2300	-	-	-	1,556,543	-	1,556,543
Total Noninstructional Salaries		-	-	-	16,728,214	-	16,728,214
Instructional Aides							
Regular Status	2200	1,748,975	-	1,748,975	2,277,625	-	2,277,625
Other	2400	681,797	-	681,797	737,083	-	737,083
Total Instructional Aides		2,430,772	-	2,430,772	3,014,708	-	3,014,708
Total Classified Salaries		2,430,772	-	2,430,772	19,742,922	-	19,742,922
Employee Benefits	3000	8,944,246	-	8,944,246	18,469,045	-	18,469,045
Supplies and Material	4000	-	-	-	588,649	-	588,649
Other Operating Expenses	5000	-	-	-	8,154,806	-	8,154,806
Total Expenditures Prior to Exclusions		44,883,011	-	44,883,011	88,375,827	-	88,375,827

See accompanying note to supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Exclusions							
Activities to Exclude							
Student Transportation	6491	$ -	$ -	$ -	$ 29,513	$ -	$ 29,513
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	290,844	-	290,844
Objects to Exclude							
Rents and Leases	5060	-	-	-	22,718	-	22,718
Other Operating Expenses and Services	5000	-	-	-	2,393,961	-	2,393,961
Total Exclusions		$ -	$ -	$ -	$ 2,737,036	$ -	$ 2,737,036
Total for ECS 84362, 50 Percent Law		$ 44,883,011	$ -	$ 44,883,011	$ 85,638,791	$ -	$ 85,638,791
Percent of CEE (Instructional Salary Cost/Total CEE)		52.41%		52.41%	100.00%		100.00%
50% of Current Expense of Education					$ 42,819,396		$ 42,819,396

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2017.

See accompanying note to supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2017

Activity Classification	**Object Code**			**Unrestricted**	
EPA Revenue:	8630				$ 12,152,655
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 12,152,655	$ -	$ -	$ 12,152,655
Total Expenditures for EPA		$ 12,152,655	$ -	$ -	$ 12,152,655
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

GLENDALE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balances and Retained Earnings:		
General Funds	$ 19,852,384	
Special Revenue Funds	878,107	
Capital Project Funds	129,874,434	
Debt Service Funds	18,500,146	
Internal Service Funds	934,174	
Total Fund Balance - All District Funds		**$ 170,039,245**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	229,992,991	
Accumulated depreciation is:	(67,662,710)	162,330,281
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,890,458)
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	7,592,517	
Net change in proportionate share of net pension liability	356,268	
Differences between projected and actual earnings on pension plan investments	10,586,077	
Differences between expected and actual experience in the measurement of the total pension liability	1,571,218	
Total Deferred Outflows of Resources Related to Pensions		20,106,080
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(5,817,887)	
Differences between expected and actual experience in the measurement of the total pension liability	(1,387,391)	
Change in assumptions	(1,097,563)	
Total Deferred Inflows of Resources Related to Pensions		(8,302,841)
Long-term obligations at year end consist of:		
Bonds and notes payable (including unamortized premium)	202,791,457	
Capital leases payable	950,956	
Compensated absences	3,325,049	
Load banking	2,533,182	
Net OPEB obligation	7,780,543	
Aggregate net pension obligation	95,275,326	(312,656,513)
Total Net Position		**$ 29,625,794**

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

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

Schedule of Expenditures of State Awards

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

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

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

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

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

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

Board of Trustees
Glendale Community College District
Glendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Glendale Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 20, 2017

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

Board of Trustees
Glendale Community College District
Glendale, California

Report on Compliance for Each Major Federal Program

We have audited Glendale Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 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 the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 20, 2017

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Glendale Community College District
Glendale, California

Report on State Compliance

We have audited Glendale Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2017.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment of K-12 Students in Community College Credit Courses
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP)
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Proposition 55 Education Protection Account Funds

The District does not offer any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District did not receive Proposition 1D and 51 State Bond Funded Projects funding during the year; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 20, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GLENDALE COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.031C	Gateway to STEM, Bridging the Gap: Enhancing AIMS2 for Student Success
84.031S	Building a Completion Pathway for Hispanic and Other High Need Students
84.002A	Adult Basic Education; English Literacy and Civics Education Grant (El Civics)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 875,520
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

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

Financial Statement Findings

None reported.

Federal Awards Findings

2016-001 SPECIAL TESTS AND PROVISIONS - RETURN TO TITLE IV
Federal Program Affected

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

Criteria or Specific Requirement

Uniform Guidance Compliance Supplement, 34 CFR Section 668.173 (b):

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

Condition

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

Questioned Costs

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

Context

There were 18 students out of 40 tested where the District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

Effect

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

Cause

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

Recommendation

The District should monitor procedures over Return to Title IV funds and make sure they met the 45 day deadline.

Current Status

Implemented.

State Awards Findings

2016-002 SECTION 423 - APPORTIONMENT FOR INSTRUCTIONAL SERVICE AGREEMENTS/CONTRACTS

Criteria or Specific Requirement

California Education Code Section 84752, California Code of Regulations (CCR) Title 5 Section 58058, and California Community College State Chancellor's Office Legal Advisory 04-01.5; *Instructional Service Agreements,* dated March 18, 2004; and the related *Contract Guide to Instructional Service Agreements between College Districts and Public Agencies.*

Condition

Instructors teaching the classes under the instructional service agreement classes were not paid as employees of the District. When an instructor is not an employee of the District, a contract must be signed before the class starts. The contract must outline the conditions of the instruction and determine minimum qualifications of the instructor. A written agreement or contract with each instructor conducting instruction was not obtained by the District.

Questioned Costs

There was a total of 14 classes reported on the CCFS-320 attendance report that had teachers independent of the District that did not have an instructional service agreement. The total contact hours for these classes came out to 7,172 contact hours. This amount translates to 13.6602 FTES. The total amount of the questioned 13.6602 FTES is approximately $63,000.

Context

There were a total of six instructors tested who did not have any contract to teach a total of 14 classes.

Effect

Classes taught by outside instructors cannot be claimed for FTES apportionment if there is no contract with that teacher.

Cause

The District did not have a policy in place that required instructors not employed by the District to sign a contract.

Recommendation

The District should closely monitor and review the procedures used for instructional service agreements and ensure all instructors have a written agreement or contract with the District. In addition, the District should review classes to ensure they meet the minimum conditions of instruction.

Current Status

Implemented.