CITRUS COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

CITRUS COMMUNITY COLLEGE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Citrus Community College District
Glendora, 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 Citrus Community College District (the District) as of and for the year ended June 30, 2018, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2017-2018 *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 opinions.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 16 and other required supplementary schedules on pages 66 through 70 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, which 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 the 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, 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
November 28, 2018

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Citrus Community College District (the District) for the year ended June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34 and 35 using the Business Type Activity (BTA) model. The California Community Colleges Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommends that all community college districts use the reporting standards prescribed by the BTA model.

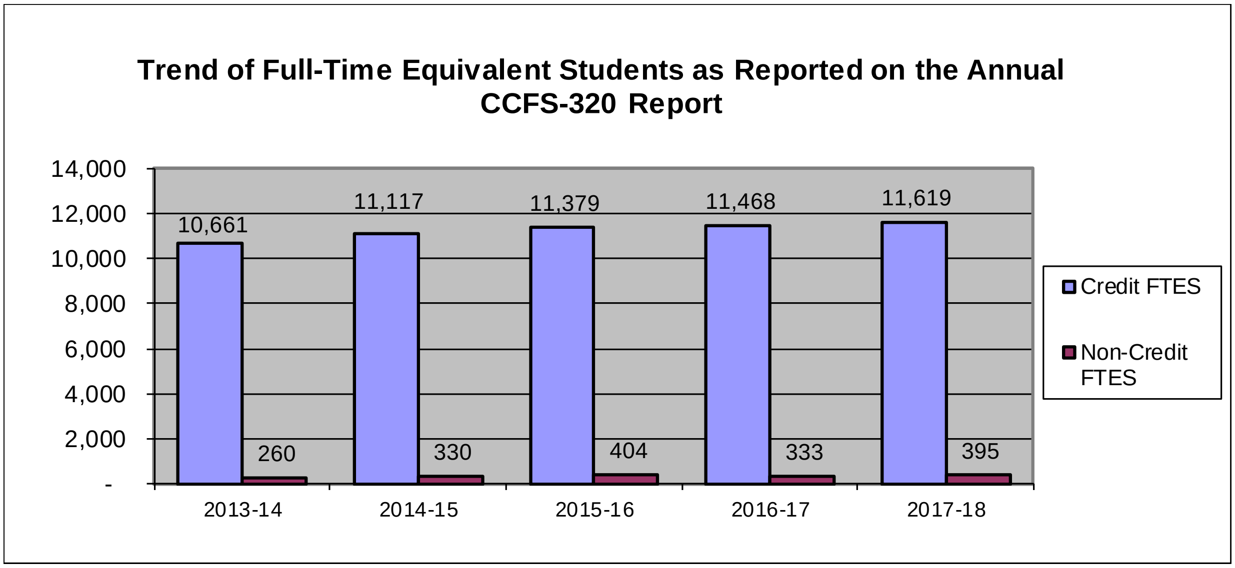
The District is a public two-year community college located in Glendora, California in the Foothills of the San Gabriel Mountains. The District, which serves the communities of Azusa, Claremont, Duarte, Glendora and Monrovia, was founded in 1915 and served an unduplicated headcount of approximately 19,950 students in 2017-2018.

Citrus College provides innovative educational opportunities and student support services that lead to the successful completion of degrees, transfer, career/technical education and basic skills proficiency. The college fosters personal and professional success through the development of critical thinking, effective communication, creativity, and cultural awareness in a safe, accessible and affordable learning community. In meeting the needs of a demographically diverse student population, Citrus College embraces equity and accountability through measurable learning outcomes, ethical data-driven decisions and student achievement.

Selected Highlights

- The District's primary funding source is "apportionment" received from the State of California through the California Community Colleges Chancellor's Office. This funding is one component of the overall funding formula for California community colleges. The other components include the Education Protection Account, local property taxes, and student enrollment fees. For the year ended June 30, 2018, the student enrollment fee assessed to students was $46 per unit. The primary basis of this apportionment funding is the calculation of Full-Time Equivalent Students (FTES). The College's total apportionment eligible credit and non-credit FTES reported for the 2017-2018 fiscal year was 11,619 and 395, respectively. This represents an overall increase in reported FTES of 1.80 percent over the 2016-2017 fiscal year.

1000 West Foothill Boulevard
Glendora, CA 91741-1899
TEL: 626.963.0323
www.citruscollege.edu



- The District completed a number of construction projects, funded from a combination of Measure G general obligation bond funds, State and local scheduled maintenance and capital outlay funds, and Proposition 39 Energy funds. Projects completed during the 2017-2018 fiscal year included the Technology D Building Engine Dynamometer project, a campus-wide xeriscaping project, a campus-wide technology cabling project, a Proposition 39 Phase 4 Energy Service Contract for Mechanical Engineering and Energy Optimization Contracting Services, and the Hayden Hall modernization project which entailed modernization of the College's oldest building on campus, originally constructed in 1934, to preserve the building's rich historical heritage while providing function and use for the District's current-day academic needs. In addition, the District made significant progress toward completion of the Campus Center modernization project during the year.

Financial Highlights

The purpose of this section is to provide an overview of the District's financial activities. A comparative analysis is included using prior year financial information. For comparative purposes, certain prior year amounts have been reclassified for presentation purposes, to follow current year classifications.

Financial Statement Presentation and Basis of Accounting

The District's financial report includes three financial statements: The Statement of Net Position, the Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted above are prepared in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, providing a government-wide perspective of the District's financial position. Therefore, the financial data presented in these financial statements is a combined total of all District funds, including Student Financial Aid Programs. Excluded from the combined, government-wide financial statements are the following District auxiliary funds as they are fiduciary in nature: Associated Students Fund, Departmental Trust Fund, and the Student Representation Fee Fund. These funds are presented separately, in the Fiduciary Funds financial section of the audit report. The Associated Students Fund is used to account for funds held in trust by the District for the organized student body association (ASCC) including campus clubs. The Departmental Trust Fund is used to account for funds held in trust by the District on behalf of students, clubs, donors and departments for outside student scholarships and departmental fundraising activities. The Student Representation Fee Fund is used to account for a $1.00 student representation fee assessed to students and used for student advocacy activities on behalf of the community college system.

Also in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. A reconciliation between individual fund balances reported on the June 30, 2018 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown in the supplementary information section of the audit report.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point in time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Lastly, the Statement of Net Position provides a picture of the net position by category of availability.

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District. The Change in Net Position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The Net Position balance is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net position. This net position is available for expenditure by the District, but must be spent for purposes as determined by external entities or donors that have placed time or purpose restrictions on the use of these funds. The final category, unrestricted net position, represents the remaining net position balance. In accordance with GASB Statement No. 68, the District records its proportionate share of the CalSTRS and CalPERS aggregate net pension obligation and related adjustments. Accordingly, as of June 30, 2018, the District's aggregate net pension obligation and related adjustments, for GASB purposes, totaled $63.0 million. As a result, the District's unrestricted net position, for reporting purposes, amounts to a negative $50.5 million.

The Statement of Net Position as of June 30, 2018 and 2017 is summarized below:

	(in thousands)	
	2018	**(as restated) 2017**
ASSETS		
Current Assets		
Cash, cash equivalents, and investments	$ 67,368	$ 59,995
Receivables	6,070	8,788
Inventory	824	1,030
Total Current Assets	74,262	69,813
Noncurrent Assets		
Capital assets, net	126,498	127,451
TOTAL ASSETS	200,760	197,264
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	6,595	7,083
Deferred outflows related to pensions	23,453	15,248
Total Deferred Outflows of Resources	30,048	22,331
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	11,596	7,308
Unearned revenue	5,064	4,001
Compensated absences - current portion	539	500
Bonds payable - current portion	3,160	1,770
Total Current Liabilities	20,359	13,579
Noncurrent Liabilities		
Long-term liabilities less current portion	191,217	184,537
TOTAL LIABILITIES	211,576	198,116
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	5,183	4,591
NET POSITION		
Net investment in capital assets	37,502	38,517
Restricted	26,998	23,340
Unrestricted	(50,451)	(44,969)
TOTAL NET POSITION	$ 14,049	$ 16,888

- Approximately 98 percent of the cash, cash equivalents, and investments balance is comprised of cash deposited with the Los Angeles County Treasurer's Educational Investment Pool. The overall balance in this account increased by over 12 percent primarily due to an increase in state apportionment revenues and prudent budgeting by management; an increase in grant program funding for programs such as Guided Pathways, Strong Workforce, Proposition 39, and State Scheduled Maintenance funding in which the State Chancellor's Office granted the District over one year to spend the awarded funds; and an increase in cash held within the bond interest and redemption fund due to a decrease in the required bond debt service principal payments made during the 2017-2018 fiscal year.

- The change in receivables is due to the collection of an outstanding reimbursement from the U.S. Department of Education for student financial aid funds disbursed to students during the 2016-2017 fiscal year which, due to the timing of reimbursement from the Federal government, remained outstanding as a receivable to the District at June 30, 2017 but was subsequently received during the 2017-2018 fiscal year.

- The decrease in inventory is due to an overall decrease in the general merchandise and textbook inventory maintained by the Owl Bookshop. During the 2017-2018 academic year, the Bookshop made a concerted effort to clear out old merchandise and to work diligently with faculty to find more affordable course material options for students, resulting in an overall decrease in the value of textbook inventory. The Bookshop also experienced a shipment delay from a textbook vendor, causing a further reduction in textbook inventory on-hand at June 30, 2018.

- The deferred outflows and deferred inflows related to pension accounts are attributed to GASB standards which require the District to recognize a proportionate share of the State's total pension liability for CalSTRS and CalPERS. The amounts reported in these accounts are based on the CalSTRS and CalPERS plan actuarial studies. Accordingly, year-over-year changes in these balances are due to actuarially determined adjustments. Additionally, both CalSTRS and CalPERS lowered their investment rate of return assumption which also resulted in changes in the deferred outflows of resources balance.

- The increase in accounts payable and accrued liabilities is primarily due to the recognition of negotiated retroactive salary increases and amounts owed to contractors for construction commitments related to the Proposition 39, Stadium Turf, and Campus Center modernization projects.

- The increase in unearned revenue is primarily related to unearned grant revenues in the Basic Skills, Student Equity, and Strong Workforce programs. Unearned revenues, as they relate to grant funds, represent revenues received in excess of incurred expenditures during a given fiscal year.

- The increase in the current portion of bonds payable is due to the repayment schedule of the District's Measure G, 2015 Refunding Bonds, in which repayments are scheduled to begin in the 2018-2019 fiscal year, with the first annual payment amounting to $1,310,000.

Statement of Revenues, Expenses, and Change in Net Position

Change in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Change in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not by the District, the operating and nonoperating expenses incurred, whether paid or not by the District, and any other revenues, expenses, gains or losses earned or incurred by the District. Thus, this statement presents the District's results of operations.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, State appropriations are nonoperating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

The Statement of Revenues, Expenses, and Change in Net Position for the years ended June 30, 2018 and 2017 is summarized below:

	(in thousands)	
	2018	**2017**
Operating Revenues		
Net tuition and fees	$ 11,803	$ 11,026
Grants and contracts, noncapital	13,423	15,337
Sales	3,884	4,629
Total Operating Revenues	29,110	30,992
Total Operating Expenses	124,228	117,125
Operating Loss	(95,118)	(86,133)
Nonoperating Revenues (Expenses)		
State apportionments, noncapital	58,525	54,161
Local property taxes	12,363	12,410
Grants and contracts, noncapital	20,880	19,599
State taxes and other nonoperating revenues	3,686	4,050
Investment income (expense), net	(3,548)	(1,858)
Transfer to/from fiduciary funds, net	(3,996)	(157)
Other nonoperating revenues (expenses), net	1,135	3,094
Total Nonoperating Revenues (Expenses)	89,045	91,299
Other Revenues		
State revenue, capital	3,234	3,338
Change in Net Position	$ (2,839)	$ 8,504

- The decrease in grants and contracts, noncapital is primarily due to a reduction in State-funded categorical program revenues and a reduction in Title V federal grant revenues. Additional information regarding Federal and State grant funds may be found in the supplementary information section of this report.

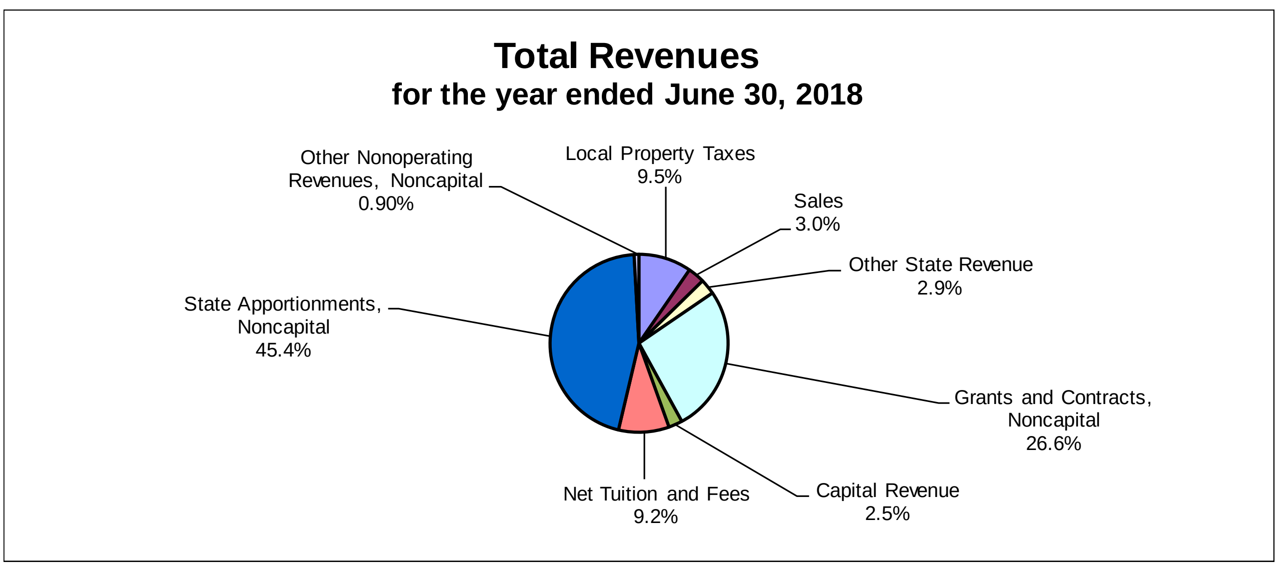
- The decrease in sales is due to declining sales in the District's enterprise funds which include the cafeteria, golf driving range and the bookstore funds. During the 2017-2018 fiscal year, the District outsourced its food service operations to Pacific Dining and therefore no longer generated sales from cafeteria operations. Although the golf driving range experienced a decline in sales, it also had a corresponding reduction in expenses so overall the fund is stable. The bookstore has experienced a decline in textbook sales over the years and is currently exploring alternatives to its current textbook sales program.

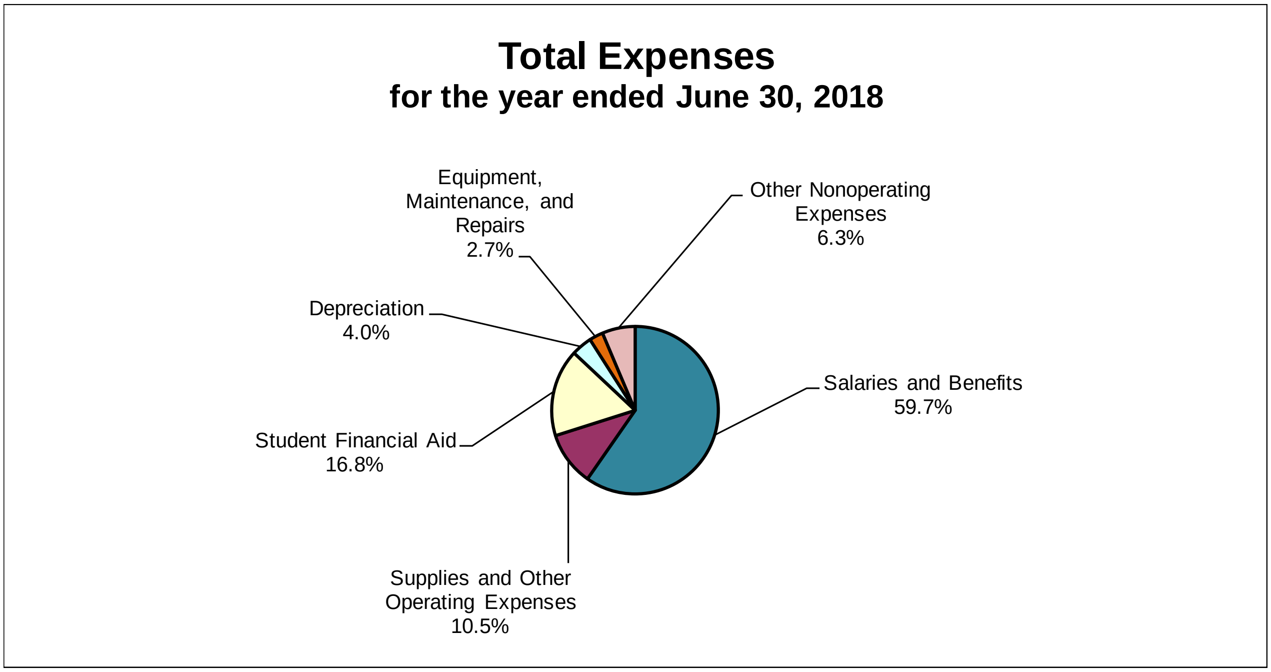
- The increase in Federal and State financial aid grants, noncapital is due to an increase in financial assistance awards to students, primarily in Cal Grants and PELL funds.

- The investment income (expense) account is used to account for interest income earned in the Los Angeles County Educational Investment Pool and interest income and expense related to capital-related debt. The overall increase in interest expense is primarily due to adjusting entries related to GASB reporting requirements pertaining to accreted interest and amortization charges on the District's Measure G bonded debt.

- Transfers to/from fiduciary funds, net increased due to a $3.95 million transfer of funds from the general fund to the PARS irrevocable trust fund for PERS/STRS obligations.

- The change in other nonoperating revenues (expenses), net is primarily due to the recognition of cash held with a joint powers authority on the District's behalf for risk management and safety purposes.





Statement of Cash Flows

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

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Change in Net Position.

A summarized Statement of Cash Flows for the years ended June 30, 2018 and 2017 is presented below:

	(in thousands)	
	2018	**2017**
Cash Provided By (Used in)		
Operating activities	$ (84,323)	$ (98,815)
Noncapital financing activities	90,064	98,981
Capital financing activities	872	(867)
Investing activities	760	313
Net increase (decrease) in cash and cash equivalents	7,373	(388)
Cash balance, beginning of year	59,995	60,383
Cash balance, end of year	$ 67,368	$ 59,995

- Net cash used in capital financing activities had an overall increase of $1.7 million. This is primarily due to a decrease in construction expenditures. As the District nears the end of its Measure G construction bond program, remaining projects consist solely of smaller modernization projects than in years past, thus requiring less outflow of cash.

- Net cash provided by investing activities increased by approximately $447,000 due to an increase in the District's average cash balance and the interest rate earned from the Los Angeles County Educational Investment Pool.

District's Fiduciary Responsibility

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

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the District had $126.5 million invested in net capital assets. Total capital assets of $219.6 million consist of land; buildings and building improvements, including capitalized interest; construction in progress; vehicles; data processing equipment; and other office equipment. Accumulated depreciation related to these assets was $93.1 million.

During the 2017-2018 fiscal year, capital additions were primarily comprised of modernization of existing facilities, site improvement projects, and significant investments in equipment. The District's construction projects in progress at June 30, 2018 included the Campus Center modernization project, the Proposition 39 Energy Service Contract for Mechanical Engineering and Energy Optimization Contracting Services, a Phase 3 Energy Services Contract retro-commissioning project, and a campus-wide coaxial cable installation project.

Note 7 of the financial statements provides additional information on capital assets. A summary of capital assets, net of depreciation, is presented below:

	(in thousands)	
	2018	**2017**
Land and Improvements	$ 1,684	$ 1,565
Buildings and Improvements	118,905	119,111
Equipment	2,698	3,163
Construction in Progress	3,211	3,612
Net Capital Assets	$ 126,498	$ 127,451

Debt Administration

On March 2, 2004, a General Obligation Bond was passed by the voters of the Citrus Community College District. The total authorization was $121 million. The first series for $22 million was issued on August 25, 2004, and was scheduled to mature on August 1, 2029. The second series for $40 million was issued on April 10, 2007, and will mature on June 1, 2031. The third series for $30 million was issued on June 10, 2009, and will mature on June 1, 2034. On April 24, 2013, the District issued 2004 Election, 2013 Refunding Bonds for $13 million which will mature on August 1, 2029. The fourth series, for approximately $19 million, was issued on June 11, 2015, and will mature on August 1, 2038. On March 10, 2015, the District issued General Obligation Refunding Bonds, 2015 Series A for $49 million to refund certain portions of the District's General Obligation 2004 Election Bond, 2007 Series B and 2009 Series C. These bonds will mature on August 1, 2031. With that same issuance, the District also issued 2015 Series E Bonds in the amount of $10 million, maturing on August 1, 2035. As of June 30, 2018, the District's long-term obligation related to the bonds equals $108.6 million. The District continues to maintain favorable bond ratings with Moody's of Aa2 and a recently upgraded rating from Standard & Poor's from AA- to AA and stable.

Note 10 of the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below:

	(in thousands)	
	2018	**(as restated) 2017**
Long-Term Obligation		
General Obligation Bonds Payable	$ 108,639	$ 109,857
Compensated Absences	1,533	2,001
Group Term Life Insurance Liability	735	798
Aggregate Net OPEB Liability	2,700	3,588
Aggregate Net Pension Liability	81,309	70,563
Total Long-Term Obligation	194,916	186,807
Less Current Portion	(3,699)	(2,270)
Total Long-Term Portion	$ 191,217	$ 184,537

Economic Factors that May Affect the Future

There are several long-term fiscal planning considerations and budget concerns that will impact the District's future fiscal situation.

- The Governor and local economists continue to emphasize the likelihood of an inevitable recession and caution community college districts to exercise fiscal prudence. By the end of the 2018-2019 fiscal year, this current economic recovery period will have matched the longest recovery period on record.

- The increases in the California Public Employees' Retirement System (PERS) and California State Teachers' Retirement System (STRS) employer contribution rates will have a significant impact on the District's operations. The PERS rate is estimated to reach 26 percent by the fiscal year 2024-2025, and the STRS rate is expected to reach 19.1 percent by the fiscal year 2020-2021. The following table shows the corresponding rates and increases per year, as projected by School Services of California. The total future minimum cumulative cost impact to the District is estimated to be in excess of $3 million.

PERS	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
PERS Old Rate	18.06%	20.80%	24.90%	24.60%	25.30%	25.80%
Estimated Increase	2.74%	4.10%	-0.30%	0.70%	0.50%	0.20%
PERS New Rate	20.80%	24.90%	24.60%	25.30%	25.80%	26.00%
STRS	**2019-2020**	**2020-2021**	**2021-2022**	**2022-2023**	**2023-2024**	**2024-2025**
STRS Old Rate	16.28%	18.13%				
Estimated Increase	1.85%	0.97%				
STRS New Rate	18.13%	19.10%				

It is important to note that the table above only includes STRS employer contribution rates as currently set in statute. The STRS Board cannot change these rates until after 2020-2021. At that point, the STRS Board will have the ability to change the employer contribution rates, similar to the authority currently held by the PERS Board.

- The District's overall healthcare costs continue to rise. The District offers the following health and welfare benefits to all benefit-eligible employees and retirees, as well as their eligible dependents: Kaiser HMO or Blue Shield PPO Medical Coverage; Blue Shield Dental Coverage; VSP Vision Coverage; and Hartford Group Term/AD&D Life Insurance. During the 2017-2018 fiscal year, the total cost to fully fund the health and welfare benefits program provided by the District to employees, retirees, and eligible dependents exceeded $10 million. This represented a 22.7 percent expenditure increase over the previous fiscal year.

- There is concern regarding a potential decline in enrollment. With the majority of general apportionment revenue augmentations tied to the condition of generating FTES at a certain level, even with the recently enacted new Student Centered Funding Formula (SCFF), the District will need to closely monitor its FTES-generating strategies to ensure that the budget assumptions for FTES generation are sustainable.

- A great number of uncertainties remain regarding the SCFF funding metrics. In addition, the performance outcomes comprising the Student Success Allocation portion of the new formula will leave future funding levels difficult to predict, causing difficulty in providing long-term fiscal analysis.

Management will continue to closely monitor the State budget information, maintain a close watch over resources, and continue monitoring its long-range financial projections to sustain the District's ability to react to internal and external issues.

Other than the concerns discussed above, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year, beyond those unknown variations having a global effect on virtually all types of business operations.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need any additional information, please contact the Vice President of Finance and Administrative Services, Citrus Community College District, 1000 West Foothill Boulevard, Glendora, CA 91741.

CITRUS COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS	
Current Assets	
Cash and cash equivalents - unrestricted	$ 1,035,042
Cash and cash equivalents - restricted	34,653
Investments - unrestricted	26,916,881
Investments - restricted	39,381,269
Accounts receivable	6,070,171
Stores inventories	823,614
Total Current Assets	74,261,630
Noncurrent Assets	
Nondepreciable capital assets	4,268,593
Depreciable capital assets, net of depreciation	122,229,802
Total Noncurrent Assets	126,498,395
Total Assets	200,760,025
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	6,595,358
Deferred outflows of resources related to pensions	23,452,567
Total Deferred Outflows of Resources	30,047,925
LIABILITIES	
Current Liabilities	
Accounts payable	10,223,933
Accrued interest payable	1,372,647
Unearned revenue	5,064,016
Compensated absences and load banking	538,859
Bonds payable	3,160,000
Total Current Liabilities	20,359,455
Noncurrent Liabilities	
Compensated absences	994,095
Group-term life insurance	735,000
Bonds payable	105,479,035
Aggregate net other postemployment benefits (OPEB) liability	2,700,290
Aggregate net pension obligation	81,308,614
Total Noncurrent Liabilities	191,217,034
Total Liabilities	211,576,489
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	5,182,522
NET POSITION	
Net investment in capital assets	37,502,497
Restricted for:	
Debt service	2,493,781
Capital projects	23,100,565
Educational programs	1,403,257
Unrestricted	(50,451,161)
Total Net Position	$ 14,048,939

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

CITRUS COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Student Tuition and Fees	$ 20,956,539
Less: Scholarship discounts and allowances	(9,153,777)
Net tuition and fees	11,802,762
Grants and Contracts, Noncapital	
Federal	1,812,680
State	10,865,203
Local	745,265
Total grants and contracts, noncapital	13,423,148
Auxiliary Enterprise Sales and Charges	
Bookstore	3,767,705
Golf Driving Range	115,918
Auxiliary enterprise sales and charges	3,883,623
TOTAL OPERATING REVENUES	29,109,533
OPERATING EXPENSES	
Salaries	52,883,226
Employee benefits	26,262,063
Supplies, materials, and other operating expenses and services	13,868,124
Student financial aid	22,284,120
Equipment, maintenance, and repairs	3,581,770
Depreciation	5,348,401
TOTAL OPERATING EXPENSES	124,227,704
OPERATING LOSS	(95,118,171)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	58,525,425
Local property taxes, levied for general purposes	6,634,057
Taxes levied for other specific purposes	5,728,454
Federal financial aid grants, noncapital	18,859,170
State financial aid grants, noncapital	2,020,664
State taxes and other revenues	3,686,491
Investment income	846,906
Interest expense on capital related debt	(4,425,505)
Investment income on capital asset-related debt	30,091
Transfers from fiduciary funds	1,829
Transfers to fiduciary funds	(3,997,586)
Other nonoperating revenues	1,134,488
TOTAL NONOPERATING REVENUES (EXPENSES)	89,044,484
LOSS BEFORE OTHER REVENUES	(6,073,687)
OTHER REVENUES	
State revenues, capital	3,234,344
CHANGE IN NET POSITION	(2,839,343)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	16,888,282
NET POSITION, END OF YEAR	$ 14,048,939

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

CITRUS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 11,604,073
Federal, State, and local grants and contracts, noncapital	14,629,830
Auxiliary sales	3,883,623
Payments to or on behalf of employees	(76,627,615)
Payments to vendors for supplies and services	(15,529,915)
Payments to students for scholarships and grants	(22,284,120)
Net Cash Flows From Operating Activities	(84,324,124)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	59,411,854
Property taxes - nondebt related	6,634,057
Federal and State financial aid grants	20,879,834
State taxes and other revenues	3,686,491
Other nonoperating payments	(548,047)
Net Cash Flows From Noncapital Financing Activities	90,064,189
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(2,813,290)
State revenue, capital projects	3,096,080
Property taxes - related to capital debt	5,728,454
Proceeds from capital debt	1,357,918
Principal paid on capital debt	(2,576,361)
Interest paid on capital debt	(3,950,795)
Interest received on capital asset-related debt	30,091
Net Cash Flows From Capital Financing Activities	872,097
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	760,111
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,372,273
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	59,995,572
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 67,367,845

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

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (95,118,171)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	5,348,401
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Accounts receivable	(54,837)
Stores inventories	206,648
Deferred outflows of resources related to pensions	(8,204,656)
Accounts payable	2,516,888
Unearned revenue	1,062,830
Compensated absences	(468,396)
Group term life insurance liability	(63,000)
Aggregate net other postemployment benefits (OPEB) liability	(887,251)
Aggregate net pension obligation	10,745,887
Deferred inflows of resources related to pensions	591,533
Total Adjustments	10,794,047
Net Cash Flows From Operating Activities	$ (84,324,124)

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 1,069,695
Cash in County treasury	66,298,150
Total Cash and Cash Equivalents	$ 67,367,845

NON CASH TRANSACTIONS	
On behalf payments for benefits (see Note 12)	$ 2,345,333

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

CITRUS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Retiree OPEB Irrevocable Trust	STRS and PERS Irrevocable Trust	Trust Funds
ASSETS			
Cash and cash equivalents	$ -	$ -	$ 1,689,562
Investments	13,935,728	3,960,881	538,431
Accounts receivable	-	-	93,513
Total Assets	13,935,728	3,960,881	2,321,506
LIABILITIES			
Accounts payable	-	-	110,914
Unearned revenue	-	-	76,809
Due to student groups	-	-	1,032,477
Total Liabilities	-	-	1,220,200
NET POSITION			
Restricted	13,935,728	3,960,881	-
Unrestricted	-	-	1,101,306
Total Net Position	$ 13,935,728	$ 3,960,881	$ 1,101,306

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

CITRUS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Retiree OPEB Irrevocable Trust	STRS and PERS Irrevocable Trust	Trust Funds
ADDITIONS			
Local revenues	$ -	$ -	$ 960,445
District contributions	2,495,185	-	-
Interest and investment income	537,672	10,891	-
Total Additions	3,032,857	10,891	960,445
DEDUCTIONS			
Classified salaries	-	-	215,251
Employee benefits	1,495,185	-	67,863
Books and supplies	-	-	92,015
Services and other operating expenditures	-	-	308,066
Capital outlay	-	-	21,933
Administrative expenses	101,612	10	-
Total Deductions	1,596,797	10	705,128
OTHER FINANCING SOURCES (USES)			
Transfers from primary government	-	3,950,000	47,586
Transfers to primary government	-	-	(1,829)
Other uses - student financial aid	-	-	(31,356)
Total Other Financing Sources (Uses)	-	3,950,000	14,401
Change in Net Position	1,436,060	3,960,881	269,718
Net Position - Beginning of Year	12,499,668	-	831,588
Net Position - End of Year	$ 13,935,728	$ 3,960,881	$ 1,101,306

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

NOTE 1 - ORGANIZATION

The Citrus Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Los Angeles in the State of California and is governed by an elected Board of Trustees. The District is comprised of one campus, Citrus College. 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. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective which was previously reported. 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 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, noncapital grants and contracts, and auxiliary activities through the bookstore and golf driving range.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, such as State apportionments, property taxes, Federal and State financial aid grants, entitlements, and donations, are classified as nonoperating revenue. Federal and State financial aid grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants. Eligibility requirements may include time and/or purpose requirements. Property tax revenues are recognized in the fiscal year in which they are received. State apportionment revenue is earned based upon criteria set forth from the California Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES). The corresponding apportionment revenue is recognized in the period the FTES are generated.

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 an 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, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

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 one year or less from the date of acquisition. Cash equivalents also include unrestricted cash with the County treasury 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, 2018 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 Investments

Restricted investments 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 investments represent those required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from 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. The District does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable. When receivables are determined to be uncollectible, a direct write-off is recorded.

Stores Inventories

Stores inventories consist primarily of bookstore merchandise held for resale to the students and faculty of the colleges. In addition, the District warehouse holds some inventory of paper and office supplies for daily operational needs. Inventories are stated at cost, utilizing the average cost method. The cost is recorded as an expense as the inventory is consumed.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-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 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 the refunding of general obligation bonds and for pension related items. Deferred charges on refunding are amortized using the straight-line method over the remaining life of the new debt.

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and OPEB expense, information about the District's OPEB Plan and the CalSTRS Medicare Premium Payment (MPP) Program fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District's OPEB Plan and MPP. For this purpose, the District's OPEB Plan and MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition or fair value at the date of gift. The District's capitalization policy includes all items with a unit cost of $5,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements that cost more than $5,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

The following estimated useful lives are used to compute depreciation:

Land improvements	10-50 years
Buildings and improvements	10-50 years
Machinery and equipment	3-7 years

Unearned Revenue

Unearned revenue is recorded to the extent that cash received from Federal programs, State special projects, other programs, and fees, has not been earned.

Noncurrent Liabilities

Noncurrent liabilities include compensated absences, load banking, group term life insurance, bonds payable, the aggregate net OPEB liability, and the aggregate net pension obligations with maturities greater than one year.

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 government-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 government-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 school members who retire after January 1, 1999. At retirement, each member will receive a 0.004 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.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" which represents the difference between assets and liabilities. The net position is classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net position 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 invested 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 government-wide financial statements report $26,997,603 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

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 and are recorded in the District's financial records when received. 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 General Obligation Bonds in March 2004 for the acquisition, construction, and rehabilitation of facilities. 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 by the County of Los Angeles and remitted to the District.

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 Change 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, Supplemental Educational Opportunity 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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

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

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

The District has implemented the provisions of this Statement as of June 30, 2018.

GASB Statement No. 85, *Omnibus 2017*

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

The District has implemented the provisions of this Statement as of June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

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 District has implemented the provisions of this Statement as of June 30, 2018.

GASB Statement No. 89, ***Accounting for Interest Cost Incurred Before the End of a Construction Period***

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

GASB Statement No. 83, ***Certain Asset Retirement Obligations***

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 will become effective for the District in the 2018-2019 fiscal year.

GASB Statement No. 84, *Fiduciary Activities*

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 will become effective for the District in the 2019-2020 fiscal year. Early implementation is encouraged.

GASB Statement No. 87, *Leases*

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 will become effective for the District in the 2020-2021 fiscal year. Early implementation is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement will become effective for the District in the 2018-2019 fiscal year.

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 receipts and collections of monies with their County Treasurer (*Education Code* Section 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 are 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, 2018 consisted of the following:

Primary government	$ 67,367,845
Fiduciary funds	20,124,602
Total Deposits and Investments	$ 87,492,447

Cash on hand and in banks	$ 1,761,534
Cash in revolving funds	63,000
Cash with fiscal agent	934,723
Investments	84,733,190
Total Deposits and Investments	$ 87,492,447

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 the Los Angeles County Investment Pool and mutual funds.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Book Value	Fair Value	Weighted Average Days to Maturity
Los Angeles County Investment Pool	$ 66,836,581	$ 65,943,418	609
Mutual Funds	17,896,609	17,896,609	N/A
Total	$ 84,733,190	$ 83,840,027	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Investment Pool are not required to be rated, nor has it been rated as of June 30, 2018.

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, 2018, the District's bank balance of $3,533,428 was exposed to custodial credit risk because it was 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 at June 30, 2018 were as follows:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Los Angeles County Investment Pool	$ 65,943,418	$ -	$ 65,943,418
Mutual Funds	17,896,609	17,896,609	-
Total	$ 83,840,027	$ 17,896,609	$ 65,943,418

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 2,417,612	$ -
State Government		
Apportionment	540	-
Categorical aid	403,613	-
Lottery	526,363	-
State funded construction projects	1,318,987	-
Local Sources		
Interest	324,397	9,990
Student fees	791,588	47,332
Other local sources	287,071	36,191
Total	$ 6,070,171	$ 93,513

NOTE 6 - 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, respectively, has been eliminated in the consolidation process of the basic financial statements. Balances owing between the primary governmental and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2018, 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 2017-2018 fiscal year, the amount transferred to the primary government from the fiduciary funds amounted to $1,829, and the amount transferred to the fiduciary funds from the primary government amounted to $3,997,586.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	$ 1,057,317	$ -	$ -	$ 1,057,317
Construction in progress	3,611,863	4,167,585	4,568,172	3,211,276
Total Capital Assets Not Being Depreciated	4,669,180	4,167,585	4,568,172	4,268,593
Capital Assets Being Depreciated				
Land improvements	6,840,438	200,900	-	7,041,338
Buildings and improvements	185,228,796	4,367,272	-	189,596,068
Machinery and equipment	18,651,400	227,916	184,200	18,695,116
Total Capital Assets Being Depreciated	210,720,634	4,796,088	184,200	215,332,522
Total Capital Assets	215,389,814	8,963,673	4,752,372	219,601,115
Less Accumulated Depreciation				
Land improvements	6,332,325	81,853	-	6,414,178
Buildings and improvements	66,118,085	4,573,486	-	70,691,571
Machinery and equipment	15,488,109	693,062	184,200	15,996,971
Total Accumulated Depreciation	87,938,519	5,348,401	184,200	93,102,720
Net Capital Assets	$ 127,451,295	$ 3,615,272	$ 4,568,172	$ 126,498,395

Depreciation expense for the year was $5,348,401.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018 consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 4,079,302	$ 18,693
Apportionment	549,232	-
Construction	2,019,861	-
State categorical	29,976	-
Vendor payables	3,545,562	92,221
Total	$ 10,223,933	$ 110,914

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2018 consisted of the following:

	Primary Government	Fiduciary Funds
State categorical aid	$ 4,331,881	$ -
Other State revenues	28,106	-
Student fees	695,406	67,309
Other local revenues	8,623	9,500
Total	$ 5,064,016	$ 76,809

NOTE 10 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2017-2018 fiscal year consisted of the following:

	(as restated) Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
Bonds Payable					
Series C	$ 8,194,350	$ 432,575	$ 935,000	$ 7,691,925	$ 1,105,000
2013 Refunding	11,525,000	-	615,000	10,910,000	670,000
Series D	21,191,541	925,343	20,000	22,096,884	75,000
Series E	10,005,000	-	200,000	9,805,000	-
2015 Refunding	48,185,000	-	-	48,185,000	1,310,000
Unamortized premium	10,756,587	-	806,361	9,950,226	-
Total Bonds Payable	109,857,478	1,357,918	2,576,361	108,639,035	3,160,000
Other Liabilities					
Compensated absences and load banking	2,001,350	93,644	562,040	1,532,954	538,859
Group term life insurance liability	798,000	-	63,000	735,000	-
Aggregate net OPEB liability	3,587,541	2,189,235	3,076,486	2,700,290	-
Aggregate net pension obligation	70,562,727	10,745,887	-	81,308,614	-
Total Other Liabilities	76,949,618	13,028,766	3,701,526	86,276,858	538,859
Total Long-Term Obligations	$ 186,807,096	$ 14,386,684	$ 6,277,887	$ 194,915,893	$ 3,698,859

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences and load banking liability will be paid by the fund for which the employee worked. The group term life insurance liability and aggregate net OPEB liability will be paid by the General Fund. Payments related to the aggregate net pension obligation will be paid by the fund for which the employee worked. See Note 12 for further details of the aggregate net pension obligation.

Bonded Debt

Bonds Payable

On March 2, 2004, the voters of the District approved Measure G, which allowed the District to issue $121,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

Series C General Obligation Bonds

In June 2009, $29,995,302 of Citrus Community College District, Election of 2004, Series C Bonds were issued with a final maturity date of June 1, 2034. The bonds were issued as current interest bonds in the principal amount of $26,405,000 and capital appreciation bonds in the aggregate principal amount of $3,590,302. The bonds carry interest rates ranging from 3.00 percent to 5.25 percent, depending on the maturity of the related bonds. Interest is payable semiannually on December 1 and June 1 of each year. The outstanding principal balance of these bonds at June 30, 2018 was $7,691,925.

2013 General Obligation Refunding Bonds

On April 24, 2013, $13,130,000 of Citrus Community College District, 2013 General Obligation Refunding Bonds were issued to advance refund and defease a portion of the District's Election of 2004 General Obligation Bonds, Series A and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The bonds were issued with a final maturity date of August 1, 2029. Interest rates range from 2.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2018 was $10,910,000.

Series D General Obligation Bonds

On June 11, 2014, $18,997,251 of Citrus Community College District, Election of 2004, Series D Bond were issued with a final maturity date of August 1, 2038. The bonds were issued as current interest bonds in the principal amount of $620,000, capital appreciation bonds in the aggregate principal amount of $6,750,369, and convertible capital appreciation bonds in the aggregate principal amount of $11,626,882. The bonds carry interest rates ranging from 2.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2018 was $22,096,884.

Series E General Obligation Bonds

On March 10, 2015, $10,005,000 of Citrus Community College District, Election of 2004, Series E Bonds were issued with a final maturity date of August 1, 2035, and interest rates ranging from 2.50 percent to 3.50 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2018 was $9,805,000.

2015 General Obligation Refunding Bonds

On March 10, 2015, $48,685,000 of Citrus Community College District, 2015 General Obligation Refunding Bonds were issued to advance refund and defease a portion of the District's Election of 2004 General Obligation Bonds, Series B and Series C, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The bonds were issued with a final maturity date of August 1, 2031. Interest rates range from 2.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2018 was $48,185,000.

The outstanding general obligation bonded debt was as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2018
2009	2034	3.00-5.25%	$ 29,995,302	$ 8,194,350	$ 432,575	$ 935,000	$ 7,691,925
2013	2030	2.00-5.00%	13,130,000	11,525,000	-	615,000	10,910,000
2014	2039	2.00-5.00%	18,997,251	21,191,541	925,343	20,000	22,096,884
2015	2036	2.50-3.50%	10,005,000	10,005,000	-	200,000	9,805,000
2015	2032	2.00-5.00%	48,685,000	48,185,000	-	-	48,185,000
				$ 99,100,891	$ 1,357,918	$ 1,770,000	$ 98,688,809

The Series C General Obligation Bonds mature through 2034 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest*	Current Interest to Maturity	Total
2019	$ 1,105,000	$ -	$ 58,013	$ 1,163,013
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024-2028	-	-	-	-
2029-2033	4,405,005	7,369,995	-	11,775,000
2034	2,181,920	4,318,080	-	6,500,000
Total	$ 7,691,925	$ 11,688,075	$ 58,013	$ 19,438,013

* Interest that is accrued at a discount from the face value of the bonds, and no interest payment is made until maturity.

The 2013 Refunding Bonds mature through 2030 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 670,000	$ 485,600	$ 1,155,600
2020	700,000	458,200	1,158,200
2021	725,000	429,700	1,154,700
2022	760,000	400,000	1,160,000
2023	790,000	369,000	1,159,000
2024-2028	4,940,000	1,197,125	6,137,125
2029-2030	2,325,000	117,625	2,442,625
Total	$ 10,910,000	$ 3,457,250	$ 14,367,250

The Series D General Obligation Bonds mature through 2039 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest*	Current Interest to Maturity	Total
2019	$ 74,074	$ 926	$ 19,900	$ 94,900
2020	168,597	6,403	19,900	194,900
2021	283,119	21,881	19,900	324,900
2022	451,676	58,324	19,900	529,900
2023	642,541	87,459	18,650	748,650
2024-2028	2,151,808	658,192	8,700	2,818,700
2029-2033	4,591,491	3,473,509	-	8,065,000
2034-2038	10,847,230	2,767,770	-	13,615,000
2039	2,886,348	763,652	-	3,650,000
Total	$ 22,096,884	$ 7,838,116	$ 106,950	$ 30,041,950

* Interest that is accrued at a discount from the face value of the bonds, and no interest payment is made until maturity.

The Series E General Obligation Bonds mature through 2036 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ -	$ 389,400	$ 389,400
2020	-	389,400	389,400
2021	-	389,400	389,400
2022	-	389,400	389,400
2023	-	389,400	389,400
2024-2028	525,000	1,908,438	2,433,438
2029-2033	5,530,000	1,349,231	6,879,231
2034-2036	3,750,000	196,094	3,946,094
Total	$ 9,805,000	$ 5,400,763	$ 15,205,763

The 2015 Refunding Bonds mature through 2032 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 1,310,000	$ 2,348,250	$ 3,658,250
2020	1,440,000	2,286,050	3,726,050
2021	2,745,000	2,192,275	4,937,275
2022	2,955,000	2,060,625	5,015,625
2023	3,165,000	1,907,625	5,072,625
2024-2028	18,990,000	6,901,750	25,891,750
2029-2032	17,580,000	1,783,750	19,363,750
Total	$ 48,185,000	$ 19,480,325	$ 67,665,325

Compensated Absences

At June 30, 2018, the liability for compensated absences was $1,293,720.

Load Banking

At June 30, 2018, the liability for load banking was $239,234.

Group Term Life Insurance Liability

The District offers certain eligible employees term life insurance, with a standard benefit of $50,000 per employee. The District pays all related premiums for the group life insurance policies. Based on the employee's age, the insurer provides a reduced benefit amount. The District supplements the insured amount to provide a guaranteed total benefit of $50,000 per employee. At June 30, 2018, the liability associated with the guarantee for group term life insurance was $735,000.

Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported an aggregate net OPEB liability and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	OPEB Expense*
District Plan	$ 2,298,785	$ (843,622)
Medicare Premium Payment (MPP) Program	401,505	(43,629)
Total	$ 2,700,290	$ (887,251)

* OPEB expense represents the net change in the aggregate net OPEB liability during the 2017-2018 fiscal year.

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Benefits Trust Company.

Plan Membership

At June 30, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	58
Active employees	374
	432

Citrus Community College District Futuris Trust

The Citrus Community College District Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Citrus Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Citrus College Faculty Association (CCFA), the local California School Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017-2018, the District contributed $2,495,185 to the Plan, of which $1,495,185 was used for current premiums and $1,000,000 was used to fund the OPEB Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation
Domestic equity	23%
Fixed income	50%
International equity	20%
Real estate	7%

Rate of Return

For the year ended June 30, 2018, the annual money-weighed rate of return on investments, net of investment expense, was 4.23 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $2,298,785 was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2018 were as follows:

Total OPEB liability	$ 16,234,513
Plan fiduciary net position	13,935,728
District's net OPEB liability	$ 2,298,785
Plan fiduciary net position as a percentage of the total OPEB liability	86%

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	5.60 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the assumed long-term expected rate of return on plan assets.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study as of April 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	9.3%
Fixed income	4.8%
International equity	8.8%
Real estate	8.0%
Cash	1.0%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.6 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	$ 15,642,075	$ 12,499,668	$ 3,142,407
Service cost	1,220,170	-	1,220,170
Interest	867,453	-	867,453
Contributions - employer	-	2,495,185	(2,495,185)
Net investment income	-	537,672	(537,672)
Benefit payments	(1,495,185)	(1,495,185)	-
Administrative expense	-	(101,612)	101,612
Net change in total OPEB liability	592,438	1,436,060	(843,622)
Balance at June 30, 2018	$ 16,234,513	$ 13,935,728	$ 2,298,785

Changes of assumptions and other inputs reflect a change in the discount rate from 6.0 percent to 5.6 percent since the previous valuation. There were no changes to benefit terms since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB 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 OPEB Liability
1% decrease (4.6%)	$ 3,312,141
Current discount rate (5.6%)	2,298,785
1% increase (6.6%)	1,365,000

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.0%)	$ 1,444,865
Current healthcare cost trend rate (4.0%)	2,298,785
1% increase (5.0%)	3,143,821

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities and OPEB Expense

At June 30, 2018, the District reported a liability of $401,505 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.0954 percent and 0.0951, respectively, resulting in a net increase in the proportionate share of 0.0003 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(43,629).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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

The following presents the District's proportionate share of the net OPEB 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 OPEB Liability
1% decrease (2.58%)	$ 444,494
Current discount rate (3.58%)	401,505
1% increase (4.58%)	359,689

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB 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:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 362,822
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	401,505
1% increase (4.7% Part A and 5.1% Part B)	439,803

Aggregate Net Pension Obligation

At June 30, 2018, the liability for the aggregate net pension obligation amounted to $81,308,614. See Note 12 for additional information.

NOTE 11 - RISK MANAGEMENT

The District participates in three joint powers agreement (JPA) entities, the Statewide Association of Community Colleges (SWACC), the Southern California Community College District's Self-Funded Insurance Agency (SCCCD), and the Protected Insurance Program for Schools (PIPS).

SWACC provides liability and property insurance for forty-six community colleges. SWACC is governed by a board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the board. Each member shares surpluses and deficits proportionately to its participation in SWACC.

SCCCD provides workers' compensation coverage for its seven member districts for workers' compensation self-insured run-off claims dated prior to 1995. Payments transferred to funds maintained under the JPA are expensed when made. SCCCD has self-funded their workers' compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims.

PIPS provides workers' compensation reinsurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

The relationships between the District and the JPAs are such that no JPAs are a component unit of the District for financial reporting purposes.

NOTE 12 - 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, 2018, 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:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 48,750,333	$ 13,644,035	$ 3,897,817	$ 4,773,212
CalPERS	32,558,281	9,808,532	1,284,705	5,298,977
Total	$ 81,308,614	$ 23,452,567	$ 5,182,522	$ 10,072,189

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, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may 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 non-employer 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, 2018 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	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

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 CalSTRS will be increasing to a total of 19.1 percent by the year 2021-2022. The contribution rates for each plan for the year ended June 30, 2018 are presented above, and the District's total contributions were $4,179,264.

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

At June 30, 2018, 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	$	48,750,333
State's proportionate share of net pension liability associated with the District		28,840,285
Total	$	77,590,618

The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.0527 percent and 0.0535 percent, respectively, resulting in a net decrease in the proportionate share of 0.0008 percent.

For the year ended June 30, 2018, the District recognized pension expense of $4,773,212. In addition, the District recognized pension expense and revenue of $2,903,052 for support provided by the State. At June 30, 2018, 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	$ 4,179,264	$ -
Net change in proportionate share of net pension liability	252,919	1,749,175
Differences between projected and actual earnings on the pension plan investments	-	1,298,358
Differences between expected and actual experience in the measurement of the total pension liability	180,283	850,284
Changes of assumptions	9,031,569	-
Total	$ 13,644,035	$ 3,897,817

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/(inflows) 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/(Inflows) of Resources
2019	$ (1,079,372)
2020	816,766
2021	117,773
2022	(1,153,525)
Total	$ (1,298,358)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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
2019	$ 1,000,500
2020	1,000,500
2021	1,000,500
2022	1,000,504
2023	1,411,454
Thereafter	1,451,854
Total	$ 6,865,312

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, 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 7.10 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 (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred mid-year. 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 (6.10%)	$ 71,580,966
Current discount rate (7.10%)	48,750,333
1% increase (8.10%)	30,221,727

California Public Employees' Retirement System (CalPERS)

Plan Description

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

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that may be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2018 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%	6.50%
Required employer contribution rate	15.531%	15.531%

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, 2018 are presented above, and the total District contributions were $2,760,161.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $32,558,281. The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.1364 percent and 0.1383 percent, respectively, resulting in a net decrease in the proportionate share of 0.0019 percent.

For the year ended June 30, 2018, the District recognized pension expense of $5,298,977. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,760,161	$ -
Net change in proportionate share of net pension liability	-	901,371
Differences between projected and actual earnings on the pension plan investments	1,126,293	-
Differences between expected and actual experience in the measurement of the total pension liability	1,166,429	-
Changes of assumptions	4,755,649	383,334
Total	$ 9,808,532	$ 1,284,705

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/(inflows) 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/(Inflows) of Resources
2019	$ (30,519)
2020	1,299,499
2021	474,072
2022	(616,759)
Total	$ 1,126,293

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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
2019	$ 1,402,024
2020	1,662,166
2021	1,573,183
Total	$ 4,637,373

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 (6.15%)	$ 47,903,665
Current discount rate (7.15%)	32,558,281
1% increase (8.15%)	19,828,000

CalSTRS/CalPERS Irrevocable Trust

During the 2017-2018 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fiduciary fund of the District. For the year ended June 30, 2018, the District contributed a total of $3,950,000 to the trust. As of June 30, 2018, the balance of the trust was $3,960,881.

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, 2018, which amounted to $2,345,333 (8.257 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2018. 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 operating revenue and employee benefit expense.

NOTE 13 - 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, 2018.

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, 2018.

Construction Commitments

As of June 30, 2018, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $1.8 million. The projects are funded through a combination of general obligation bonds, capital project apportionments from the California Community Colleges Chancellor's Office, and local funds.

NOTE 14 - FUNCTIONAL EXPENSES CLASSIFICATION

The District's operating expenses by functional classification for the fiscal year ended June 30, 2018 were:

	Salaries	Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 27,906,640	$ 12,395,849	$ 1,297,885	$ -	$ 537,941	$ -	$ 42,138,315
Academic support	2,557,530	1,159,444	119,175	-	35,378	-	3,871,527
Student services	8,848,573	4,070,118	826,637	-	52,329	-	13,797,657
Plant operations and maintenance	2,531,744	1,490,519	1,880,494	-	23,505	-	5,926,262
Instructional support services	6,166,414	4,949,901	4,616,406	-	369,449	-	16,102,170
Community services and economic development	953,763	427,735	214,667	-	160	-	1,596,325
Ancillary services and auxiliary operations	3,247,403	1,497,142	3,579,475	-	121,645	-	8,445,665
Student aid	249,823	5,599	-	22,284,120	-	-	22,539,542
Physical property and related acquisitions	421,336	265,756	1,333,385	-	2,441,363	-	4,461,840
Depreciation	-	-	-	-	-	5,348,401	5,348,401
Total	$ 52,883,226	$ 26,262,063	$ 13,868,124	$ 22,284,120	$ 3,581,770	$ 5,348,401	$ 124,227,704

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	$ 30,309,476
Inclusion of aggregate net OPEB liability from the adoption of GASB Statement No. 75	(13,421,194)
Net Position - Beginning, as Restated	$ 16,888,282

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 1,220,170
Interest	867,453
Benefit payments	(1,495,185)
Net changes in total OPEB liability	592,438
Total OPEB Liability - beginning	15,642,075
Total OPEB Liability - ending (a)	$ 16,234,513
Plan fiduciary net position	
Contributions - employer	$ 2,495,185
Net investment income	537,672
Benefit payments	(1,495,185)
Administrative expense	(101,612)
Net change in plan fiduciary net position	1,436,060
Plan fiduciary net position - beginning	12,499,668
Plan fiduciary net position - ending (b)	$ 13,935,728
District's net OPEB liability - ending (a) - (b)	$ 2,298,785
Plan fiduciary net position as a percentage of the total OPEB liability	85.84%
Covered-employee payroll	$ 46,734,275
District's net OPEB liability as a percentage of covered-employee payroll	4.92%

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

See accompanying note to required supplementary information.

SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Annual money-weighted rate of return, net of investment expense	4.23%

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

See accompanying note to required supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Year ended June 30,	
District's proportion of the net OPEB liability	0.0954%
District's proportionate share of the net OPEB liability	$ 401,505
District's covered-employee payroll	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered-employee payroll disclosure is not applicable.

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

See accompanying note to required supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.0527%	0.0535%
District's proportionate share of the net pension liability	$ 48,750,333	$ 43,254,271
State's proportionate share of the net pension liability associated with the District	28,840,285	24,623,885
Total	$ 77,590,618	$ 67,878,156
District's covered-employee payroll	$ 29,551,868	$ 28,404,511
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.97%	152.28%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.1364%	0.1383%
District's proportionate share of the net pension liability	$ 32,558,281	$ 27,308,456
District's covered-employee payroll	$ 17,109,526	$ 16,794,015
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	190.29%	162.61%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

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

See accompanying note to required supplementary information.

2016	2015
0.0534%	0.0560%
$ 35,681,720	$ 32,724,720
18,871,646	19,760,797
$ 54,553,366	$ 52,485,517
$ 25,517,331	$ 24,800,000
139.83%	131.95%
74%	77%
0.1429%	0.1511%
$ 21,063,601	$ 17,153,529
$ 15,777,266	$ 15,900,000
133.51%	107.88%
79%	83%

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
Contractually required contribution	$ 4,179,264	$ 3,717,625
Contributions in relation to the contractually required contribution	4,179,264	3,717,625
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 28,962,328	$ 29,551,868
Contributions as a percentage of covered-employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 2,760,161	$ 2,376,171
Contributions in relation to the contractually required contribution	2,760,161	2,376,171
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 17,771,946	$ 17,109,526
Contributions as a percentage of covered-employee payroll	15.531%	13.888%

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

See accompanying note to required supplementary information.

	2016	2015
	$ 3,047,804	$ 2,265,939
	3,047,804	2,265,939
	$ -	$ -
	$ 28,404,511	$ 25,517,331
	10.73%	8.88%
	$ 1,989,587	$ 1,857,142
	1,989,587	1,857,142
	$ -	$ -
	$ 16,794,015	$ 15,777,266
	11.847%	11.771%

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. 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.

***Changes of Assumptions* -** The discount rate assumption was changed from 6.0 percent to 5.6 percent since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

***Changes in Benefit Terms* -** There were no changes in the benefit terms since the previous valuation.

***Changes of Assumptions* -** The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

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 of Assumptions* -** The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

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, 2018

The present Citrus Community College District commenced operations on July 1, 1968. On December 14, 1970, the name of the District was changed to Citrus Community College District. It encompasses an area of approximately 270 square miles and provides postsecondary level education (grade 13-14) for residents of Azusa, Claremont, Duarte, Glendora, Monrovia, and other surrounding communities. Prior to July 1, 1968, the area encompassed by the Azusa and Glendora Unified School Districts was served by a junior college district also named Citrus. The District is governed by a five-member Board of Trustees and one non-voting student member.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Dr. Patricia A. Rasmussen	President	2020
Mrs. Joanne Montgomery	Vice President	2020
Mrs. Susan M. Keith	Clerk/Secretary	2020
Dr. Edward C. Ortell	Member	2018
Dr. Barbara R. Dickerson	Member	2018
Ms. Yachi Rivas	Student Trustee	2018

ADMINISTRATION

Geraldine M. Perri, Ph.D	Superintendent/President
Dr. Arvid Spor	Vice President of Academic Affairs
Ms. Claudette E. Dain, CPA	Vice President of Finance and Administrative Services
Dr. Martha McDonald	Vice President of Student Services
Mrs. Rosalinda Buchwald	Director of Fiscal Services
Mr. Robert Sammis	Director of Human Resources
Mr. Robert Hughes	Chief Information Services Officer

See accompanying note to supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Total Program Expenditures	Amounts Passed through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		$ 16,903,724	$ -
Federal Pell Grant Program Administrative Allowance	84.063		25,470	-
Federal Direct Student Loans	84.268		1,677,196	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		265,000	-
FSEOG Administrative Allowance	84.007		13,250	-
Federal Work-Study Program	84.033		242,539	-
Federal Work-Study Program Administrative Allowance	84.033		13,824	-
Subtotal Student Financial Assistance Cluster			19,141,003	-
TRIO Student Support Services	84.042A		179,774	-
Rise Above Challenged Exponentially to Science, Technology, Engineering, and Mathematics (RACE to STEM)	84.031C		424,312	-
Preparing Tomorrow's Teachers Today through Technology (PT5)	84.031S		37,899	-
Passed through California State University Fullerton Auxiliary Services Corporation				
RAISE: Regional Alliance in STEM Education	84.031C	S-6386-CITRUS	5,623	-
Passed through from California Community Colleges Chancellor's Office				
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	17-C01-009	500,102	-
Title I, CTEA Transitions	84.048A	17-C01-009	41,592	-
Total U.S. Department of Education			20,330,305	-
NATIONAL SCIENCE FOUNDATION				
Research and Development Cluster				
GP-EXTRA: Bridge to Geosciences for Community College Students	47.050		46,387	15,789
Passed through California State University Fullerton Auxiliary Services Corporation				
INCLUDES: STEM 3: Scaling STEM 2	47.076	HRD-1649240	36,335	-
Subtotal Research and Development Cluster			82,722	15,789
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through from California Community Colleges Chancellor's Office				
Temporary Assistance to Needy Families (TANF)	93.558	[1]	63,241	-
Foster and Kinship Care Education	93.658	[1]	193,167	-
Total U.S. Department of Health and Human Services			256,408	-
U.S. DEPARTMENT OF VETERANS AFFAIRS				
Veterans Services	64.117		2,415	-
Total Federal Program Expenditures			$ 20,671,850	$ 15,789

[1] Pass-through Identifying Number not available

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Program Revenues					
Program	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
AB 86 Adult Education Grant	$ 431	$ -	$ -	$ -	$ 431	$ 431
Basic Skills Initiative	605,583	-	-	439,617	165,966	165,966
Basic Skills Outcomes Transformation	472,332	-	-	278,906	193,426	193,426
Board Financial Assistance Program (BFAP)	491,400	-	-	-	491,400	491,400
CalGrants	1,735,174	26,641	-	-	1,761,815	1,761,815
CalWORKS	344,755	-	-	-	344,755	344,755
Campus Safety and Sexual Assault Allocation	24,351	-	-	24,351	-	-
Child Development Training Consortium	14,860	19,225	-	52	34,033	34,033
Cooperative Agencies Resources for Education (CARE)	160,113	-	-	-	160,113	160,113
CTE Data Unlocked	50,000	-	-	50,000	-	-
Disabled Student Program and Services (DSPS)	933,966	-	-	-	933,966	933,966
Education Futures Initiative	-	4,631	-	-	4,631	4,631
Enrollment Growth and Retention for Nursing	88,442	37,058	-	-	125,500	125,500
Extended Opportunities Program and Services (EOPS)	905,512	-	-	-	905,512	905,512
Foster Kinship Care Education	238,459	-	27,770	-	210,689	210,689
Foster Kinship Care Education - CSEC	3,300	4,700	2,206	-	5,794	5,794
Full-time Student Success Grant	796,344	-	-	11,144	785,200	785,200
Guided Pathways	335,525	-	-	327,763	7,762	7,762
Hunger Free Campus	26,296	-	-	19,476	6,820	6,820
Instructional Equipment	711,685	-	-	398,738	312,947	312,947
SB 1070 CTE Pathways	8,685	-	-	-	8,685	8,685
Staff Diversity	50,000	-	-	-	50,000	50,000
Strong Workforce Program	1,766,183	-	-	1,493,283	272,900	272,900
Strong Workforce Program - Regional	190,236	311,358	-	-	501,594	501,594
Student Equity	1,958,582	-	-	1,109,021	849,561	849,561
Student Success and Support Program - Credit	2,483,829	-	-	55,751	2,428,078	2,428,078
Student Success and Support Program - Noncredit	203,228	-	-	70,947	132,281	132,281
Veterans Resource Center	52,832	-	-	52,832	-	-
Total State Programs	$ 14,652,103	$ 403,613	$ 29,976	$ 4,331,881	$ 10,693,859	$ 10,693,859

See accompanying note to supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit*	191.61	-	191.61
2. Credit	1,122.62	-	1,122.62
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit*	79.70	-	79.70
2. Credit	189.98	-	189.98
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,890.08	-	6,890.08
(b) Daily Census Contact Hours	1,555.07	-	1,555.07
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	123.46	-	123.46
(b) Credit	370.85	-	370.85
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	806.95	-	806.95
(b) Daily Census Contact Hours	683.51	-	683.51
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	12,013.83	-	12,013.83
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit**	380.86	-	380.86
2. Credit	962.92	-	962.92
CCFS-320 Addendum			
CDCP Noncredit FTES	99.64	-	99.64

* Annual report revised as of November 1, 2018.
** Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 13,745,979	$ -	$ 13,745,979	$ 13,745,979	$ -	$ 13,745,979
Other	1300	11,026,975	-	11,026,975	11,048,009	-	11,048,009
Total Instructional Salaries		24,772,954	-	24,772,954	24,793,988	-	24,793,988
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	4,310,840	-	4,310,840
Other	1400	-	-	-	305,040	-	305,040
Total Noninstructional Salaries		-	-	-	4,615,880	-	4,615,880
Total Academic Salaries		24,772,954	-	24,772,954	29,409,868	-	29,409,868
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	12,625,666	-	12,625,666
Other	2300	-	-	-	710,574	-	710,574
Total Noninstructional Salaries		-	-	-	13,336,240	-	13,336,240
Instructional Aides							
Regular Status	2200	383,669	-	383,669	383,669	-	383,669
Other	2400	83,527	-	83,527	85,472	-	85,472
Total Instructional Aides		467,196	-	467,196	469,141	-	469,141
Total Classified Salaries		467,196	-	467,196	13,805,381	-	13,805,381
Employee Benefits	3000	9,060,158	-	9,060,158	18,614,570	-	18,614,570
Supplies and Material	4000	-	-	-	1,441,439	-	1,441,439
Other Operating Expenses	5000	-	-	-	5,177,750	-	5,177,750
Total Expenditures Prior to Exclusions		34,300,308	-	34,300,308	68,449,008	-	68,449,008

See accompanying note to supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 406,836	$ -	$ 406,836	$ 448,836	$ -	$ 448,836
Student Health Services Above Amount Collected	6441	-	-	-	97,674	-	97,674
Student Transportation	6491	-	-	-	155,514	-	155,514
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,254,281	-	1,254,281
Objects to Exclude							
Rents and Leases	5060	-	-	-	159,193	-	159,193
Lottery Expenditures							-
Classified Salaries	2000	-	-	-	328,050	-	328,050
Employee Benefits	3000	-	-	-	145,451	-	145,451
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	125	-	125
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	256,596	-	256,596
Total Supplies and Materials		-	-	-	256,721	-	256,721

See accompanying note to supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 1,204,600	$ -	$ 1,204,600
Total Exclusions		406,836	-	406,836	4,050,320	-	4,050,320
Total for ECS 84362, 50 Percent Law		$ 33,893,472	$ -	$ 33,893,472	$ 64,398,688	$ -	$ 64,398,688
Percent of CEE (Instructional Salary Cost/Total CEE)		52.63%		52.63%	100.00%		100.00%
50% of Current Expense of Education					$ 32,199,344		$ 32,199,344

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

There were no adjustments to the Annual Financial and Budget Report (CCFS-311), which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2018

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 9,303,161
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 9,303,161	$ -	$ -	$ 9,303,161
Total Expenditures for EPA		$ 9,303,161	$ -	$ -	$ 9,303,161
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance, Retained Earnings, and Due to Student Groups		
General Fund	$ 20,591,362	
Capital Project Funds	29,971,243	
Debt Service Fund	3,866,428	
Enterprise Funds	259,676	
Internal Service Fund	3,011,113	
Fiduciary Funds	1,101,306	
Total Fund Balance, Retained Earnings, and Due to Student Groups		**$ 58,801,128**
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	219,601,115	
Accumulated depreciation is	(93,102,720)	
Total Capital Assets		126,498,395
Amounts held in trust on behalf of others (Trust Funds)		(1,101,306)
Deferred gains or losses on refunding of debt (the difference between the reacquisition price and the net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities expense.		6,595,358
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,372,647)
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 the measurement date	6,939,425	
Net change in proportionate share of net pension liability	252,919	
Differences between projected and actual earnings on pension plan investments	1,126,293	
Differences between expected and actual experience in the measurement of the total net pension liability	1,346,712	
Changes of assumption	13,787,218	
Total Deferred Outflows of Resources related to Pensions		23,452,567

See accompanying note to supplementary information.

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE STATEMENT OF NET POSITION, CONTINUED
JUNE 30, 2018

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	$ (2,650,546)	
Differences between projected and actual earnings on pension plan investments	(1,298,358)	
Differences between expected and actual experience in the measurement of the total net pension liability	(850,284)	
Changes of assumption	(383,334)	
Total Deferred Inflows of Resources related to Pensions		$ (5,182,522)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	(102,461,934)	
Compensated absences and load banking	(1,532,954)	
Group term life insurance liability	(735,000)	
Aggregate net other postemployment benefits (OPEB) liability	(2,700,290)	
Aggregate net pension obligation	(81,308,614)	
Less compensated absences already recorded in funds	538,859	
Less group term life insurance liability already recorded in funds	735,000	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is:	(6,177,101)	
Total Long-term Obligations		(193,642,034)
Total Net Position		**$ 14,048,939**

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2018.

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 Community Colleges Chancellor's Office.

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

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including certain 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

Education Code Section 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 Audited Financial Statements

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of the Governmental Fund Balance Sheets 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 government-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

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

Board of Trustees
Citrus Community College District
Glendora, 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 Citrus Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

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
November 28, 2018

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

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

Board of Trustees
Citrus Community College District
Glendora, California

Report on Compliance for Each Major Federal Program

We have audited Citrus 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, 2018. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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, 2018.

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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 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
November 28, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Citrus Community College District
Glendora, California

Report on State Compliance

We have audited Citrus Community College District's (the District) compliance with the types of compliance requirements as identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2018.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance 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 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2018.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

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 (CCAP and Non-CCAP)
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP) Funds
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 440	Intersession Extension Programs
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
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	Education Protection Account Funds

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

The District does not operate an Intersession Extension Program; therefore, the compliance tests within this section were not applicable.

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds programs for Funding; therefore, the compliance tests within this section were not applicable.

The District reports no attendance for classes with To Be Arranged (TBA) Hours; therefore, the compliance tests within this section were not applicable.

The District does not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 28, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

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 Programs or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

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

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, 2018

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

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

2017-001 ***Allowable Costs***

Program Name: Preparing Tomorrow's Teachers Today through Technology (PT5)
CFDA Number: 84.031S
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

The Uniform Guidance states that personnel costs for Federal programs should represent only "reasonable amounts for activities contributing and directly related to work under an agreement" (2 CFR 200.430).

Condition

Significant Deficiency **-** The salary and fringe benefits for one employee, who did not perform services for the PT5 grant, were erroneously charged to the grant during the 2016-2017 fiscal year.

Questioned Costs

The salary and fringe benefits for the employee totaled $49,141 for the 2016-2017 year. A 100 percent review of personnel charges related to the grant indicated no other employees who were inappropriately charged to the program.

Context

The PT5 program had a total of $324,386 in expenditures for the current year, of which $244,836 is associated with salaries and benefits.

Effect

The District did not comply with the Allowable Cost principles identified in 2 CFR 200, subpart E.

Cause

The District's review of personnel charges did not identify the employee that should not have been charged to the program.

Repeat Finding: No

Recommendation

The District should monitor personnel costs to the program in accordance with their policies and procedures. The District should review personnel costs on a periodic basis to ensure that costs charged are supported by allowable activities directly related to the program. Additionally, adequate supporting documentation should be retained for personnel charges for Federal grants.

Current Status

Implemented.

State Awards Findings

None reported.

UNAUDITED ADDITIONAL SUPPLEMENTARY INFORMATION

CITRUS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General	General Restricted	Community and Contract Education
ASSETS			
Cash and cash equivalents	$ 51,239	$ -	$ -
Investments	24,543,192	5,345,436	19,440
Accounts receivable	1,191,409	1,420,257	98,848
Due from other funds	1,541,677	-	-
Total Assets	$ 27,327,517	$ 6,765,693	$ 118,288
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 7,521,713	$ 958,953	$ 29,878
Due to other funds	-	-	88,410
Unearned revenue	617,699	4,403,483	-
Total Liabilities	8,139,412	5,362,436	118,288
FUND BALANCES			
Reserved	3,898,788	1,403,257	-
Designated	2,779,377	-	-
Undesignated	12,509,940	-	-
Total Fund Balances	19,188,105	1,403,257	-
Total Liabilities and Fund Balances	$ 27,327,517	$ 6,765,693	$ 118,288

See accompanying note to additional supplementary information.

Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Funds (Memorandum Only)
$ -	$ 26,921	$ -	$ 78,160
3,866,428	22,989,239	7,180,166	63,943,901
-	1,443,409	43,349	4,197,272
-	-	-	1,541,677
$ 3,866,428	$ 24,459,569	$ 7,223,515	$ 69,761,010
$ -	$ 1,344,275	$ 352,837	$ 10,207,656
-	-	-	88,410
-	14,729	-	5,035,911
-	1,359,004	352,837	15,331,977
3,866,428	23,100,565	6,870,678	39,139,716
-	-	-	2,779,377
-	-	-	12,509,940
3,866,428	23,100,565	6,870,678	54,429,033
$ 3,866,428	$ 24,459,569	$ 7,223,515	$ 69,761,010

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General	General Restricted	Community and Contract Education
REVENUES			
Federal revenues	$ 27,885	$ 1,784,795	$ -
State revenues	62,565,706	9,906,089	-
Local revenues	16,740,631	1,860,982	69,185
Total Revenues	79,334,222	13,551,866	69,185
EXPENDITURES			
Current Expenditures			
Academic salaries	29,883,515	2,551,671	9,414
Classified salaries	15,831,667	3,800,561	129,492
Employee benefits	23,842,165	2,144,500	59,339
Books and supplies	1,585,060	317,818	11,969
Services and operating expenditures	5,664,314	1,346,189	16,164
Capital outlay	582,179	1,597,841	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
Total Expenditures	77,388,900	11,758,580	226,378
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,945,322	1,793,286	(157,193)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	108,235	26,511	83,927
Operating transfers out	(5,160,438)	(87,152)	(7,079)
Other sources	23,263	-	-
Other uses	-	(1,417,536)	-
Total Other Financing Sources (Uses)	(5,028,940)	(1,478,177)	76,848
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(3,083,618)	315,109	(80,345)
FUND BALANCES, BEGINNING OF YEAR	22,271,723	1,088,148	80,345
FUND BALANCES, END OF YEAR	$ 19,188,105	$ 1,403,257	$ -

See accompanying note to additional supplementary information.

Bond Interest and Redemption	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Funds (Memorandum Only)
$ -	$ -	$ -	$ 1,812,680
47,605	3,234,344	-	75,753,744
6,324,179	1,580,253	130,943	26,706,173
6,371,784	4,814,597	130,943	104,272,597
-	-	-	32,444,600
-	337,914	79,475	20,179,109
-	118,970	33,688	26,198,662
-	79,199	1,277	1,995,323
-	1,600,422	93,806	8,720,895
-	3,702,096	2,074,100	7,956,216
1,770,000	-	-	1,770,000
3,399,238	-	-	3,399,238
5,169,238	5,838,601	2,282,346	102,664,043
1,202,546	(1,024,004)	(2,151,403)	1,608,554
-	3,150,000	-	3,368,673
-	-	-	(5,254,669)
-	-	-	23,263
-	-	-	(1,417,536)
-	3,150,000	-	(3,280,269)
1,202,546	2,125,996	(2,151,403)	(1,671,715)
2,663,882	20,974,569	9,022,081	56,100,748
$ 3,866,428	$ 23,100,565	$ 6,870,678	$ 54,429,033

CITRUS COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
BALANCE SHEET
JUNE 30, 2018

	Enterprise Funds				Internal
			Golf Driving		Service
	Bookstore	Cafeteria	Range	Total	Fund
ASSETS					
Cash and cash equivalents	$ 46,791	$ -	$ 2,289	$ 49,080	$ 934,723
Investments	-	-	279,680	279,680	2,074,569
Accounts receivable	36,248	-	2,917	39,165	2,507
Stores inventories	822,850	-	764	823,614	-
Total Assets	$ 905,889	$ -	$ 285,650	$ 1,191,539	$ 3,011,799
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	$ 199,907	$ -	$ 32,799	$ 232,706	$ 686
Due to other funds	699,157	-	-	699,157	-
Total Liabilities	899,064	-	32,799	931,863	686
FUND EQUITY					
Retained earnings	6,825	-	252,851	259,676	3,011,113
Total Liabilities and Fund Equity	$ 905,889	$ -	$ 285,650	$ 1,191,539	$ 3,011,799

See accompanying note to additional supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds				Internal Service Fund
	Bookstore	Cafeteria	Golf Driving Range	Total	
OPERATING REVENUES					
Sales and commissions	$3,767,705	$ -	$ 115,918	$3,883,623	$ -
Premium contributions	-	-	-	-	997,734
Total Operating Revenues	3,767,705	-	115,918	3,883,623	997,734
OPERATING EXPENSES					
Classified salaries	671,708	-	95,395	767,103	-
Employee benefits	197,980	-	12,189	210,169	1,000,000
Books and supplies	43,654	-	19,813	63,467	-
Services and other operating expenditures	2,810,452	-	33,505	2,843,957	492,216
Capital outlay	12,761	-	8,294	21,055	-
Total Operating Expenses	3,736,555	-	169,196	3,905,751	1,492,216
Operating Income (Loss)	31,150	-	(53,278)	(22,128)	(494,482)
NONOPERATING REVENUES (EXPENSES)					
Interest income	-	-	3,278	3,278	6,419
Other contract services	15,361	-	-	15,361	-
Operating transfers in	10,617	9,542	50,000	70,159	1,850,000
Operating transfers out	(57,128)	(9,542)	-	(66,670)	-
Other uses	-	-	-	-	(582,471)
Total Nonoperating Revenues (Expenses)	(31,150)	-	53,278	22,128	1,273,948
NET INCOME	-	-	-	-	779,466
RETAINED EARNINGS, BEGINNING OF YEAR	6,825	-	252,851	259,676	2,231,647
RETAINED EARNINGS, END OF YEAR	$ 6,825	$ -	$ 252,851	$ 259,676	$3,011,113

See accompanying note to additional supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Internal Service Fund
	Bookstore	Cafeteria	Golf Driving Range	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and commissions	$ 3,789,693	$ 2,808	$ 112,961	$ -
Cash received from user charges	-	6,674	-	997,734
Cash payments to employees for services	(1,159,982)	-	(111,059)	-
Cash payments for insurance claims	-	-	-	(492,417)
Cash payments to vendors	(2,615,668)	(9,542)	(29,173)	-
Cash payments to irrevocable trust	-	-	-	(1,000,000)
Net Cash Flows from Operating Activities	14,043	(60)	(27,271)	(494,683)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	-	3,278	6,419
Other income	15,361	-	-	-
Transfers in	10,617	9,542	50,000	1,850,000
Transfers out	(57,128)	(9,542)	-	-
Other uses	-	-	-	(582,471)
Net Cash Flows from Investing Activities	(31,150)	-	53,278	1,273,948
Net change in cash and cash equivalents	(17,107)	(60)	26,007	779,265
Cash and cash equivalents - Beginning	63,898	60	255,962	2,230,027
Cash and cash equivalents - Ending	$ 46,791	$ -	$ 281,969	$ 3,009,292
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income/(Loss)	31,150	-	(53,278)	$ (494,482)
Changes in assets and liabilities:				
Accounts receivable	21,988	2,808	(2,117)	-
Stores inventories	187,348	6,674	12,626	-
Accounts payable	20,197	(8,555)	16,338	(201)
Due to other funds	(246,640)	(987)	-	-
Unearned revenue	-	-	(840)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 14,043	$ (60)	$ (27,271)	$ (494,683)

See accompanying note to additional supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
BALANCE SHEET
JUNE 30, 2018

	Associated Students Organization	Student Representation Fee	Student Financial Aid	Total
ASSETS				
Cash and cash equivalents	$ 1,674,134	$ 15,428	$ 7,732	$ 1,697,294
Investments	490,815	47,616	-	538,431
Accounts receivable	91,175	2,338	1,831,227	1,924,740
Total Assets	$ 2,256,124	$ 65,382	$ 1,838,959	$ 4,160,465
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 110,914	$ -	$ 1,056,744	$ 1,167,658
Due to other funds	-	-	754,110	754,110
Unearned revenue	76,809	-	28,105	104,914
Due to student groups	1,032,477	-	-	1,032,477
Total Liabilities	1,220,200	-	1,838,959	3,059,159
FUND BALANCES				
Designated	1,035,924	65,382	-	1,101,306
Total Liabilities and Fund Balances	$ 2,256,124	$ 65,382	$ 1,838,959	$ 4,160,465

See accompanying note to additional supplementary information.

CITRUS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENTS OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Associated Students Organization	Student Representation Fee	Student Financial Aid	Total
REVENUES				
Federal revenues	$ -	$ -	$ 18,859,170	$ 18,859,170
State revenues	-	-	2,020,664	2,020,664
Local revenues	933,663	26,782	-	960,445
Total Revenues	933,663	26,782	20,879,834	21,840,279
EXPENDITURES				
Current Expenditures				
Classified salaries	215,251	-	-	215,251
Employee benefits	67,863	-	-	67,863
Books and supplies	92,015	-	-	92,015
Services and operating expenditures	295,716	12,350	-	308,066
Capital outlay	21,933	-	-	21,933
Total Expenditures	692,778	12,350	-	705,128
EXCESS OF REVENUES OVER EXPENDITURES	240,885	14,432	20,879,834	21,135,151
OTHER FINANCING SOURCES (USES)				
Operating transfers in	47,586	-	-	47,586
Operating transfers out	-	(1,829)	(13,250)	(15,079)
Other uses - student financial aid	(31,356)	-	(20,866,584)	(20,897,940)
Total Other Financing Sources (Uses)	16,230	(1,829)	(20,879,834)	(20,865,433)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	257,115	12,603	-	269,718
FUND BALANCES, BEGINNING OF YEAR	778,809	52,779	-	831,588
FUND BALANCES, END OF YEAR	$ 1,035,924	$ 65,382	$ -	$ 1,101,306

See accompanying note to additional supplementary information.

NOTE TO UNAUDITED ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of the District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. This information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of District management.