



MT. SAN ANTONIO
COMMUNITY COLLEGE
DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



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

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mt. San Antonio Community College District
Walnut, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Mt. San Antonio College Auxiliary Services), and the aggregate remaining fund information of Mt. San Antonio 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, 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 16 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 27, and other required supplementary schedules on pages 84 through 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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 December 4, 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.

Vaughn, Tuma, Day & Co, LLP

Rancho Cucamonga, California
December 4, 2018

Introduction

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

Mt. San Antonio Community College District is a public Community College district that offers a diversified program designed to develop qualities of general education essential for citizens in a democratic society. The mission of the College is to support all students in achieving their educational goals in an environment of academic excellence. Specifically, the College is committed to providing quality education, services, and workforce training so that students become productive members of a diverse, sustainable, global society. The College pledges to prepare students for lifelong learning through the mastery of basic skills, the achievement of associate degrees and certificates, and the completion of career and transfer pathways. The College will carry out this commitment by providing an engaging and supportive teaching and learning environment for students of diverse origins, experiences, needs, abilities, and goals. The College is dedicated to serving our community through improving economic achievement, advancing civic engagement, enhancing personal well-being, promoting critical thinking, and enriching aesthetic and cultural experiences.

Mt. San Antonio Community College District has emerged as a leader in education not only in the San Gabriel Valley, but in the State of California. The District is the largest, single-campus community college district in the State. The District proudly celebrates over 70 years of educational excellence. The District will continue to offer access to quality programs and services, as well as provide an environment for educational excellence throughout the 21st century.

Accounting Standards

In June 1999, the Governmental Accounting Standard's Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and in November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which have been amended by GASB Statements No. 37, No. 38, and No. 39. These statements established that for financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow the standards under the Business Type Activity (BTA) model. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows; instead of the fund group perspective previously required. The District is reporting its financial statements according to these standards.

BOARD OF TRUSTEES

Dr. Manuel Baca • Rosanne M. Bader • Jay F. Chen • Judy Chen Haggerty, Esq.
Dr. David K. Hall • Robert F. Hidalgo • Laura L. Santos

COLLEGE PRESIDENT / CEO – Dr. William T. Scroggins

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement impacts the accounting and reporting (accrual basis) of pension expense and net pension liability by reflecting the amounts on the government-wide financial statements. The California Community Colleges Chancellor's Office recommended that all California community colleges follow these new standards to reflect the proportionate share of the CalSTRS and CalPERS pension expense and net pension liability. The District has implemented the provisions of this statement.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting Postemployment Benefit Plans Other than pensions Plans*. The principal objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports (financial reports) of State and local governmental benefit plans for making decisions and assessing accountability. These benefits are referred to as other postemployment benefits (OPEB), and the plans through which the benefits are provided are referred to as OPEB plans. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. GASB Statement No. 75 also establishes requirements for reporting information about financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. GASB Statements No. 74 and No. 75 are closely related in some areas, and certain provisions of this GASB Statement No. 74 refer to GASB Statement No. 75. The District has implemented the provisions of this Statement as of June 30, 2018.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees (both active employees and inactive employees) are provided with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB). One aspect of that objective is to provide information about the effects of OPEB-related transactions and other events on the elements of the basic financial statements. This information will assist users in assessing accountability and the relationship between a government's inflows of resources and its total cost (including OPEB expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's OPEB obligations and the resources, if any, available to satisfy those obligations. An additional objective of this Statement, is to improve the information provided in government financial reports about OPEB-related financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. Finally, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes standards of financial reporting for defined benefit OPEB plans and defined contribution OPEB plans. GASB Statements No. 74 and No. 75 are closely related in some areas, and certain provisions of this Statement refer to GASB Statement No. 74. The District has implemented the provisions of this Statement as of June 30, 2018.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

FINANCIAL HIGHLIGHTS

This section is to provide an overview of the District's financial activities. A comparative analysis is included in the Management's Discussion and Analysis using prior year information.

Selected Highlights

- Prior to July 2009, the Los Angeles County Superintendent of Schools provided the District with fiscal, budgetary, and financial management services through a contractual agreement for many years. On August 27, 2008, the Board of Trustees approved the District's application to the Los Angeles County Superintendent of Schools requesting Fiscal Accountability Status. The District began this process by following the steps as defined in *Education Code* Section 85266, which required adhering to statutory requirements with specific deadlines. Part of this approval process was to demonstrate to the Los Angeles County Superintendent of Schools that the District had a financial management system in place, as it would no longer be using the County's Finance and Payroll Systems. The integrity and security of the new Banner Finance and Human Resources/Payroll systems were validated by a team of external auditors prior to obtaining Fiscal Accountability Status. In addition, the auditors also validated that the District had a system of adequate internal controls, processes and procedures.

Effective July 1, 2009 the District obtained Fiscal Accountability Status as approved by the Los Angeles County Superintendent of Schools. Achieving the Fiscal Accountability Status was necessary, because it allowed the District to implement an integrated management information system without the need for extensive interfaces with the County's systems. This transition has given departments the ability to obtain accurate and timely information that is required to monitor budgets and analyze current financial data in order to ensure sound financial decision making.

As a result of the Fiscal Accountability Status, the District assumed the majority of the responsibilities previously performed by the Los Angeles County Superintendent of Schools for fiscal, budget, human resources/payroll, and financial management systems processing. In addition, the District assumed oversight for the internal audit function for the issuance of payroll and commercial warrants. With the Fiscal Accountability Status, the Los Angeles County Superintendent of Schools retained high-level oversight of the District, but was no longer involved in the day-to-day activities. Their role was to ensure that the District complied with the approved Fiscal Accountability Plan.

This transfer of responsibilities from the Los Angeles County Superintendent of Schools to the District was an enormous undertaking. The time and effort required to obtain Fiscal Accountability Status was achieved by hard work, collaboration, and dedication by the District's staff.

- On August 2011, after two years of operation, under the Fiscal Accountability Status, the District submitted an application to the County Superintendent of Schools and the State Chancellor's Office to obtain Fiscal Independence Status.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Under *Education Code* Section 85266.5, Fiscal Independence is granted upon the approval of the Board of Governors of the California Community College Systems Office, based largely on the recommendation from the Los Angeles County Superintendent of Schools and the Los Angeles County Auditor/Controller, supported by the results of an assigned independent Certified Public Accountant firm's survey of Mt. San Antonio College's accounting controls. Obtaining Fiscal Independence Status allows the District to have broad authority to issue warrants without the review or approval of the Los Angeles County Superintendent of Schools or the Los Angeles County Auditor/Controller.

Based on the District's excellent reputation for fiscal management, validation of the internal controls by a team of external auditors, a recommendation from the Los Angeles County Superintendent of Schools, and a recommendation from the Los Angeles Auditor-Controller, the State Chancellor's Office submitted a request to the Board of Governors to grant Fiscal Independence Status to Mt. San Antonio Community College District. On November 7, 2011, the Board of Governors approved Mt. San Antonio College Fiscal Independence Status, effective July 1, 2012.

In March 2017, the College received a commendation from the Accrediting Commission for Community and Junior Colleges for successfully completing the rigorous testing and implementation required to achieve fiscal independence status. The College has been operating under the fiscal independence status since the fiscal year 2012-2013, evidence of compliance is included in the Fiscal Independence oversight reports issued by the Los Angeles County Office of Education.

- On November 6, 2001, the voters of the District approved a \$221 million general obligation bond (Measure R) under Proposition 39 to provide better facilities for the students, faculty, and the community. Originally, there were 17 construction projects planned, but due to the increase in construction costs, three of these projects were eliminated; which left 14 major projects to be undertaken. Ground breaking began, for some of the projects, during 2001-2002 and continued through 2015-2016. The proceeds of these general obligation bond funds were completely expensed on June 30, 2015. The following bonds were issued:
 - \$40 million Series A were issued in May 2002.
 - \$75 million Series B were issued in February 2004.
 - \$75.7 million refunding bonds were issued in September 2005. This issuance refunded certain Series A and B bonds.
 - \$80 million Series C were issued in September 2006.
 - \$26 million Series D were issued in July 2008/
 - \$29.9 million refunding bonds were issued in June 2012. This issuance refunded certain 2005 refunding bonds.
 - \$74.9 million Series A and \$48.2 million Series B refunding bonds were issued in August 2013. These issuances refunded certain 2006 Series C bonds, 2005 refunding bonds, and 2012 refunding bonds.
 - \$19.4 million 2015 refunding bonds were issued in September 2015. This issuance refunded certain 2008 Series D bonds.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

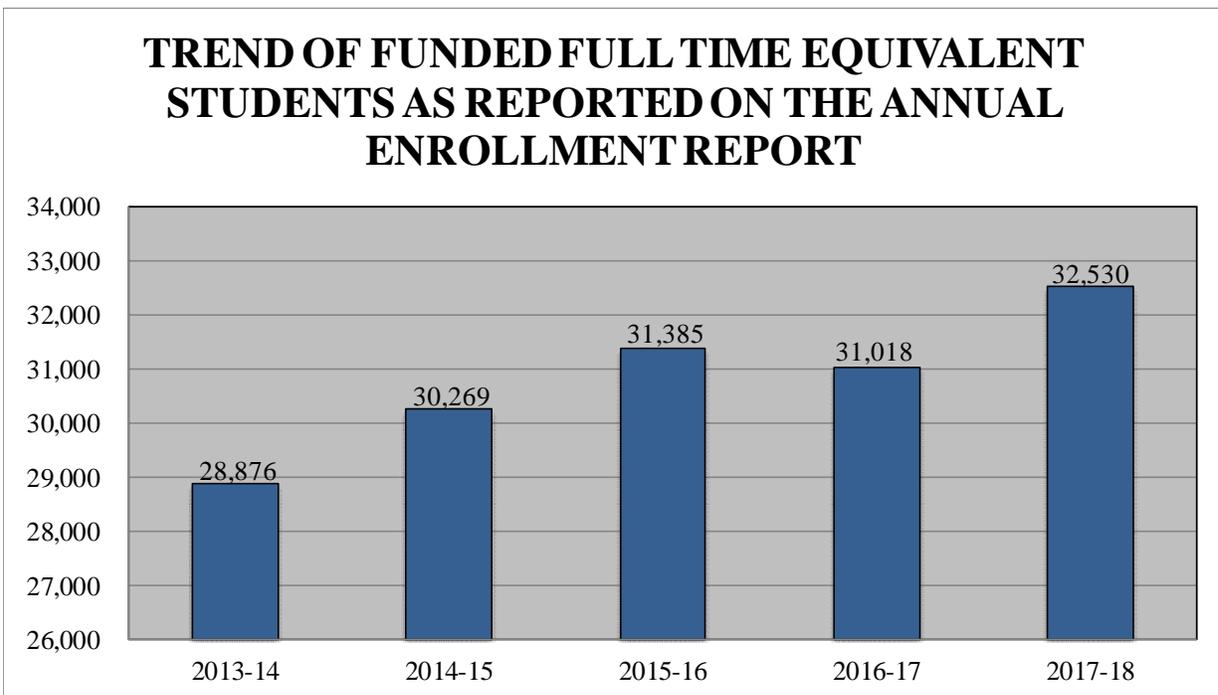
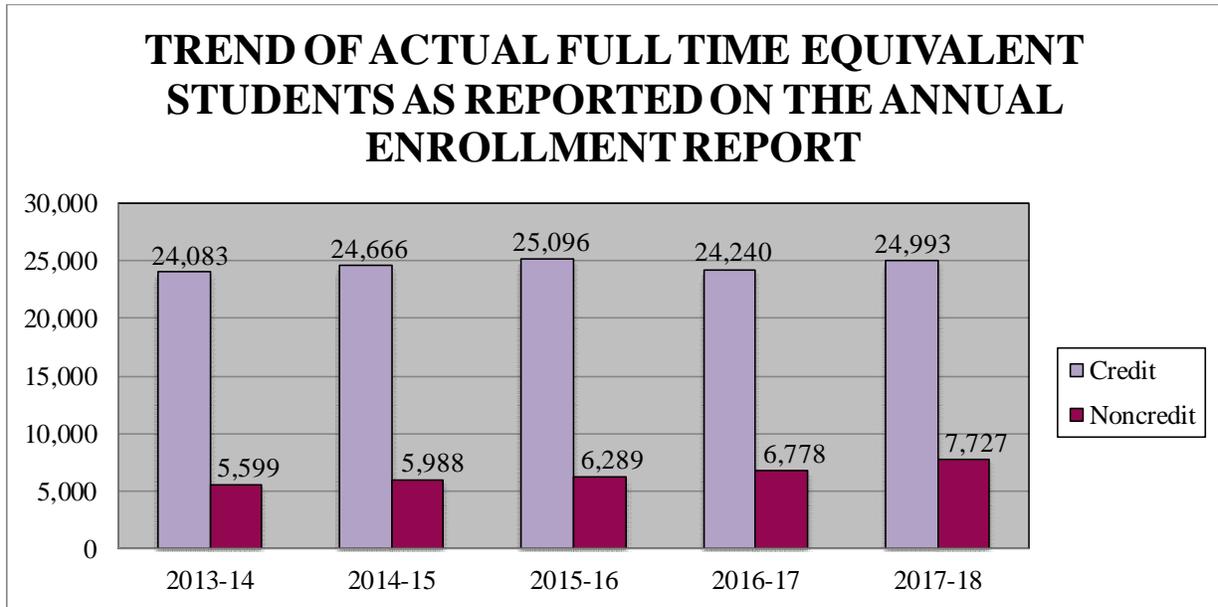
JUNE 30, 2018

- On November 4, 2008, the voters of the District approved a \$353 million general obligation bond (Measure RR) under Proposition 39 to finance the repair, upgrade and acquisition of equipment and instructional facilities for the science and computer labs, library, fire academy training facility, classrooms for nursing, paramedics and police officers, classrooms for education and vocational job training, a new computer technology center, and the establishment of a 2008 lease revenue bonds escrow account. The following bonds were issued:
 - \$205.6 million Series A and \$11.7 million Series B were issued in August 2013.
 - \$20 million Series C were issued in September 2015.
- On May 1, 2010, the District issued \$65 million in bond anticipation notes. This was the result of the District's inability to issue bonds from the 2008 election (Measure RR) due to the decreased property valuations and the need to continue with scheduled construction projects. These bond anticipation notes financed the repair, upgrade, acquisition, construction and equipment of certain District property and facilities, and an escrow account was established to retire the debt for the 2008 lease revenue bonds. The District retired this bond anticipation notes obligation in August 2013 with the issuance of Series A and B 2008 Election general obligation bonds.
- On April 6, 2017, the District issued \$90 million, under the Measure RR authorization, in bond anticipation notes. When assessed value improves, the College will sell general obligation bonds and retire this obligation. These bond anticipation notes will finance the remaining cost of the Business Project, the startup cost of the Athletics Complex, the Design of the Campus Center, and other campus-wide improvements.
- As of June 30, 2018, the total actual full-time equivalent students (FTES) increased from 31,018 to 32,720, a 5.5 percent increase for credit and noncredit courses. Funded credit and noncredit FTES are the basis for which the District receives State apportionment funding. The District estimated funded FTES for credit and noncredit increased from 31,018 in 2016-2017 to 32,530 in 2017-2018. This results in an approximate increase of 1,512 FTES, of which 388 FTES are to restore FTES due to the decline in the fiscal year 2016-2017 and 1,124 FTES to earn the 2017-2018 Growth. The final funded FTES for the fiscal year 2017-2018 will be communicated to the District with the apportionment recalculation in February 2019.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018



- The District ended the fiscal year 2017-2018 with an ending fund balance of \$47.6 million in the Unrestricted General Fund, which represents 23.84 percent of the total expenditures, well above the 10 percent unassigned fund balance board policy. The District continues to end the fiscal year with a strong fund balance (reserves) due to fiscal prudence. These healthy fund balances and the efficient use of its resources have allowed the District to serve its students and the community at a high level, while allowing for careful consideration of budget plans for the fiscal year 2018-2019 and beyond.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

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 GASB Statements No. 34 and No. 35 which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District funds including Student Financial Aid Programs.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Also, in accordance with GASB 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 the fund balances reported on the June 30, 2018 Annual Financial and Budget Report (CCFS-311), based upon governmental accounting principles and the modified accrual basis of accounting, and the total net position recorded on the full accrual basis of accounting is as follows:

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance:

General Funds	\$ 50,906,416	
Child Development	817,649	
Health Services	1,144,605	
Debt Service	17,190,840	
Capital Outlay	64,170,217	
Bond Construction	8,085,186	
Farm Operations	245,172	
Fiduciary Funds	<u>3,580,932</u>	
Total Fund Balance per CCFS-311	146,141,017	
Funds not included in the CCFS-311 report	<u>81,954,565</u>	
Total Fund Balance - All District Funds		<u>228,095,582</u>

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	651,123,307	
Accumulated depreciation is	<u>(156,821,464)</u>	494,301,843
Amounts held in trust on behalf of others (Trust and Agency Funds)		(85,521,170)

The District has refunded debt obligations. The difference between the amount that was sent to escrow agent for the payment of the old debt and the actual remaining debt obligations will be amortized as an adjustment to interest expense. The balance represents the unamortized deferred charges on refunding amounts as of June 30, 2018.

2,026,787

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.

(2,439,879)

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	19,412,486	
Net change in proportionate share of net pension liability	3,962,114	
Differences between projected and actual earnings on pension plan investments	3,117,288	
Differences between expected and actual experience in the measurement of the total net pension liability	3,723,530	
Changes of assumption	<u>37,968,092</u>	
Total Deferred Outflows of Resources related to Pensions		68,183,510

(continued)

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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	\$ 2,270,922	
Differences between expected and actual experience in the measurement of the total net pension liability	3,566,008	
Differences between expected and actual experience in the measurement of the total net pension liability	2,335,352	
Changes of assumption	<u>1,060,967</u>	
Total Deferred Inflows of Resources related to Pensions		\$ (9,233,249)

Deferred outflows of resources related to OPEB 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 OPEB at year-end consist of:

Differences between projected and actual earnings on OPEB plan investments	1,741,280	
Changes of assumption	<u>10,934,030</u>	
Total Deferred Outflows of Resources related to OPEB		12,675,310

Deferred inflows of resources related to OPEB 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 OPEB at year-end consist of:

Differences between expected and actual experience		(447,348)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	433,752,698	
Premium on bonds	19,794,164	
Aggregate net other postemployment benefits (OPEB) liability	51,816,293	
Aggregate net pension obligation	224,008,285	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following:	<u>58,608,352</u>	
		<u>(787,979,792)</u>
Total Net Position		<u>\$ (80,338,406)</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

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 of time financial statements. The purpose of this statement 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), liabilities (current and noncurrent) and net position (assets minus liabilities).

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. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the District.

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District as 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 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 and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Our analysis below focuses on net position and change in net position of the District's business-type activities.

(Amounts in thousands)

	2018	(as restated) 2017	Change
ASSETS			
Current Assets			
Cash and investments	\$ 184,115	\$ 240,475	\$ (56,360)
Accounts receivable and other assets	12,410	8,675	3,735
Total Current Assets	<u>196,525</u>	<u>249,150</u>	<u>(52,625)</u>
Capital Assets (net)	<u>494,302</u>	<u>456,974</u>	<u>37,328</u>
Total Assets	<u>690,827</u>	<u>706,124</u>	<u>(15,297)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,027	2,769	(742)
Deferred outflows related to pensions	68,184	42,040	26,144
Deferred outflows related to OPEB	12,675	-	12,675
Total Deferred Outflows of Resources	<u>82,886</u>	<u>44,809</u>	<u>38,077</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	25,086	34,652	(9,566)
Unearned revenue	20,241	17,384	2,857
Current portion of long-term obligations other than pensions	14,040	13,175	865
Total Current Liabilities	<u>59,367</u>	<u>65,211</u>	<u>(5,844)</u>
Long-Term Obligations	<u>785,004</u>	<u>730,854</u>	<u>54,150</u>
Total Liabilities	<u>844,371</u>	<u>796,065</u>	<u>48,306</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	9,233	7,729	1,504
Deferred inflows related to OPEB	447	-	447
Total Deferred Inflows of Resources	<u>9,680</u>	<u>7,729</u>	<u>1,951</u>
NET POSITION			
Net investment in capital assets	92,559	91,064	1,495
Restricted	42,494	41,546	948
Unrestricted	<u>(215,391)</u>	<u>(185,471)</u>	<u>(29,920)</u>
Total Net Position	<u>\$ (80,338)</u>	<u>\$ (52,861)</u>	<u>\$ (27,477)</u>

This schedule has been prepared from the District *Statement of Net Position* (page 28), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated and all liabilities of the District are recognized.

Cash and short-term investments consist primarily of funds held in the County Treasury. The changes in cash position are explained in the *Statement of Cash Flows* (pages 30-31).

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

- The total cash balance had a net decrease of \$56.4 million. The General Fund cash decreased by \$6.0 million primarily as result of property tax revenues for the Educational Revenue Augmentation Fund (ERAF) that was not received until July 2019 and an increase in adjunct faculty to support the 2017-2018 Growth. The Capital Outlay and Bond Interest Redemption funds experienced increases in revenues of \$2.6 million mainly as a result of projects funded with the Strong Workforce Regional grants. The Bond Construction funds decreased by \$53.0 million for payments made for construction on the Business and Computer Technology Building, Athletics Complex Phase 2, Parking Structure Lot R, Temporary Space Portable Building 40, Portable Building 16E, and other miscellaneous projects.
- Total account receivables and other assets increased by \$3.7 million. The General Fund increased by \$5.2 million mostly due to property tax revenues for the ERAF that were accrued as of June 30, 2018; the Capital Outlay Fund decreased by \$0.8 million because the accounts receivable for the Southern California Edison Rebate for the Central Plant Chilled Water Project outstanding as of June 30, 2017 was collected during the 2017-2018 fiscal year. In addition, the Retirees Health Premiums accounts receivable from the OPEB trust decreased by \$0.7 million due to a reduction in outstanding premiums year-over-year. The financial statements for the OPEB Trust are presented in the Statement of Fiduciary Net Position. On May 27, 2015, the Board of Trustees approved a funding plan for the OPEB, which consists of funding \$2.5 million from the Unrestricted General Fund and paying the Retirees Health Premiums from the interest earned on the OPEB Trust.
- Capital assets had a net increase of \$37.3 million. The District had additions of \$164.8 million related to equipment purchases, site and site improvement, and construction in progress. The District recognized a depreciation expense of \$14.0 million during 2017-2018. The capital asset section of this discussion and analysis provides additional information.
- The deferred charges on refunding decreased by \$0.7 million. This decrease is the result of the amortization for the Measure R general obligation refunding bonds series 2013A, 2013B and 2015.
- Changes in net pension obligation attributable to experience gain/losses, assumption changes, and differences between projected and actual earnings on investments not recognized as expenses during the 2017-2018 fiscal year are accounted for as deferred inflows and outflows of resources.

The deferred outflows of resources related to pensions increased by \$26.1 million. This increase is due to the District's share of deferred outflows for changes in assumptions in the discount rate, basically CalSTRS and CalPERS lowered the discount rate, which increases the net pension obligation. CalSTRS deferred outflows of resources increased by \$19.4 million, while CalPERS deferred outflows increased by \$6.7 million. The deferred inflows of resources related to pensions decreased by \$1.5 million. CalSTRS deferred inflows increased by \$2.6 million, while CalPERS deferred inflows decreased by \$1.1 million. See Note 12 for detailed information related to the aggregate net pension obligation and the associated deferred inflows and outflows of resources.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

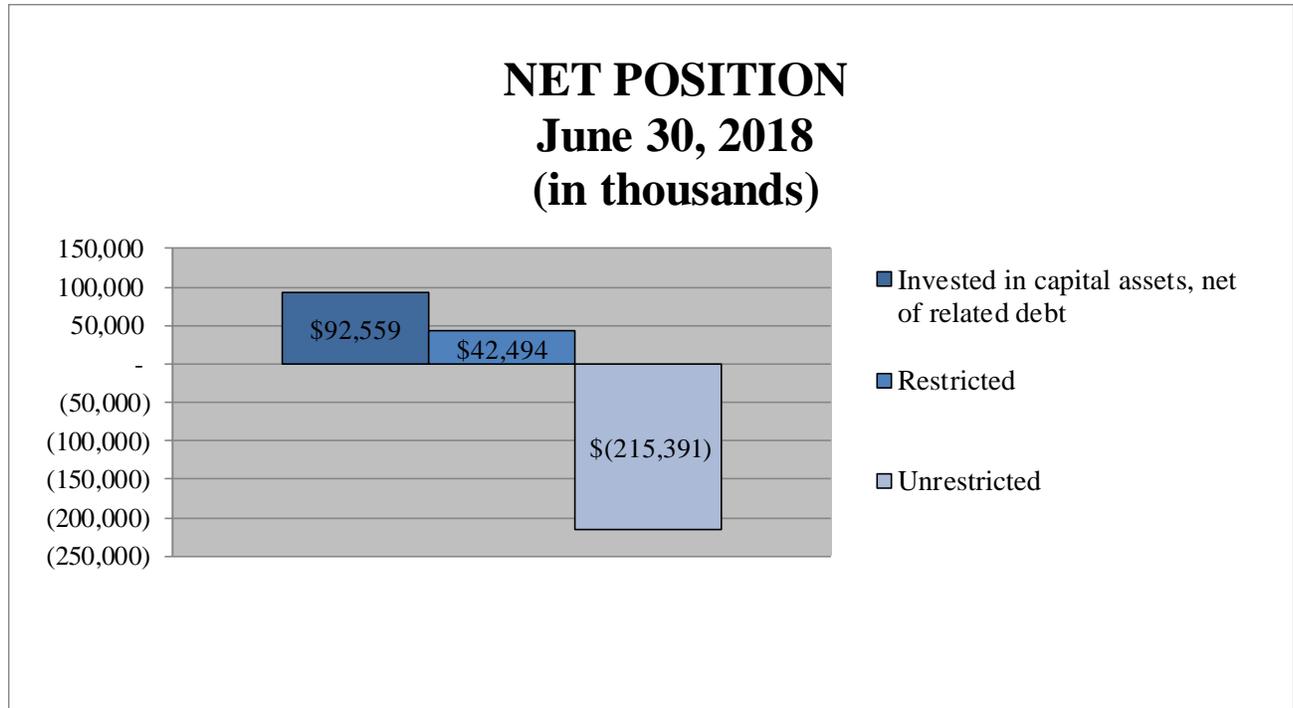
Due to the implementation of GASB statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District accounted for deferred inflows and deferred outflows related to OPEB. The deferred outflows of resources related to OPEB increased by \$12.7 million. This increase is due to changes in assumptions in the discount rate used in the latest actuarial report, where the rate was decreased from 5.0 percent to 4.2 percent. The deferred inflows of resources related to OPEB decreased by \$0.4 million. See Note 10 for detailed information related to the aggregate net OPEB liability and the associated deferred inflows and outflows of resources.

- Accounts payable and accrued liabilities had a net decrease of \$9.6 million. Accounts payable decreased in the General Fund by \$7.3 million due to receiving general apportionment, Education Protection Account (EPA), and property taxes higher than estimated when comparing the 2016-2017 and the 2017-2018 fiscal years. Accounts payable also had a net decrease of \$2.3 million. Most of these major increases and decreases are for capital projects. While accounts payable for the Athletics Complex Phase 2, Parking Structure Lot R, Parking Structure Lot S, Building 26 Air Handlers, and Construction Support increased; accounts payable for the Business and Computer Technology Building, Central Plant Chilled Water Project, Portable Building 16E, and Temporary Space Portable Building 40 decreased.
- The long-term debt liabilities (current and noncurrent) net increase of \$55.0 million is mainly attributed to the increases in aggregate net pension obligation and OPEB liability. As explained before, CalSTRS and CalPERS lowered the discount rates, which resulted in higher deferred outflows and higher pension obligations. Similarly, the OPEB liability increased because the discount rate was lowered from 5.0 percent to 4.2 percent in the District's latest actuarial report, resulting in a higher OPEB liability.
- The District's net position was \$(80.3) million for the fiscal year ended June 30, 2018. Of this amount, \$(215.4) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board's ability to use that net position for day-to-day operations.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

The following is a graphic representation of the Net Position as of June 30, 2018:



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Statement of Revenues, Expenses, and Change in Net Position

Change in net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Change in Net Position (page 29). 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 and/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.

A summarized comparison of the Statement of Revenues, Expenses, and Change in Net Position is presented below:

(Amounts in thousands)

	2018	2017	Change
Operating Revenues			
Tuition and fees	\$ 20,425	\$ 19,650	\$ 775
Grants and contracts	46,325	41,801	4,524
Enterprise sales and charges	157	211	(54)
Total Operating Revenues	<u>66,907</u>	<u>61,662</u>	<u>5,245</u>
Operating Expenses			
Salaries and benefits	221,714	200,380	21,334
Supplies, materials, and other operating expenses	36,152	34,469	1,683
Student financial aid	49,689	45,460	4,229
Depreciation	13,969	13,220	749
Total Operating Expenses	<u>321,524</u>	<u>293,529</u>	<u>27,995</u>
Loss on Operations	<u>(254,617)</u>	<u>(231,867)</u>	<u>(22,750)</u>
Nonoperating Revenues (Expenses)			
State apportionments	112,113	108,808	3,305
Property taxes	76,815	66,421	10,394
Federal and State financial aid grants	47,705	44,310	3,395
State taxes and other revenues	8,363	10,378	(2,015)
Net interest expense	(19,809)	(24,229)	4,420
Other nonoperating revenues (expenses)	47	608	(561)
Total Nonoperating Revenues	<u>225,234</u>	<u>206,296</u>	<u>18,938</u>
Other Revenues and (Losses)			
State, local capital income and (losses)	<u>1,906</u>	<u>3,812</u>	<u>(1,906)</u>
Net Change in Net Position	<u>\$ (27,477)</u>	<u>\$ (21,759)</u>	<u>\$ (5,718)</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding; the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of \$254.6 million is balanced by other funding sources. Total District expenses exceeded total revenues by \$27.5 million for the year ended June 30, 2018.

Grants and contract revenues relate Federal and State grants received for programs serving students of the District. These grants and program revenues are restricted as to the allowable expenses related to the programs.

Interest income is primarily the result of cash held at the County Treasury. Interest expense relates to interest payments on the general obligation bonds as described in Note 10 of the financial statements.

- Net enrollment, tuition and fees increased by \$0.8 million. This increase is attributed to the international student insurance fee, which the District started processing in its books in 2017-2018 fiscal year. Previously, this insurance was paid directly by the students to the insurance providers.
- Grants and Contracts had a net increase of \$4.5 million. This increase is primarily attributed to State grants. The most significant increases are in the Strong Workforce Local and Regional Programs, Board Financial Assistance Program (BFAP), Instructional Equipment Grant, and the CalSTRS On-Behalf Revenues.
- The net increase in operating expenses of \$28.0 million is mainly due to the following items: an ongoing two percent salary increase for all employee groups, new positions and operating expenses approved through the Colleges' New Resources Allocation Process, increases in CalSTRS and CalPERS employer contributions due to rate increases, increase in pension obligations as established by GASB, and an increase in depreciation expense. As new buildings are completed, depreciation expense is recognized.
- Since the fiscal year 2012-2013, the District's base apportionment sources of funding include property taxes, enrollment fees, State apportionment, and the Education Protection Account (EPA). Districts' State aid is reduced by one dollar for each dollar received from EPA, local property taxes, and enrollment fees. The EPA was created in November 2012 by Proposition 30 and was amended with Proposition 55 on November 2016. Proposition 55 extends the temporary personal income tax increases enacted in 2012 until December 2030. The State apportionment noncapital increased by \$3.3 million as a result of State funding increases for Cost-of-Living Adjustment (COLA), Growth, and Base Allocation.
- Property taxes levied for general purposes and for other specific purposes increased by \$10.4 million. The property taxes levied for general purposes increased by \$9.7 million as a result of greater collections of the Education Revenue Augmentation Fund (ERAF) and additional property taxes from Redevelopment Agencies. Property taxes for other specific purposes increased by \$0.7 million due to the collections of the general obligation bond repayments.

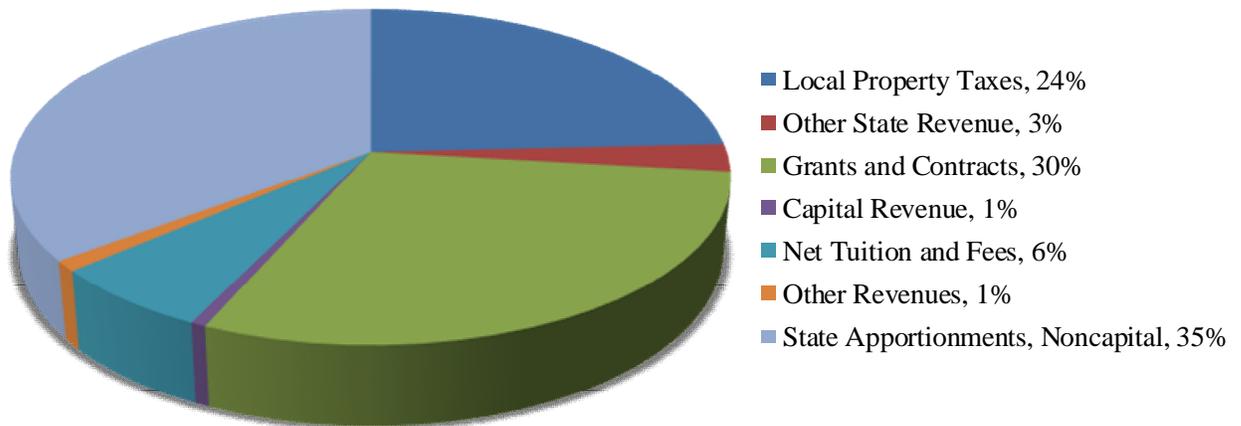
MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

- Federal and State financial aid had a net increase of \$3.4 million. Federal financial aid grant increased by \$2.8 million, which is mainly due to Pell grants for increased number of applicants. State grants also increased by \$0.5 million for California Community College Completion Grant (CCCCG), Cal Grants, and Emergency Dreamers grant.
- State revenues have a net decrease of \$2.0 million. While Lottery revenues increased by \$0.8 million, one-time State Mandated Costs Reimbursement decreased by \$2.8 million. There was no one-time State Mandated Cost Reimbursement State funding for the fiscal year 2017-2018.
- Net interest expenses decreased by \$4.4 million essentially as a result of the amortization for the Measure R general obligation refunding bonds series 2013A, 2013B and 2015.
- Functional expenses are detailed in Note 15 of the financial statements.

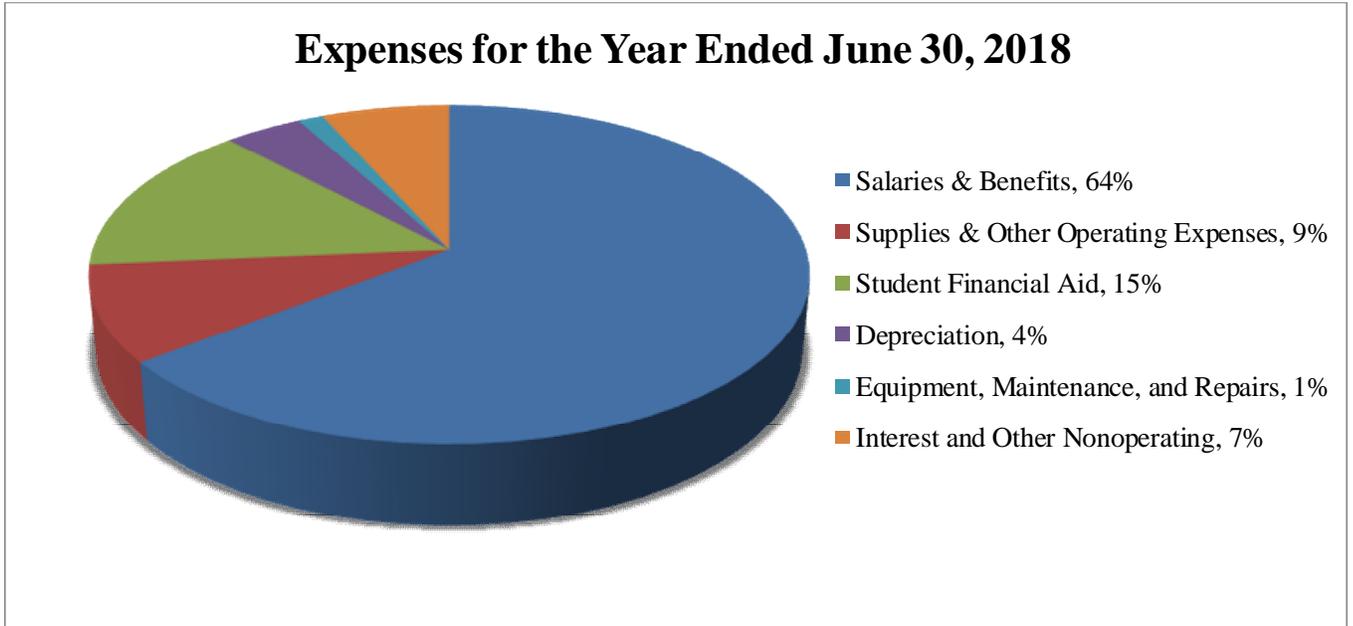
Revenues for the Year Ended June 30, 2018



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018



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 obtain external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used 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, disclosing 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.

(Amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Cash Provided by (Used in)			
Operating activities	\$ (222,096)	\$ (198,601)	\$ (23,495)
Noncapital financing activities	212,248	207,798	4,450
Capital financing activities	(49,026)	41,552	(90,578)
Investing activities	2,514	1,406	1,108
Net Increase (Decrease) in Cash	<u>(56,360)</u>	<u>52,154</u>	<u>(108,515)</u>
Cash, Beginning of Year	240,475	188,321	52,154
Cash, End of Year	<u>\$ 184,115</u>	<u>\$ 240,475</u>	<u>\$ (56,361)</u>

The primary operating receipts are student tuition and fees and enterprise sales and charges. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

- Cash receipts from "operating activities" are from student enrollment, tuition and other fees. Uses of cash include payments to employees, vendors and students related to the instructional programs. The net increase in cash used by operating activities is primarily due to the timing of when revenue is received and payments are paid.
- Cash received from "noncapital financing activities" increased by \$4.4 million. The main contributors to this net increase were the result of increases in property taxes revenues received for the Educational Revenue Augmentation Fund (ERAF) and Pell grants.
- The cash from "capital financing activities" had a net decrease of \$90.6 million. The cash decreased because the District did not receive proceeds from bond issuances in the fiscal year 2017-2018 when comparing the 2017-2018 and 2016-2017 fiscal years. The cash also decreased due to payments made for the Business and Computer Technology Building, Athletics Complex Phase 2, Student Center, Parking Structure Lot R, Parking Structure Lot S, Utility Infrastructure South East Quadrant Water Line, Temporary Space Portable Building 40, and Portable Building 16E.
- Cash provided by "investing activities" includes interest earned on bank accounts and cash invested through the Los Angeles County Investment Pool.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

District's Fiduciary Responsibility

The District includes Mt. San Antonio Auxiliary Services as a component unit. The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. Separate financial statements for the Auxiliary can be obtained through the District.

The Mt. San Antonio Community College District OPEB Trust was established in 2008-2009. The Trust is an irrevocable government trust for the purpose of funding post-employment health benefits. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been discretely presented in the financial statements.

The District has the responsibility of accounting for the Associated Student Trust, Student Loans and Scholarships, Student Representation Fee, Other Trusts, and Student Clubs. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and Change in Fiduciary Net Position. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

On June 23, 2016, the District established an irrevocable trust for future CalSTRS and CalPERS obligation increases. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been discretely presented in the financial statements.

Capital Assets

As of June 30, 2018, the District had over \$494.3 million invested in depreciable capital assets. The total cost of capital assets of \$651.1 million consist of land, buildings and building improvements, construction in progress, vehicles, data processing equipment and other office equipment. These assets have accumulated depreciation of \$156.8 million. Significant capital asset additions and deletions of \$47.8 million, which is mainly a net decrease in construction in progress totaling \$67.0 million, a net increase in equipment totaling \$3.2 million, and an increase in buildings and site improvements totaling \$111.6 million, occurred during 2017-2018. Depreciation expense of \$14.0 million was recorded for the fiscal year.

During 2017-2018, the following projects were capitalized:

- Business and Computer Technology Building
- Child Development
- Child Development Center Corrective Measures, Site Improvement
- Food Services Building
- Student Services Annex
- Administration Building Second Floor Renovation
- Agricultural Science Building Project

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Construction in progress during 2017-2018 includes the following projects:

- Solar Photovoltaic System
- 48 Agricultural Building
- Student Center
- Athletics Complex Phase 2
- Fire Academy Site Preparation
- Parking Structure
- Parking Structure Lot R
- Parking Structure Lot S
- Building 26 Air Handlers Project
- Temple and Grand Avenue Landscape Improvement
- Central Plant Chilled Water
- Utility Infrastructure South East Quadrant Water Line
- Utility Infrastructure North East Quadrant Building 40
- Site Improvement Adjacent to Building 16E
- Temporary Space Building Upgrade
- Temporary Space Portable Building 40
- Portable Building 16E
- Portable Building 46A
- Portable Building Athletics
- Building 66 Language Lab Expansion
- Building 40 Testing Center
- Physical Education, Wellness Facility

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below:

(Amounts in thousands)

	<u>2018</u>	<u>2017</u>
Land, collections, and construction in progress	\$ 81,822	\$ 148,849
Buildings and improvements	518,836	407,183
Furniture and equipment	<u>50,465</u>	<u>47,251</u>
Total Capital Assets	651,123	603,283
Less accumulated depreciation	<u>(156,821)</u>	<u>(146,309)</u>
Capital Assets, Net	<u>\$ 494,302</u>	<u>\$ 456,974</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Debt

On June 30, 2018, the District had \$799.0 million in debt. The balance includes the remaining principal debt for the Measure R (Election 2001) bonded debt, the Measure RR (Election 2008) bonded debt, the 2017 Measure RR bond anticipation Notes, the Net OPEB Obligation, and the Net Pension Liability for CalSTRS and CalPERS. The outstanding bond debt of Measure R consists of \$63.2 million Series A general obligation refunding bonds issued August 2013, \$37.0 million Series B general obligation refunding bonds issued August 2013, and \$19.1 million general obligation refunding bonds issued September 2015. The outstanding bond debt of Measure RR consists of \$256.8 million Series A general obligation bonds, \$7.4 million Series B general obligation bonds issued in August 2013, and \$16.8 million Series C general obligation bonds issued in September 2015. The general obligation bonds were issued to finance the repair, upgrade, acquisition, construction and equipment of certain District property and facilities. The balance also includes \$92.1 million in 2017 Measure RR bond anticipation Notes issued in April 2017. The general obligation bonds and net pension liability comprise approximately 92 percent of the District's total long-term debt. Debt payments on the bond will be funded through property tax receipts collected over the term of the bonds.

Notes 10 and 12 in the financial statements provide additional information on long-term obligations. A summary of long-term obligations is presented below:

(Amounts in thousands)	2018	(as restated) 2017
General obligation bonds and notes payable	\$ 512,155	\$ 510,743
Compensated absences and load banking	11,065	10,071
Aggregate net OPEB liability	51,816	34,938
Aggregate net pension obligation	224,008	188,277
Total Long-Term Obligations	<u>\$ 799,044</u>	<u>\$ 744,029</u>

Economic Factors that May Affect the Future

As of June 30, 2018, the District's overall financial position is strong due to prior year's prudent fiscal management, which resulted in a healthy balance of \$47.6 million in the Unrestricted General Fund.

The 2018-2019 Adopted Budget reflects the Governor's ongoing commitment to public higher education. The most significant changes for California community colleges are a new Student-Centered Funding Formula (SCFF), the creation of a fully online community college, and the consolidation of the Student Success and Support Program, Student Equity Program, and the Basic Skills Program into a new Student Equity and Achievement Program.

The new funding formula will be phased in over three years and includes a three-year hold harmless provision that guarantees all colleges receive at least a cost-of-living for three years. Among the most significant increases, the 2018-2019 District's budget includes \$4.8 million for Cost-of-Living Adjustment (COLA), and \$4.5 million for the Student-Centered Funding Formula. The Governor's budget includes \$59.1 million for one percent growth funding. Accordingly, the District plans to increase course offerings for the fiscal year 2018-2019.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Although the 2018-2019 budget for community colleges is favorable, it is important to point out that colleges continue to have major increases in CalPERS and CalSTRS pension costs. Additionally, the degree of uncertainty due to the complexity of implementing the Student-centered Funding Formula is another important factor for consideration.

Subsequent Events

Effective July 1, 2018, the Faculty, Management, and CSEA 262 employee groups will receive a 2.71 percent ongoing increase in salaries, and the Confidential employee group will received a 2.95 percent ongoing increase in salaries. Effective January 2019, the CSEA 262 employee group will receive an additional 1.29 percent ongoing increase in salaries and a one-time health and welfare increase.

On November 6, 2018, the voters of the District approved a \$750 million general obligation bond (Measure GO) under Proposition 39. These bonds will finance facilities to help the College support more students, help local students transfer to 4-year universities, train more workers, and improve safety.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT JUNE 30, 2018

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 213,880
Cash and cash equivalents - restricted	232,209
Investments - unrestricted	66,065,982
Investments - restricted	117,602,824
Accounts receivable	10,969,118
Student receivable, net	1,035,880
Due from Auxiliary	78,401
Due from fiduciary funds	327,280
Total Current Assets	<u>196,525,574</u>

Noncurrent Assets

Nondepreciable capital assets	81,822,253
Depreciable capital assets, net of depreciation	412,479,590
Total Noncurrent Assets	<u>494,301,843</u>
TOTAL ASSETS	<u>690,827,417</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	2,026,787
Deferred outflows of resources related to pensions	68,183,510
Deferred outflows of resources related to OPEB	12,675,310
Total Deferred Outflows of Resources	<u>82,885,607</u>

LIABILITIES

Current Liabilities

Accounts payable	22,645,698
Accrued interest payable	2,439,879
Due to Auxiliary	32
Unearned revenue	20,240,771
Current portion of long-term obligations other than pensions	14,040,000
Total Current Liabilities	<u>59,366,380</u>

Noncurrent Liabilities

Compensated absences and load banking payable	11,064,661
Bonds payable	498,115,214
Aggregate net other postemployment benefits (OPEB) liability	51,816,293
Aggregate net pension obligation	224,008,285
Total Noncurrent Liabilities	<u>785,004,453</u>
TOTAL LIABILITIES	<u>844,370,833</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	9,233,249
Deferred inflows of resources related to OPEB	447,348
Total Deferred Inflows of Resources	<u>9,680,597</u>

NET POSITION

Net investment in capital assets	92,559,079
Restricted for:	
Debt service	14,750,961
Capital projects	22,478,093
Educational programs	5,264,380
Unrestricted	(215,390,919)
TOTAL NET POSITION	<u>\$ (80,338,406)</u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

OPERATING REVENUES	
Student Tuition and Fees	\$ 40,634,445
Less: Scholarship discount and allowance	(20,209,741)
Net tuition and fees	<u>20,424,704</u>
Grants and Contracts, Noncapital	
Federal	5,261,415
State	38,669,194
Local	<u>2,394,596</u>
Total grants and contracts, noncapital	<u>46,325,205</u>
Enterprise Sales and Charges	
Farm operations	<u>156,677</u>
TOTAL OPERATING REVENUES	<u>66,906,586</u>
OPERATING EXPENSES	
Salaries	155,388,626
Employee benefits	66,325,373
Supplies, materials, and other operating expenses and services	31,703,297
Student financial aid	49,688,609
Equipment, maintenance, and repairs	4,448,273
Depreciation	<u>13,969,042</u>
TOTAL OPERATING EXPENSES	<u>321,523,220</u>
OPERATING LOSS	<u>(254,616,634)</u>
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	112,113,017
Local property taxes, levied for general purposes	56,072,855
Taxes levied for other specific purposes	20,742,119
Federal financial aid grants, noncapital	43,182,194
State financial aid grants, noncapital	4,522,915
State taxes and other revenues	8,362,746
Investment income	2,882,361
Interest expense on capital related debt	(22,832,528)
Investment income on capital asset-related debt	140,921
Transfer to fiduciary funds	(2,002,000)
Other nonoperating revenue	<u>2,048,861</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>225,233,461</u>
LOSS BEFORE OTHER REVENUES AND (LOSSES)	<u>(29,383,173)</u>
OTHER REVENUES AND (LOSSES)	
State revenues, capital	1,304,806
Local revenues, capital	826,041
Loss on disposal of capital assets	<u>(225,035)</u>
TOTAL OTHER REVENUES AND (LOSSES)	<u>1,905,812</u>
CHANGE IN NET POSITION	(27,477,361)
NET POSITION, BEGINNING OF YEAR, as restated	<u>(52,861,045)</u>
NET POSITION, END OF YEAR	<u>\$ (80,338,406)</u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 20,237,316
Payments to vendors for supplies and services	(36,233,865)
Payments to or on behalf of employees	(204,513,689)
Payments to students for scholarships and grants	(49,688,609)
Federal, State, and local grants and contracts	47,948,940
Enterprise sales and charges	153,671
Net Cash Flows From Operating Activities	(222,096,236)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	112,113,017
Federal and State financial aid grants	47,705,109
Property taxes - nondebt related	50,709,752
State taxes and other apportionments	8,136,013
Other nonoperating	(6,416,271)
Net Cash Flows From Noncapital Financing Activities	212,247,620

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(53,936,264)
Proceeds from capital debt	16,128,629
State revenue, capital projects	3,948,654
Local revenue, capital projects	826,041
Property taxes - related to capital debt	20,742,119
Principal paid on capital debt	(14,716,564)
Interest paid on capital debt	(22,159,897)
Interest received on capital asset-related debt	140,921
Net Cash Flows From Capital Financing Activities	(49,026,361)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	2,514,377
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NET CHANGE IN CASH AND CASH EQUIVALENTS (56,360,600)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 240,475,495

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 184,114,895

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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	<u>\$ (254,616,634)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	13,969,042
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables, net	(79,357)
Deferred outflows of resources related to pensions	(26,142,870)
Deferred outflows of resources related to OPEB	(12,675,310)
Accounts payable and accrued liabilities	381,498
Unearned revenue	1,512,698
Compensated absences and load banking	993,332
Aggregate net OPEB liability	16,878,433
Aggregate net pension obligation	35,731,069
Deferred inflows of resources related to pensions	1,504,515
Deferred inflows of resources related to OPEB	<u>447,348</u>
Total Adjustments	<u>32,520,398</u>
Net Cash Flows From Operating Activities	<u><u>\$ (222,096,236)</u></u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 446,089
Cash in county treasury	<u>183,668,806</u>
Total Cash and Cash Equivalents	<u><u>\$ 184,114,895</u></u>

NONCASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 6,441,584</u></u>
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The accompanying notes are an integral part of these financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

	District Retiree OPEB Trust	STRS and PERS Trust	Other Trusts
ASSETS			
Cash and cash equivalents	\$ 3,803,604	\$ 813,110	\$ -
Investments	67,936,812	9,728,319	3,558,682
Accounts receivable	-	-	308,441
Student receivable	-	-	28,955
Total Assets	<u>71,740,416</u>	<u>10,541,429</u>	<u>3,896,078</u>
LIABILITIES			
Accounts payable	-	-	36,453
Due to District	327,280	-	-
Due to Auxiliary	-	-	188,564
Amounts held on behalf of others	-	-	104,456
Total Liabilities	<u>327,280</u>	<u>-</u>	<u>329,473</u>
NET POSITION			
Restricted	71,413,136	10,541,429	-
Unrestricted	-	-	3,566,605
Total Net Position	<u>\$ 71,413,136</u>	<u>\$ 10,541,429</u>	<u>\$ 3,566,605</u>

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

Component Unit	
Auxiliary Retiree OPEB Trust	Agency Funds
\$ 311,755	\$ -
3,207,746	132,599
-	-
-	-
<u>3,519,501</u>	<u>\$ 132,599</u>
-	\$ 792
-	-
-	-
-	131,807
<u>-</u>	<u>\$ 132,599</u>
3,519,501	
<u>-</u>	
<u>\$ 3,519,501</u>	

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	District Retiree OPEB Trust	STRS and PERS Trust	Other Trusts	Component Unit Auxiliary Retiree OPEB Trust
ADDITIONS				
Local revenues	\$ -	\$ -	\$ 1,582,854	\$ -
District contributions	2,500,000	-	-	262,944
Interest and investment income	4,127,765	548,682	-	203,170
Net realized and unrealized losses	(3,281,707)	(251,161)	-	(141,213)
Total Additions	3,346,058	297,521	1,582,854	324,901
DEDUCTIONS				
Classified salaries	-	-	205,783	-
Employee benefits	3,972,152	-	37,133	262,944
Books and supplies	-	-	67,117	-
Services and operating expenditures	25,076	2,606	1,242,449	2,770
Capital outlay	-	-	16,565	-
Total Deductions	3,997,228	2,606	1,569,047	265,714
OTHER FINANCING SOURCES				
Transfer from primary government	-	2,000,000	2,000	-
Change in Net Position	(651,170)	2,294,915	15,807	59,187
Net Position - Beginning of Year	72,064,306	8,246,514	3,550,798	3,460,314
Net Position - End of Year	\$ 71,413,136	\$ 10,541,429	\$ 3,566,605	\$ 3,519,501

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MT. SAN ANTONIO COLLEGE AUXILIARY SERVICES STATEMENT OF NET POSITION - COMPONENT UNIT FOR THE YEAR ENDED JUNE 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$ 267,270
Investments	2,476,893
Accounts receivable	414,498
Notes receivable, current portion	3,529
Due from District	188,596
Prepaid expenses	1,000
Total Current Assets	<u>3,351,786</u>

Noncurrent Assets

Notes receivable	10,588
Depreciable capital assets, net of depreciation	151,635
Total Noncurrent Assets	<u>162,223</u>
TOTAL ASSETS	<u>3,514,009</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions	1,206,708
Deferred outflows of resources related to OPEB	88,792
Total Deferred Outflows of Resources	<u>1,295,500</u>

LIABILITIES

Current Liabilities

Accounts payable	82,833
Due to District	78,401
Total Current Liabilities	<u>161,234</u>

Noncurrent Liabilities

Compensated absences payable	71,826
Net other postemployment benefits (OPEB) liability	657,606
Aggregate net pension obligation	3,917,476
Total Noncurrent Liabilities	<u>4,646,908</u>
TOTAL LIABILITIES	<u>4,808,142</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>242,319</u>
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NET POSITION

Net investment in capital assets	151,635
Unrestricted	(392,587)
TOTAL NET POSITION	<u>\$ (240,952)</u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MT. SAN ANTONIO COLLEGE AUXILIARY SERVICES STATEMENT OF CHANGES IN NET POSITION - COMPONENT UNIT FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUE	
Sales, net	\$ 2,322,713
Less: Cost of goods sold	<u>(1,851,219)</u>
Gross Margin on Sales	\$ 471,494
Book rentals	141,480
Bookstore commissions	300,000
Food service commissions	183,049
Vending	74,027
Miscellaneous revenues	<u>534,975</u>
TOTAL OPERATING REVENUE	<u>1,705,025</u>
OPERATING EXPENSES	
Salaries	601,175
Employee benefits	982,073
Supplies and materials	228,716
Other operating expenses and services	322,462
Capital outlay	3,769
Financial aid	32,500
Depreciation	<u>31,090</u>
TOTAL OPERATING EXPENSES	<u>2,201,785</u>
NET OPERATING LOSS	<u>(496,760)</u>
NONOPERATING INCOME (LOSSES)	
Interest income	15,759
Special item: Loss associated with outsourcing bookstore operations	<u>(671,798)</u>
TOTAL NONOPERATING LOSS	<u>(656,039)</u>
CHANGE IN NET POSITION	(1,152,799)
NET POSITION, BEGINNING OF YEAR, as restated	<u>911,847</u>
NET POSITION, END OF YEAR	<u>\$ (240,952)</u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**MT. SAN ANTONIO COLLEGE AUXILIARY SERVICES
STATEMENT OF CASH FLOWS - COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Auxiliary enterprise sales and charges	\$ 1,338,708
Payments to vendors for supplies and services	(863,852)
Payments to or on behalf of employees	(1,168,200)
Liquidation of inventory and prepaid expenditures	2,607,516
Payments to students for aid	(32,500)
Special item: Loss associated with outsourcing bookstore operations	(671,798)
Net Cash Flows From Operating Activities	<u>1,209,874</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	<u>(10,402)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Notes receivable collections	3,529
Interest received from investments	11,910
Net Cash Flows From Investing Activities	<u>15,439</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 1,214,911

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,529,252

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 2,744,163

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**MT. SAN ANTONIO COLLEGE AUXILIARY SERVICES
STATEMENT OF CASH FLOWS - COMPONENT UNIT, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH
FLOWS FROM OPERATING ACTIVITIES**

Operating loss	\$ (496,760)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	31,090
Special item: Loss associated with outsourcing bookstore operations	(671,798)
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	(366,317)
Prepaid expenses	542,014
Inventories	2,065,502
Deferred outflows of resources related to pensions	(340,683)
Deferred outflows of resources related to OPEB	(88,792)
Accounts payable	(271,169)
Compensated absences	3,487
Net OPEB liability	(94,710)
Aggregate net pension obligation	1,008,841
Deferred inflows of resources related to pensions	(110,831)
Total Adjustments	<u>1,706,634</u>
Net Cash Flows From Operating Activities	<u>\$ 1,209,874</u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 267,270
Cash in County treasury	<u>2,476,893</u>
Total Cash and Cash Equivalents	<u>\$ 2,744,163</u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - ORGANIZATION

Mt. San Antonio Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Los Angeles (the County), in the State of California (the State). The District is governed by a locally elected seven-member Board of Trustees, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, as well as all other funds. These budgets are the responsibility of management. The District consists of one community college located in Walnut, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment to GASB Statement No. 14*. These statements amend GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

Based on the application of the criteria listed above, the following component unit has been discretely presented in this report:

Mt. San Antonio College Auxiliary Services

The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. The Board of Directors is comprised of the Vice President of Administrative Services and Vice President of Student Services of the District, along with the Associated Students President and two other members appointed by the Vice President of Administrative Services. In addition, the Auxiliary may not carry on any activities not approved by the Vice President of Administrative Services of the District. Upon dissolution of the Auxiliary, net position, other than trust funds, will be distributed to the District. The financial activities of the Auxiliary have been discretely presented. Separate financial information for the Auxiliary can be obtained through the District.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Based upon the application of the criteria listed above, the following component unit has been excluded from the District's reporting entity:

Mt. San Antonio College Foundation

The Mt. San Antonio College Foundation (the Foundation) is a legally separate, not-for-profit corporation. The Foundation provides financial support for various college-related programs including student scholarships and awards and general department and program support. The Board of the Foundation consists of community members, alumni, and other supporters of the Foundation. The Foundation is not included as a component unit because the economic resources received and held by the Foundation are not significant to the District and because the District does not control the timing or amount of receipts from the Foundation. Separate financial statements for the Foundation can be obtained from the District.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees, Federal, State, local grants and contracts, and activities through the Farm Operations. Revenue from Federal, State, and local grants and contracts are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated.

Operating expenses are costs incurred to provide instructional services including support costs, ancillary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, 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 Changes 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 three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and ancillary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District has recorded an allowance for uncollectible related to student receivables. The amount of allowance for doubtful accounts was \$542,065 at June 30, 2018. When receivables are determined to be uncollectible, a direct write-off is recorded.

Prepaid Expenses

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

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 \$150,000, 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 cost of capital assets includes ancillary charges necessary to place an asset in its intended location and condition for use.

The following estimated useful lives are used to compute depreciation:

Land improvements	10 years
Buildings and improvements	50 years
Equipment and vehicles	8 years
Technology	3 years

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 the deferred charges on the refunding of general obligation bonds, pension related items, and OPEB related items. Deferred charges on refunding are amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

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 and OPEB 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, deferred outflows of resources and deferred inflows of resources related to OPEB, 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 recognizes 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.

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 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. At year end, there were balances of \$6,237,962 and \$4,826,699 outstanding for accrued vacation and load banking liabilities, respectively.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Sick leave with pay is provided when employees are absent for health or personal 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 .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, load banking, aggregate net other postemployment benefits (OPEB) liability, and the aggregate net pension obligation with maturities greater than one year.

Net Position

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 \$42,493,434 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. 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 2001 and 2008 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Direct Loans, 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 are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 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.

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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.

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.

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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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

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

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

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

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

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

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

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

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

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 are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, consist of the following:

Primary government	\$ 184,114,895
Fiduciary funds	85,973,126
Total Deposits and Investments	<u>\$ 270,088,021</u>
Cash on hand and in banks	\$ 79,461
Cash in revolving	100,000
Cash with fiscal agent	4,883,342
Investments	265,025,218
Total Deposits and Investments	<u>\$ 270,088,021</u>

Interest Rate Risk and Credit 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 policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. 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.

Investment Type	Carrying Value	Fair Value	Weighted Average Maturity in Days	Average Credit Rating
Mutual funds	\$ 3,131,341	\$ 3,131,341	No maturity	Not applicable
Equities	25,227,466	25,227,466	No maturity	Not applicable
Preferred stock	2,205,240	2,205,240	No maturity	Not applicable
Municipal bonds	445,262	445,262	2,011	BBB-
Corporate and other bonds	46,655,822	46,655,822	7,923	BBB-
Los Angeles County Investment Pool	187,360,087	184,850,290	609	AA+
Total	<u>\$ 265,025,218</u>	<u>\$ 262,515,421</u>		

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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. 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 agency. 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 \$519,368 was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The District categorizes the fair value measurements of its investments as follows at June 30, 2018:

Investment Type	Fair Value	Level 1	Uncategorized
		Inputs	
Mutual funds	\$ 3,131,341	\$ 3,131,341	\$ -
Equities	25,227,466	25,227,466	-
Preferred stock	2,205,240	2,205,240	-
Municipal bonds	445,262	445,262	-
Corporate and other bonds	46,655,822	46,655,822	-
Los Angeles County Investment Pool	184,850,290	-	184,850,290
Total	\$ 262,515,421	\$ 77,665,131	\$ 184,850,290

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	\$ 1,754,783	\$ -
State Government		
Categorical aid	917,247	-
Lottery	1,459,300	-
Local Sources		
Educational Revenue Augmentation Fund (ERAF) taxes	5,363,103	-
Interest	1,171,631	15,741
Other local sources	303,054	292,700
Total	\$ 10,969,118	\$ 308,441
Student receivables	\$ 1,575,276	\$ 31,624
Less allowance for bad debt	(539,396)	(2,669)
Student receivables, net	\$ 1,035,880	\$ 28,955

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District 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	\$ 619,480	\$ -	\$ -	\$ 619,480
Collections - art	128,058	-	-	128,058
Construction in progress	148,101,130	46,269,754	113,296,169	81,074,715
Total Capital Assets Not Being Depreciated	<u>148,848,668</u>	<u>46,269,754</u>	<u>113,296,169</u>	<u>81,822,253</u>
Capital Assets Being Depreciated				
Buildings and improvements	407,183,036	112,640,213	986,723	518,836,526
Furniture and equipment	47,250,573	5,908,513	2,694,558	50,464,528
Total Capital Assets Being Depreciated	<u>454,433,609</u>	<u>118,548,726</u>	<u>3,681,281</u>	<u>569,301,054</u>
Total Capital Assets	<u>603,282,277</u>	<u>164,818,480</u>	<u>116,977,450</u>	<u>651,123,307</u>
Less Accumulated Depreciation				
Buildings and improvements	112,941,766	9,233,727	933,822	121,241,671
Furniture and equipment	33,366,902	4,735,315	2,522,424	35,579,793
Total Accumulated Depreciation	<u>146,308,668</u>	<u>13,969,042</u>	<u>3,456,246</u>	<u>156,821,464</u>
Net Capital Assets	<u>\$ 456,973,609</u>	<u>\$ 150,849,438</u>	<u>\$ 113,521,204</u>	<u>\$ 494,301,843</u>

Depreciation expense for the year was \$13,969,042.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 - ACCOUNTS PAYABLE

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

	<u>Primary Government</u>	<u>Fiduciary Funds</u>
Accrued payroll	\$ 6,364,508	\$ 3,679
Apportionment	4,882,572	-
Construction	8,627,356	-
Vendor payables	2,725,449	33,324
Sales and use tax payable	45,813	242
Total	<u>\$ 22,645,698</u>	<u>\$ 37,245</u>

NOTE 8 - UNEARNED REVENUE

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

	<u>Primary Government</u>
Federal categorical aid	\$ 2,548
State categorical aid	10,615,249
Other state	6,183,903
Enrollment fees	1,463,061
Other local	1,976,010
Total	<u>\$ 20,240,771</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. As of June 30, 2018 for the primary government, the amounts owed from and to the Auxiliary Services were \$78,401 and \$32, respectively. The amount owed from the fiduciary funds to the Auxiliary Services was \$188,564. Additionally, the amount owed from the fiduciary funds to the primary government was \$327,280.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. The amount transferred to the fiduciary funds from the primary government amounted to \$2,002,000.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
Bonds and Notes Payable					
General obligation bonds - 2001 Election (Measure R)					
General obligation bonds - Series 2008D	\$ 811,264	\$ 68,736	\$ 880,000	\$ -	\$ -
2013 General obligation refunding bonds - Series A	67,410,000	-	4,200,000	63,210,000	4,945,000
Unamortized debt premium	6,972,371	-	633,852	6,338,519	-
2013 General obligation refunding bonds - Series B	40,990,000	-	3,980,000	37,010,000	4,595,000
2015 General obligation refunding bonds	19,130,000	-	-	19,130,000	865,000
Unamortized debt premium	2,938,441	-	183,653	2,754,788	-
General obligation bonds - 2008 Election (Measure RR)					
General obligation bonds - Series 2013A	243,110,154	13,933,118	255,000	256,788,272	-
Unamortized debt premium	9,980,729	-	383,874	9,596,855	-
General obligation bonds - Series 2013B	8,460,000	-	1,110,000	7,350,000	1,135,000
General obligation bonds - Series 2015C	19,500,000	-	2,750,000	16,750,000	2,500,000
Unamortized debt premium	1,015,413	-	203,083	812,330	-
2017 General Obligation Bond Anticipation Note	89,996,003	2,126,775	-	92,122,778	-
Unamortized debt premium	364,590	-	72,918	291,672	-
Loan payable - City of Walnut	64,184	-	64,184	-	-
Total Bonds and Notes Payable	510,743,149	16,128,629	14,716,564	512,155,214	14,040,000
Other Liabilities					
Compensated absences and load banking	10,071,329	993,332	-	11,064,661	-
Aggregate net OPEB liability	34,937,860	20,295,201	3,416,768	51,816,293	-
Aggregate net pension obligation	188,277,216	35,731,069	-	224,008,285	-
Total Other Liabilities	233,286,405	57,019,602	3,416,768	286,889,239	-
Total Long-Term Obligations	\$ 744,029,554	\$ 73,148,231	\$ 18,133,332	\$ 799,044,453	\$ 14,040,000

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Description of Debt

General Obligation Bond debt is paid from property taxes collected by the County Treasurer and is recorded in the Bond Interest and Redemption Fund. The loan payable was paid with proceeds from ticket sales of the Performing Arts Center. Compensated absences, load banking, and the aggregate net pension liability are paid by the fund for which the employee worked or the District's General Fund. The aggregate net OPEB liability is paid from resources of the General Fund.

Measure R General Obligation Bonds

In November 2001, voters authorized a total of \$221,000,000 in general obligation bonds. In July 2008, the District issued Election of 2001 Series 2008D General Obligation Bonds in the amount of \$26,003,609. The bonds were issued as current interest bonds in the aggregate principal amount of \$20,065,000 and as capital appreciation bonds in the principal amount of \$5,938,609. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.92 to 5.00 percent. These bonds were refunded in the 2016 fiscal year with the issuance of the 2015 General Obligation Refunding Bonds. Principal and interest payments are due each June 1 and December 1 through June 1, 2018. At June 30, 2018, the principal balance outstanding was paid in full.

In August 2013, the District issued 2013 General Obligation Refunding Bonds, Series A and Series B, in the amount of \$74,910,000 and \$48,190,000, respectively. The bonds were issued to refund certain general obligation refunding bonds (2005 Refunding, Series C, and 2012 Refunding). The bonds bear interest rates of 0.72 to 5.00 percent. Principal and interest payments for Series A are due each September 1 and March 1 through September 1, 2028. Principal and interest payments for Series B are due each August 1 and February 1 through August 1, 2023. At June 30, 2018, the principal balance outstanding for Series A and Series B was \$63,210,000 and \$37,010,000, respectively. Unamortized premium received on issuance of the bonds amounted to 6,338,519 as of June 30, 2018.

In September 2015, the District issued 2015 General Obligation Refunding Bonds in the amount of 19,440,000. The proceeds of \$22,700,512 (representing the principal amount of \$19,440,000 plus premium on issuance of \$3,260,512) from the issuance were used to advance refund a portion of the District's outstanding 2001 General Obligation Bonds, Series 2008D and to pay the cost of the issuance associated with the refunding bonds. The bonds bear interest rates of 2.00 to 5.00 percent. Principal and interest payments are due each June 1 and December 1 through June 1, 2033. At June 30, 2018, the principal balance outstanding was \$19,130,000. Unamortized premium received on issuance of the bonds amounted to \$2,754,788 as of June 30, 2018.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Measure RR General Obligation Bonds

In November 2008, voters authorized a total of \$353,000,000 in general obligation bonds. In August 2013, the District issued Election of 2008 Series 2013A and 2013B General Obligation Bonds in the amounts of \$205,586,691 and \$11,715,000, respectively. The bonds were issued as current interest bonds in the aggregate principal amount of \$5,280,000, current interest term bonds in the principal amount of \$22,520,000, capital appreciation bonds in the aggregate principal amount of \$28,534,146, and convertible capital appreciation term bonds in the aggregate principal amount of \$149,252,545. The Series 2013B bonds were issued as current interest bonds in the aggregate principal amount of \$11,715,000. The bonds were issued to liquidate bond anticipation notes held by the District and to pay for certain capital improvements. The bonds bear interest rates of 0.72 to 4.10 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2043. At June 30, 2018, the principal balance outstanding for Series A and Series B was \$256,788,272 and \$7,350,000, respectively. Unamortized premium received on issuance of the bonds amounted to \$9,596,855 as of June 30, 2018.

In September 2015, the District issued Election of 2008 Series 2015C General Obligation Bonds in the amount of \$20,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2022. At June 30, 2018, the principal balance outstanding was \$16,750,000. Unamortized premium received on issuance of the bonds amounted to \$812,330 as of June 30, 2018.

General Obligation Bond Anticipation Note Payable

In April 2017, the District issued the 2017 General Obligation Bond Anticipation Notes. The notes were issued as capital appreciation notes in the original principal amount of \$89,996,003. The notes mature and are due in full on April 1, 2022 with an appreciated maturity value of \$101,275,000. The notes are payable from either proceeds from the future sale of general obligation bonds or other funds of the District lawfully available for the purpose of repaying the Notes. The District has covenanted in its resolution authorizing the issuance of the notes to take all actions required to authorize, sell, and issue, on or before April 1, 2022, general obligation bonds or certificates of participation in an aggregate principal amount sufficient to pay the maturity value of the notes. At June 30, 2018, the principal balance outstanding was \$92,122,778. Unamortized premium received on issuance of the bonds amounted to \$291,672 as of June 30, 2018.

Loan Payable

The District entered into an agreement on November 24, 1993 with the Walnut Improvement Agency (the Agency) on behalf of the City of Walnut (the City), whereby the Agency shall contribute a maximum of \$1,000,000 to the District for the construction of the Performing Arts Center. The District will reimburse the City for the Agency's contribution over a period of twenty years. The District must pay the City on a quarterly basis \$1 for every ticket sold for all performances during the quarter. The District also receives credit towards the loan for the City's usage of the facility. At June 30, 2018, the principal balance outstanding was paid in full.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Debt Maturity

General Obligation Bonds

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds	
					Outstanding July 1, 2017	Issued	Addition	Redeemed	Outstanding June 30, 2018	
7/9/2008	2008D	6/1/2018	2.92%-5.00%	\$ 26,003,609	\$ 811,264	\$ -	\$ 68,736	\$ 880,000	\$ -	
8/1/2013	2013A*	9/1/2028	2.00%-5.00%	74,910,000	67,410,000	-	-	4,200,000	63,210,000	
8/1/2013	2013B*	8/1/2023	0.72%-4.10%	48,190,000	40,990,000	-	-	3,980,000	37,010,000	
9/11/2015	2015*	6/1/2033	2.00%-5.00%	19,440,000	19,130,000	-	-	-	19,130,000	
Subtotal Measure R					128,341,264	-	68,736	9,060,000	119,350,000	
8/1/2013	2013A	8/1/2043	2.00%-4.00%	205,586,691	243,110,154	-	13,933,118	255,000	256,788,272	
8/1/2013	2013B	8/1/2023	0.72%-4.10%	11,715,000	8,460,000	-	-	1,110,000	7,350,000	
9/11/2015	2015C	8/1/2022	2.00%-4.00%	20,000,000	19,500,000	-	-	2,750,000	16,750,000	
Subtotal Measure RR					271,070,154	-	13,933,118	4,115,000	280,888,272	
Total General Obligation Bonds					\$ 399,411,418	\$ -	\$ 14,001,854	\$ 13,175,000	\$ 400,238,272	

*General Obligation Refunding Bonds

The Series 2013A Refunding bonds mature through fiscal year 2029 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 4,945,000	\$ 3,036,875	\$ 7,981,875
2020	5,195,000	2,783,375	7,978,375
2021	5,455,000	2,517,125	7,972,125
2022	5,725,000	2,237,625	7,962,625
2023	6,010,000	1,944,250	7,954,250
2024-2028	34,880,000	4,780,250	39,660,250
2029	1,000,000	25,000	1,025,000
Total	\$ 63,210,000	\$ 17,324,500	\$ 80,534,500

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The Series 2013B Refunding bonds mature through fiscal year 2024 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 4,595,000	\$ 1,255,448	\$ 5,850,448
2020	5,230,000	1,118,491	6,348,491
2021	5,925,000	938,566	6,863,566
2022	6,700,000	712,412	7,412,412
2023	7,140,000	445,565	7,585,565
2024	7,420,000	152,222	7,572,222
Total	\$ 37,010,000	\$ 4,622,704	\$ 41,632,704

The Series 2015 Refunding bonds mature through fiscal year 2033 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 865,000	\$ 922,400	\$ 1,787,400
2020	900,000	896,450	1,796,450
2021	950,000	851,450	1,801,450
2022	995,000	803,950	1,798,950
2023	1,045,000	754,200	1,799,200
2024-2028	6,240,000	2,934,250	9,174,250
2029-2033	8,135,000	1,162,900	9,297,900
Total	\$ 19,130,000	\$ 8,325,600	\$ 27,455,600

The Series 2013A bonds mature through fiscal year 2044 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2019	\$ -	\$ -	\$ 1,126,000	\$ 1,126,000
2020	266,072	28,928	1,126,000	1,421,000
2021	505,182	94,818	1,126,000	1,726,000
2022	727,041	197,959	1,126,000	2,051,000
2023	1,236,335	448,665	1,126,000	2,811,000
2024-2028	33,513,971	15,851,029	17,122,822	66,487,822
2029-2033	34,175,139	26,824,861	92,501,216	153,501,216
2034-2038	61,160,660	37,149,340	91,236,405	189,546,405
2039-2043	98,108,897	89,111,103	48,110,001	235,330,001
2044	27,094,975	24,610,025	1,615,781	53,320,781
Total	\$ 256,788,272	\$ 194,316,728	\$ 256,216,225	\$ 707,321,225

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The Series 2013B bonds mature through fiscal year 2024 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 1,135,000	\$ 242,076	\$ 1,377,076
2020	1,160,000	210,251	1,370,251
2021	1,195,000	172,364	1,367,364
2022	1,240,000	128,840	1,368,840
2023	1,285,000	80,173	1,365,173
2024	1,335,000	27,387	1,362,387
Total	\$ 7,350,000	\$ 861,091	\$ 8,211,091

The Series 2015C bonds mature through fiscal year 2023 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 2,500,000	\$ 475,750	\$ 2,975,750
2020	3,380,000	358,150	3,738,150
2021	3,555,000	255,000	3,810,000
2022	3,615,000	165,225	3,780,225
2023	3,700,000	55,500	3,755,500
Total	\$ 16,750,000	\$ 1,309,625	\$ 18,059,625

The 2017 General Obligation Bond Anticipation Notes mature in fiscal year 2022. Principal and accreted interest to maturity is as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2022	\$ 92,122,778	\$ 9,152,222	\$ 101,275,000

Compensated Absences

At June 30, 2018, the liability for compensated absences was \$11,064,661, which is comprised of accrued vacation liability of \$6,237,962 and a load banking liability of \$4,826,699.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Aggregate Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 51,187,543	\$ 12,675,310	\$ 447,348	\$ 4,721,181
Medicare Premium Payment (MPP) Program	628,750	-	-	(70,710)
Total	<u>\$ 51,816,293</u>	<u>\$ 12,675,310</u>	<u>\$ 447,348</u>	<u>\$ 4,650,471</u>

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 Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust Investment Committee, which is comprised of three appointed plan members.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	571
Active employees	<u>1,065</u>
	<u>1,636</u>

Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust

The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits. The Trust Investment Committee, comprised of the Vice President of Administrative Services, Chief Compliance and College Budget Officer, and a Manager appointed by the President/CEO provide oversight over Trust investments. The Trust Administrative Committee comprised of the Vice President of Administrative Services and a representative from the Faculty Association, CSEA 651, and CSEA 262 provide oversight over the plan administration. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been included in the fiduciary funds of the District. Separate financial statements are not prepared for the Trust.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Benefits Provided

The Plan provides medical insurance benefits to eligible retirees, with spouse coverage only for those hired prior to January 1, 1996. 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 Mt. San Antonio College Faculty Association (MSACFA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District governing board and management. For fiscal year 2017-2018, the District contributed \$2,500,000 to the Plan, which 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, except 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:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity instruments	35%
Long-term bonded instruments	65%

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 1.15 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Net OPEB Liability of the District

The District's net OPEB liability of \$51,187,543 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 June 30, 2017. The components of the net OPEB liability of the District at June 30, 2018, were as follows:

Total OPEB liability	\$ 122,600,679
Plan fiduciary net position	<u>71,413,136</u>
District's net OPEB liability	<u>\$ 51,187,543</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>58%</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial roll-forward 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	4.20 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the assumed long-term return on plan assets assuming 100 percent funding by the District.

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, 2017 valuation were based on the results of an actual experience study as of March 2017.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity instruments	7.795%
Long-term bonded instruments	5.295%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.2 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 liability.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	\$ 106,302,706	\$ 72,064,306	\$ 34,238,400
Service cost	3,205,326	-	3,205,326
Interest	4,448,610	-	4,448,610
Contributions - employer	-	2,500,000	(2,500,000)
Expected net investment income	-	3,022,658	(3,022,658)
Differences between projected and actual earnings on OPEB plan investments	-	(2,176,600)	2,176,600
Changes of assumptions or other inputs	12,616,189	-	12,616,189
Expected benefit payments	(3,455,981)	(3,455,981)	-
Differences between expected and actual experience	(516,171)	(516,171)	-
Administrative expense	-	(25,076)	25,076
Net change in total OPEB liability	<u>16,297,973</u>	<u>(651,170)</u>	<u>16,949,143</u>
Balance at June 30, 2018	<u>\$ 122,600,679</u>	<u>\$ 71,413,136</u>	<u>\$ 51,187,543</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Changes of assumptions and other inputs reflect a change in the discount rate from 5.0 percent to 4.2 percent since the previous valuation. There were no changes in 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:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.2%)	\$ 69,957,463
Current discount rate (4.2%)	51,187,543
1% increase (5.2%)	36,317,944

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:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.0%)	\$ 35,160,278
Current healthcare cost trend rate (4.0%)	51,187,543
1% increase (5.0%)	70,257,804

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 447,348
Changes of assumptions	10,934,030	-
Differences between projected and actual earnings on OPEB plan investments	1,741,280	-
Total	<u>\$ 12,675,310</u>	<u>\$ 447,348</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

Year Ended June 30,	Deferred Outflows of Resources
2019	\$ 435,320
2020	435,320
2021	435,320
2022	435,320
	<u>\$ 1,741,280</u>

Amounts reported as deferred outflows/(inflows) of resources and related to the differences between expected and actual experience and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 7.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 1,613,336
2020	1,613,336
2021	1,613,336
2022	1,613,336
2023	1,613,336
Thereafter	2,420,002
	<u>\$ 10,486,682</u>

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>.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 STRS 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 \$628,750 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 community college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017, was 0.1495 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$(70,710).

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 updated 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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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%)	\$ 696,071
Current discount rate (3.58%)	628,750
1% increase (4.58%)	563,267

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)	\$ 568,172
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	628,750
1% increase (4.7% Part A and 5.1% Part B)	688,724

Aggregate Net Pension Obligation

As of June 30, 2018, the aggregate net pension obligation was \$224,008,285. See Note 12 for additional information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the first \$25,000 of each general liability or property damage claim. During fiscal year ending June 30, 2018, the District contracted with Alliance for Schools for Cooperative Insurance Programs (ASCIP) and Schools Excess Liability Fund (SELF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. These have not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2017-2018, the District participated in the Southern California Community College District Joint Powers Authority (SCCCD-JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

NOTE 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 expenses 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	\$ 133,895,447	\$ 39,388,127	\$ 8,172,282	\$ 13,537,950
CalPERS	90,112,838	28,795,383	1,060,967	16,967,250
Total	\$ 224,008,285	\$ 68,183,510	\$ 9,233,249	\$ 30,505,200

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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 the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the District's total contributions were \$11,934,888.

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	\$ 133,895,447
State's proportionate share of net pension liability associated with the District	79,211,415
Total	<u>\$ 213,106,862</u>

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 0.1448 percent and 0.1429 percent, respectively, resulting in a net increase in the proportionate share of 0.0019 percent.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$13,537,950. In addition, the District recognized pension expense and revenue of \$7,973,390 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	\$ 11,934,888	\$ -
Net change in proportionate share of net pension liability	2,152,386	2,270,922
Differences between projected and actual earnings on the pension plan investments	-	3,566,008
Differences between expected and actual experience in the measurement of the total pension liability	495,158	2,335,352
Changes of assumptions	24,805,695	-
Total	<u>\$ 39,388,127</u>	<u>\$ 8,172,282</u>

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	\$ (2,964,554)
2020	2,243,294
2021	323,469
2022	(3,168,217)
Total	<u>\$ (3,566,008)</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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	\$ 3,675,828
2020	3,675,828
2021	3,675,828
2022	3,675,832
2023	3,719,788
Thereafter	4,423,861
Total	<u>\$ 22,846,965</u>

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 196,601,024
Current discount rate (7.10%)	133,895,447
1% increase (8.10%)	83,005,621

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
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%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 \$7,477,598.

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 \$90,112,838. 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 0.3775 percent and 0.3681 percent, respectively, resulting in a net increase in the proportionate share of 0.0094 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$16,967,250. 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	\$ 7,477,598	\$ -
Net change in proportionate share of net pension liability	1,809,728	-
Differences between projected and actual earnings on the pension plan investments	3,117,288	-
Differences between expected and actual experience in the measurement of the total pension liability	3,228,372	-
Changes of assumptions	13,162,397	1,060,967
Total	<u>\$ 28,795,383</u>	<u>\$ 1,060,967</u>

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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	\$ (84,468)
2020	3,596,674
2021	1,312,108
2022	(1,707,026)
Total	<u>\$ 3,117,288</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 6,116,794
2020	6,116,897
2021	4,905,839
Total	<u>\$ 17,139,530</u>

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 service

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 132,584,862
Current discount rate (7.15%)	90,112,838
1% increase (8.15%)	54,878,738

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

CalSTRS/CalPERS Irrevocable Trust

During the 2015-2016 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 \$2,000,000 to the trust. As of June 30, 2018, the balance of the trust was \$10,541,429.

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 \$6,441,584 (8.956 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.

Deferred Compensation

The District offers its employees a MetLife defined contribution plan qualifying under Sections 401 of the Internal Revenue Code that is administered by Alliance of Schools for Cooperative Insurance (ASCIP). The plan covers part-time, seasonal, and temporary employees, as well as employees not covered by Section 3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the ASCIP Board of Trustees. The District contributes 3.0 percent of covered compensation for eligible employees, and employees contribute 4.5 percent. During the year ended June 30, 2018, the District made contributions of \$406,514.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the ASCIP, SELF, SCCCDC-JPA. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

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

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

During the year ended June 30, 2018, the District made payments of \$877,620 and \$2,549,148 to ASCIP and SCCCDC-JPA, respectively.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14 - 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 is 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 had committed under various capital expenditure purchase agreements for various projects totaling approximately \$31.5 million to be funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 15 - FUNCTIONAL EXPENSES CLASSIFICATION

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

	Salaries	Benefits	Supplies, Materials, and Other Operating Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional Activities	\$ 89,298,590	\$ 34,404,658	\$ 3,598,621	\$ -	\$ -	\$ 127,301,869
Academic Support	7,141,024	2,681,566	153,983	-	-	9,976,573
Student Services	26,476,450	10,156,548	2,243,955	-	-	38,876,953
Plant Operations and Maintenance	7,425,185	3,652,806	2,383,764	-	-	13,461,755
Instructional Support Activities	15,967,924	12,034,704	3,261,457	-	-	31,264,085
Community Services and Economic Development	2,045,719	708,269	642,077	-	-	3,396,065
Ancillary Services and Auxiliary Operations	5,406,360	2,077,313	1,190,461	-	-	8,674,134
Student Aid	-	-	-	49,688,609	-	49,688,609
Physical Property and Related Acquisitions	1,627,374	609,509	22,677,252	-	-	24,914,135
Depreciation	-	-	-	-	13,969,042	13,969,042
Total	\$ 155,388,626	\$ 66,325,373	\$ 36,151,570	\$ 49,688,609	\$ 13,969,042	\$ 321,523,220

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 16 - 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:

<u>Primary Government</u>	
Net Position - Beginning	\$ (44,151,061)
Inclusion of aggregate net OPEB liability from the adoption of GASB Statement No. 75	<u>(8,709,984)</u>
Net Position - Beginning, as Restated	<u>\$ (52,861,045)</u>

REQUIRED SUPPLEMENTARY INFORMATION

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 3,205,326
Interest	4,448,610
Changes of assumptions	12,616,189
Expected benefit payments	(3,455,981)
Differences between expected and actual experience	<u>(516,171)</u>
Net changes in total OPEB liability	16,297,973
Total OPEB Liability - beginning	<u>106,302,706</u>
Total OPEB Liability - ending (a)	<u><u>\$ 122,600,679</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 2,500,000
Expected net investment income	3,022,658
Differences between projected and actual earnings on OPEB plan investments	(2,176,600)
Expected benefit payments	(3,455,981)
Differences between expected and actual experience	(516,171)
Administrative expense	<u>(25,076)</u>
Net change in plan fiduciary net position	(651,170)
Plan fiduciary net position - beginning	<u>72,064,306</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 71,413,136</u></u>
District's net OPEB liability - ending (a) - (b)	<u><u>\$ 51,187,543</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>58.25%</u>
Covered-employee payroll	<u>\$ 130,855,132</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>39.12%</u>

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

See accompanying note to required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	<u>1.15%</u>

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

See accompanying note to required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	<u>2018</u>
Year ended June 30,	
District's proportion of the net OPEB liability	<u>0.1495%</u>
District's proportionate share of the net OPEB liability	<u>\$ 628,750</u>
District's covered-employee payroll	<u>N/A¹</u>
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.01%</u>

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered 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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	<u>2018</u>	<u>2017</u>
CalSTRS		
District's proportion of the net pension liability	<u>0.1448%</u>	<u>0.1429%</u>
District's proportionate share of the net pension liability	\$ 133,895,447	\$ 115,568,294
State's proportionate share of the net pension liability associated with the District	<u>79,211,415</u>	<u>65,790,968</u>
Total	<u>\$ 213,106,862</u>	<u>\$ 181,359,262</u>
District's covered-employee payroll	<u>\$ 77,192,552</u>	<u>\$ 71,864,548</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>173.46%</u>	<u>160.81%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.3775%</u>	<u>0.3681%</u>
District's proportionate share of the net pension liability	<u>\$ 90,112,838</u>	<u>\$ 72,708,922</u>
District's covered-employee payroll	<u>\$ 47,147,285</u>	<u>\$ 43,907,285</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>191.13%</u>	<u>165.60%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>

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

See accompanying note to required supplementary information.

<u>2016</u>	<u>2015</u>
<u>0.1472%</u>	<u>0.1448%</u>
\$ 99,092,060	\$ 84,733,650
<u>52,408,776</u>	<u>51,166,350</u>
<u>\$ 151,500,836</u>	<u>\$ 135,900,000</u>
<u>\$ 68,809,122</u>	<u>\$ 66,400,000</u>
<u>144.01%</u>	<u>127.50%</u>
<u>74%</u>	<u>77%</u>
<u>0.3592%</u>	<u>0.3587%</u>
<u>\$ 52,940,449</u>	<u>\$ 40,721,184</u>
<u>\$ 39,968,541</u>	<u>\$ 38,100,000</u>
<u>132.46%</u>	<u>106.86%</u>
<u>79%</u>	<u>83%</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	<u>2018</u>	<u>2017</u>
CalSTRS		
Contractually required contribution	\$ 11,934,888	\$ 9,710,823
Contributions in relation to the contractually required contribution	<u>11,934,888</u>	<u>9,710,823</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 82,708,857</u>	<u>\$ 77,192,552</u>
Contributions as a percentage of covered-employee payroll	<u>14.43%</u>	<u>12.58%</u>
CalPERS		
Contractually required contribution	\$ 7,477,598	\$ 6,547,815
Contributions in relation to the contractually required contribution	<u>7,477,598</u>	<u>6,547,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 48,146,275</u>	<u>\$ 47,147,285</u>
Contributions as a percentage of covered-employee payroll	<u>15.531%</u>	<u>13.888%</u>

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

See accompanying note to required supplementary information.

2016	2015
\$ 7,711,066	\$ 6,110,250
<u>7,711,066</u>	<u>6,110,250</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 71,864,548	\$ 68,809,122
<u>10.73%</u>	<u>8.88%</u>
\$ 5,201,696	\$ 4,704,697
<u>5,201,696</u>	<u>4,704,697</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 43,907,285	\$ 39,968,541
<u>11.847%</u>	<u>11.771%</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

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 valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 5.00 percent to 4.20 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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2018

Mt. San Antonio Community College District is a public community college that has been serving the people of Baldwin Park, Bassett, Charter Oak, Covina, Diamond Bar, Southern portion of Glendora, Hacienda Heights, Industry, Irwindale, La Puente, La Verne, Pomona, Rowland Heights, San Dimas, Valinda, Walnut, and West Covina since 1946.

The District maintains its campus on 421 acres of land in the City of Walnut, California, in the Eastern portion of Los Angeles County. Mt. San Antonio Community College District is accredited by the Western Association of Schools and Colleges.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dr. Manuel Baca	President	November 2020
Robert Hidalgo	Vice President	November 2018
Jay F. Chen	Clerk	November 2020
Rosanne Bader	Member	November 2020
Gary Chow ⁽¹⁾	Member	December 2018
Judy Chen Haggerty, Esq.	Member	November 2018
Laura Santos	Member	November 2018
Corey Case	Student Trustee	June 30, 2018
Dr. David K. Hall ⁽¹⁾	Member	June 13, 2018

⁽¹⁾ Mr. Gary Chow, a Walnut resident, was appointed as provision Trustee on June 13, 2018, replacing Dr. David K. Hall.

ADMINISTRATION

Dr. William Scroggins	President/CEO
Dr. Irene Malmgren	Vice President, Instruction
Michael D. Gregoryk	Vice President, Administrative Services
Ibrahim Ali	Vice President, Human Resources
Dr. Audrey Yamagata-Noji	Vice President, Student Services

See accompanying note to supplementary information.

MT. SAN ANTONIO 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
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		\$ 889,773
FSEOG Administrative Allowance	84.007		1,542
Federal Work-Study Program (FWS)	84.033		445,664
FWS Administrative Allowance	84.033		30,272
Federal Pell Grant Program (PELL)	84.063		41,164,171
PELL Administrative Allowance	84.063		61,405
Federal Direct Student Loans	84.268		<u>1,128,250</u>
Total Student Financial Assistance Cluster			<u>43,721,077</u>
TRIO Cluster			
Achieving in College, Ensuring Success (ACES)	84.042A		181,505
Upward Bound	84.047A		<u>254,998</u>
Total TRIO Cluster			<u>436,503</u>
Asian American Native American Pacific Islander Serving Institutions (AANAPISI)			
Child Care Access Means Parents in School (CCAMPIS)	84.382B		250,509
Developing Hispanic Serving Institutions, Title V, Building Pathways of Persistence and Completion	84.335A		369,937
Developing Hispanic Serving Institutions, Title V, Building Pathways of Persistence and Completion	84.031S		693,840
Passed through CSU Fullerton Auxiliary Services Corporation Project RAISE: Regional Alliance in STEM Education	84.031C	P031C160152	32,437
Passed through East-West Center Enhancing Undergraduate Chinese Language and Culture Studies	84.016A	HC 13564	9,644
Passed through California Department of Education WIA, Title II: Adult Education and Family Literacy Act, Section 225, Section 231, and Section 243	84.002A	14508, 13978,	1,180,898
Passed through California Community Colleges Chancellor's Office Career and Technical Education (CTE), Perkins Title I, Part C CTE Transitions	84.048A	17-C01-034	1,033,839
	84.048A	17-C01-034	<u>41,592</u>
Total U.S. Department of Education			<u>47,770,276</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education Child and Adult Care Food Program	10.558	13666	<u>109,969</u>
U.S. DEPARTMENT OF LABOR			
Passed through East San Gabriel Valley ROP/TC Employment and Training Administration (ETA) Youth Career Connect	17.274	58110.0	<u>79,423</u>

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
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
NATIONAL SCIENCE FOUNDATION			
Research and Development Cluster			
Field Based Professional Development for Environmental-STEM (ESTEM) Undergraduates, Pathways in Geoscience	47.050		\$ 42,685
Advance Technological Education (ATE) Science, Technology, Engineering and Mathematics (STEM) Teacher Preparation Program	47.076		184,868
Collaborative Research: Geodesy Curriculum	47.076		1,331
Total Research and Development Cluster			<u>228,884</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Services	64.027		<u>4,800</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Los Angeles County Office of Education			
Medi-Cal Administrative Activities (MAA)	93.778	113752	1,172
Passed through Yosemite Community College District			
Child Development Training Consortium	93.575	17-18-4472	9,262
TANF Cluster			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	[1]	116,528
Passed through Los Angeles County Department of Public Social Services			
Temporary Assistance for Needy Families	93.558	[1]	122,451
Total TANF Cluster			<u>238,979</u>
Total U.S. Department of Health and Human Services			<u>249,413</u>
Total Expenditures of Federal Awards			<u>\$ 48,442,765</u>

[1] Pass-through number not available

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

Program
Adult Education Block Grant (AEBG) Data and Accountability
Adult Education Block Grant (AEBG) Regional Consortium
Assessment, Remediation and Retention (ARR) Associate Degree Nursing
Basic Skills
Basic Skills and Student Outcomes
Board Financial Assistance Program (BFAP)
Board Financial Assistance Program (BFAP) - Full-Time Student Success
California Community College (CENIC and CalREN) Connectivity Upgrade
California Community College (CCC) Makerspace
California State Preschool Program
CalSTRS On-behalf Payments
CalWORKS
Campus Safety and Sexual Assault
CARE
Career Technical Education - Data Unlocked Initiative
Career Technical Education - Pathways Program (LA County Ring Colleges)
Center of Excellence - Economic Development
Child Care Food Program
Child Care General Center and Development Program
Child Care Tax Bailout
Child Development Center - CSPP Quality Improvement Block Grant
Course Identification (C-ID) Program
Disabled Student Programs and Services (DSPS)
Enrollment Growth AA Nursing
Equal Employment Opportunity (EEO)
Extended Opportunity Programs and Services (EOPS)
Guided Pathways
Health Careers Training Program
Hunger Free Campus Support
Instructional Equipment and Library Materials
Song-Brown Registered Nurse Program
Song-Brown Registered Nurse Special Program
Strong Workforce Program (Local)
Strong Workforce Program (Regional)
Student Equity
Student Success and Support Program (SSSP) - Credit
Student Success and Support Program (SSSP) - Noncredit
Technical Assistance Provider - Contract Education
Total

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 102,684	\$ -	\$ 46,138	\$ 56,546	\$ 56,546
1,675,596	-	840,722	834,874	834,874
26,206	30,794	-	57,000	57,000
2,499,941	-	1,265,037	1,234,904	1,234,904
337,523	212,867	-	550,390	550,390
1,136,578	-	20,918	1,115,660	1,115,660
1,951,291	-	64,591	1,886,700	1,886,700
50,000	-	-	50,000	50,000
181,151	77,321	-	258,472	258,472
355,415	35,000	-	390,415	390,415
430,159	-	-	430,159	430,159
521,069	-	-	521,069	521,069
46,726	-	40,990	5,736	5,736
189,497	-	-	189,497	189,497
50,000	-	44,764	5,236	5,236
10,802	6,198	-	17,000	17,000
145,565	48,413	-	193,978	193,978
4,838	1,067	-	5,905	5,905
703,614	77,185	-	780,799	780,799
95,148	-	-	95,148	95,148
33,382	-	-	33,382	33,382
90,459	-	-	90,459	90,459
3,322,503	-	-	3,322,503	3,322,503
154,660	56,340	-	211,000	211,000
50,000	-	29,390	20,610	20,610
1,226,510	-	-	1,226,510	1,226,510
784,129	-	782,930	1,199	1,199
10,800	1,200	-	12,000	12,000
68,115	-	55,004	13,111	13,111
2,508,289	-	698,183	1,810,106	1,810,106
130,487	-	2,833	127,654	127,654
56,594	-	-	56,594	56,594
4,542,986	-	2,131,144	2,411,842	2,411,842
606,300	248,185	-	854,485	854,485
4,798,291	-	911,271	3,887,020	3,887,020
8,270,738	-	2,705,377	5,565,361	5,565,361
2,920,202	-	975,957	1,944,245	1,944,245
87,229	122,677	-	209,906	209,906
<u>\$ 40,175,477</u>	<u>\$ 917,247</u>	<u>\$ 10,615,249</u>	<u>\$ 30,477,475</u>	<u>\$ 30,477,475</u>

MT. SAN ANTONIO 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	3,690.18	-	3,690.18
2. Credit	1,912.88	-	1,912.88
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	0.51	-	0.51
2. Credit	1.40	-	1.40
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	18,177.31	-	18,177.31
(b) Daily Census Contact Hours	2,460.84	-	2,460.84
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	4,036.49	-	4,036.49
(b) Credit	775.96	-	775.96
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	903.82	-	903.82
(b) Daily Census Contact Hours	760.81	-	760.81
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>32,720.20</u>	<u>-</u>	<u>32,720.20</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	6,500.53	-	6,500.53
2. Credit	2,495.74	-	2,495.74
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	6,169.37	-	6,169.37

* Annual report revised as of October 29, 2018.

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 37,516,563	\$ -	\$ 37,516,563	\$ 37,516,563	\$ -	\$ 37,516,563
Other	1300	34,466,992	-	34,466,992	34,466,992	-	34,466,992
Total Instructional Salaries		71,983,555	-	71,983,555	71,983,555	-	71,983,555
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	13,215,341	-	13,215,341
Other	1400	-	-	-	1,778,954	-	1,778,954
Total Noninstructional Salaries		-	-	-	14,994,295	-	14,994,295
Total Academic Salaries		71,983,555	-	71,983,555	86,977,850	-	86,977,850
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	33,488,665	-	33,488,665
Other	2300	-	-	-	4,030,183	-	4,030,183
Total Noninstructional Salaries		-	-	-	37,518,848	-	37,518,848
Instructional Aides							
Regular Status	2200	2,009,084	-	2,009,084	2,009,084	-	2,009,084
Other	2400	1,473,050	-	1,473,050	1,473,050	-	1,473,050
Total Instructional Aides		3,482,134	-	3,482,134	3,482,134	-	3,482,134
Total Classified Salaries		3,482,134	-	3,482,134	41,000,982	-	41,000,982
Employee Benefits	3000	22,957,873	-	22,957,873	43,876,557	-	43,876,557
Supplies and Material	4000	-	-	-	2,521,690	-	2,521,690
Other Operating Expenses	5000	925,801	-	925,801	15,806,130	-	15,806,130
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		99,349,363	-	99,349,363	190,183,209	-	190,183,209

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 1,135,211	\$ -	\$ 1,135,211	\$ 1,135,211	\$ -	\$ 1,135,211
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	391,729	-	391,729
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,371,307	-	1,371,307
Objects to Exclude							
Rents and Leases	5060	-	-	-	272,240	-	272,240
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 5,415,508	\$ -	\$ 5,415,508
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,135,211	-	1,135,211	8,585,995	-	8,585,995
Total for ECS 84362, 50 Percent Law		\$ 98,214,152	\$ -	\$ 98,214,152	\$ 181,597,214	\$ -	\$ 181,597,214
Percent of CEE (Instructional Salary Cost/Total CEE)		54.08%		54.08%	100.00%		100.00%
50% of Current Expense of Education					\$ 90,798,607		\$ 90,798,607

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				\$ 24,583,549
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 24,583,549	-	-	\$ 24,583,549
Total Expenditures for EPA		\$ 24,583,549	-	-	\$ 24,583,549
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

**Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:**

Total Fund Balance:

General Funds	\$ 50,906,416	
Child Development	817,649	
Health Services	1,144,605	
Debt Service	17,190,840	
Capital Outlay	64,170,217	
Bond Construction	8,085,186	
Farm Operations	245,172	
Fiduciary Funds	<u>3,580,932</u>	
Total Fund Balance per CCFS-311	146,141,017	
Funds not included in the CCFS-311 report	<u>81,954,565</u>	

Total Fund Balance - All District Funds

228,095,582

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	651,123,307	
Accumulated depreciation is	<u>(156,821,464)</u>	494,301,843
Amounts held in trust on behalf of others (Trust and Agency Funds)		(85,521,170)

The District has refunded debt obligations. The difference between the amount that was sent to escrow agent for the payment of the old debt and the actual remaining debt obligations will be amortized as an adjustment to interest expense. The balance represents the unamortized deferred charges on refunding amounts as of June 30, 2018.

2,026,787

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.

(2,439,879)

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	19,412,486	
Net change in proportionate share of net pension liability	3,962,114	
Differences between projected and actual earnings on pension plan investments	3,117,288	
Differences between expected and actual experience in the measurement of the total net pension liability	3,723,530	
Changes of assumption	<u>37,968,092</u>	

Total Deferred Outflows of Resources related to Pensions

68,183,510
(continued)

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION, (CONTINUED)
FOR THE YEAR ENDED 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	\$ 2,270,922	
Differences between expected and actual experience in the measurement of the total net pension liability	3,566,008	
Differences between expected and actual experience in the measurement of the total net pension liability	2,335,352	
Changes of assumption	<u>1,060,967</u>	
Total Deferred Inflows of Resources related to Pensions		\$ (9,233,249)

Deferred outflows of resources related to OPEB 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 OPEB at year-end consist of:

Differences between projected and actual earnings on OPEB plan investments	1,741,280	
Changes of assumption	<u>10,934,030</u>	
Total Deferred Outflows of Resources related to OPEB		12,675,310

Deferred inflows of resources related to OPEB 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 OPEB at year-end consist of:

Differences between expected and actual experience		(447,348)
--	--	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	433,752,698	
Premium on bonds	19,794,164	
Aggregate net other postemployment benefits (OPEB) liability	51,816,293	
Aggregate net pension obligation	224,008,285	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following:	<u>58,608,352</u>	
Total Net Position		<u>(787,979,792)</u> <u>\$ (80,338,406)</u>

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
OF THE COMBINED GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	(Budget*) 2019		2018	
	Amount	%	Amount	%
GENERAL FUND				
Revenues				
Federal	\$ 5,160,927	1.9	\$ 4,781,509	2.0
State	170,475,079	61.3	156,125,922	65.9
Local	78,162,968	28.1	79,712,925	33.6
Total Revenues	253,798,974	91.3	240,620,356	101.5
Expenditures				
Academic salaries	96,864,109	34.8	93,288,142	39.4
Classified salaries	62,109,520	22.3	58,156,042	24.5
Employee benefits	51,001,924	18.3	47,969,718	20.2
Supplies and materials	8,838,123	3.2	4,042,993	1.7
Other operating expenses	49,145,738	17.7	21,377,176	9.0
Capital outlay	5,981,372	2.1	4,519,383	1.9
Other sources and uses, net	4,352,037	1.6	7,624,695	3.2
Total Expenditures and Other Uses	278,292,823	100.0	236,978,149	99.9
INCREASE (DECREASE) IN FUND BALANCE	\$ (24,493,849)	(0.1)	\$ 3,642,207	1.5
Assigned fund balance	-	0.0	22,153,185	9.3
Unassigned fund balance	26,404,312	9.5	25,465,432	10.7
Restricted fund balance	8,255	0.0	3,287,799	1.4
TOTAL ENDING FUND BALANCE	\$ 26,412,567	9.5	\$ 50,906,416	21.4
FULL-TIME EQUIVALENT STUDENTS	32,855		32,720	
TOTAL LONG-TERM OBLIGATIONS, INCLUDING RETIREE BENEFIT LIABILITY	N/A		\$ 779,250,289	

IMPORTANT NOTES:

The California Community College Chancellor's Office has provided guidelines that recommend a minimum prudent ending fund balance of 5 percent of unrestricted expenditures. In addition, the District's Board policy requires a 10 percent unrestricted ending fund balance. As such, the unassigned balance is 10 percent Board Policy reserve and any other remaining unassigned amounts in the unrestricted General Fund.

* Unrestricted General Fund expenditure and fund balance for 2018-2019 budget year is projected to be \$225,971,078 and \$26,404,312, respectively, which meets the District's policy of 10 percent unrestricted ending fund balance.

All percentages are of total unrestricted and restricted expenditures combined.

* The 2018-2019 budget presents the budget adopted by the Board of Trustees on September 12, 2018. The budget has been included for analytical purposes and has not been subjected to audit.

Long-term debt is reported for the District as a whole and includes debt related to all funds. Long-term debt excludes unamortized premium.

See accompanying note to supplementary information.

2017		2016	
Amount	%	Amount	%
\$ 4,712,840	2.1	\$ 4,994,250	2.3
152,940,215	68.8	162,152,290	73.9
68,708,795	30.9	59,332,714	27.0
<u>226,361,850</u>	<u>101.8</u>	<u>226,479,254</u>	<u>103.2</u>
88,927,671	40.0	84,236,976	38.4
53,924,668	24.2	49,976,687	22.8
48,698,706	21.9	37,945,952	17.3
4,630,969	2.1	3,832,786	1.7
19,111,477	8.6	18,112,050	8.3
5,691,207	2.6	6,371,181	2.9
1,338,856	0.6	18,948,123	8.6
<u>222,323,554</u>	<u>100.0</u>	<u>219,423,755</u>	<u>100.0</u>
<u>\$ 4,038,296</u>	<u>1.8</u>	<u>\$ 7,055,499</u>	<u>3.2</u>
21,115,185	9.5	20,205,035	9.2
22,742,126	10.2	20,731,836	9.4
3,406,898	1.5	2,289,042	1.0
<u>\$ 47,264,209</u>	<u>21.2</u>	<u>\$ 43,225,913</u>	<u>19.6</u>
<u>31,018</u>		<u>31,385</u>	
<u>\$ 722,758,010</u>		<u>\$ 604,056,906</u>	

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON
FOR THE COMBINED GENERAL FUND
JUNE 30, 2018**

	General Fund		
	Revised Budget*	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal revenues			
Higher Education Act	\$ 1,118,063	\$ 1,231,784	\$ 113,721
Temporary Assistance for Needy Families	104,079	238,979	134,900
Student Financial Aid	736,964	538,883	(198,081)
Veterans Education	-	4,800	4,800
Vocational and Technical Education Act	1,076,275	1,076,275	-
Other federal revenues	3,015,179	1,690,788	(1,324,391)
State revenues			
General apportionments	112,890,748	112,113,017	(777,731)
Categorical apportionments	35,334,283	28,691,668	(6,642,615)
Other state revenues	7,832,809	15,321,237	7,488,428
Local revenues			
Property taxes	44,427,892	52,904,981	8,477,089
Interest and investment income	550,000	1,126,981	576,981
Student fees and charges	17,495,396	19,548,011	2,052,615
Contributions	-	62,724	62,724
Other local revenues	4,542,749	6,070,228	1,527,479
TOTAL REVENUES	229,124,437	240,620,356	11,495,919
EXPENDITURES			
Academic salaries	94,466,507	93,288,142	1,178,365
Classified salaries	61,351,229	58,156,042	3,195,187
Employee benefits	45,511,551	45,469,718	41,833
Supplies and materials	7,840,221	4,042,993	3,797,228
Other operating expenses	35,539,945	21,377,176	14,162,769
Capital outlay	6,993,272	4,519,383	2,473,889
TOTAL EXPENDITURES	251,702,725	226,853,454	24,849,271
EXCESS OF REVENUES OVER EXPENDITURES	(22,578,288)	13,766,902	36,345,190
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of non-capitalized equipment	10,000	12,710	2,710
Interfund transfers out	(1,652,010)	(8,401,865)	(6,749,855)
Student financial aid	(524,426)	(993,462)	(469,036)
Other financing uses	(753,801)	(742,078)	11,723
TOTAL OTHER FINANCING SOURCES (USES)	(2,920,237)	(10,124,695)	(7,204,458)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(25,498,525)	3,642,207	29,140,732
FUND BALANCE, BEGINNING OF YEAR	47,264,209	47,264,209	-
FUND BALANCE, END OF YEAR	\$ 21,765,684	\$ 50,906,416	\$ 29,140,732

* The 2017-2018 budget has been included for analytical purposes and has not been subjected to audit.

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance. The District did not pass through Federal funds to subrecipients during the year ended June 30, 2018.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		\$ 48,443,609
Career and Technical Education (CTE), Perkins Title I, Part C	84.048A	(844)
Total Schedule of Expenditures of Federal Awards		<u>\$ 48,442,765</u>

Schedule of Expenditures of State Awards

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

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

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

Reconciliation of Annual Financial and Budget Report (CCFS-311) With 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 District's 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 Governmental Funds to the Statement of Net Position

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

Schedule of Financial Trends and Analysis of the Combined General Fund

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Budgetary Comparison for the Combined General Fund

This schedule presents the final General Fund budget as of the fiscal year end, actual amounts at fiscal year-end, and the variance between the final budget and actual amounts.

INDEPENDENT AUDITOR'S REPORTS



**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
Mt. San Antonio Community College District
Walnut, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Mt. San Antonio 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 December 4, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 16 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider to be a significant deficiency.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Mt. San Antonio Community College District's Response to Finding 2018-001

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

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.



Rancho Cucamonga, California
December 4, 2018



**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
Mt. San Antonio Community College District
Walnut, California

Report on Compliance for Each Major Federal Program

We have audited Mt. San Antonio 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.

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.

Varunesh Tripathi, Day & Co, LLP

Rancho Cucamonga, California
December 4, 2018



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

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Mt. San Antonio Community College District
Walnut, California

Report on State Compliance

We have audited Mt. San Antonio 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

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.

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 offer any Intersession Extension Programs; 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 did not receive funding for Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vaughn, Tuma, Day & Co, LLP

Rancho Cucamonga, California
December 4, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Assistance Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,453,283</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2018

The following finding represents a significant deficiency and an instance of noncompliance related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*.

2018-001 Noncompliance With Regulations - California Community College Board of Governors Fee Waivers

Criteria or Specific Requirement

The California Community College Board of Governors Fee Waivers (BOGW), now known as the California College Promise Grant, is a program that waives enrollment fees for students who meet certain income eligibility requirements (California *Education Code* Section 76300(g)(1)).

Condition

During the 2017-2018 year, 99 students incorrectly received enrollment fee waivers which were applied to their student accounts.

Effect

The District waived enrollment fees for these students under the assumption that they were eligible for the BOGW. When the District found the errors, the waivers were reversed on the student accounts prior to the end of the 2017-2018 fiscal year. Also, prior to June 30, 2018, the District modified and accurately reported correct BOGW recipient counts to the Chancellor's Office.

Cause

The District incorrectly granted BOGW fee waiver eligibility for some students who filed manual applications, which could have been avoided if the applications had been completed using an electronic application method such as the Free Application for Federal Student Aid (FAFSA). Internal control and review processes of these manual applications were deemed insufficient to prevent the improper eligibility determinations.

Recommendation

For manual BOGW applications, and any other manual financial aid applications used, the District should implement an independent review process in which the eligibility determination and data input are reviewed for accuracy and validity. An individual who is not involved with processing manual applications should perform the review, on a 100 percent or sample basis.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2018

Corrective Action Plan

The BOGWs were reversed on the accounts of all 99 students impacted. These students were contacted, by phone and email, to have their BOGW eligibility re-evaluated through the FAFSA or CA Dream Act. The outcome is as follows:

- 48 students qualified for the BOGW. In addition, some of these students received additional Federal aid totaling \$22,205.
- 25 students paid the fees, which were the result of the BOGW reversal for \$25,175.
- 26 students still have outstanding fee balances. The District continues to reach out to these students.

The District is moving towards conversion of BOGW eligibility determination through the FAFSA or CA Dream Act application. These are electronic processes with minimal manual override access granted only to management. If a revision is needed, the process requires the approval of two managers.

Manual BOGW applications will continue to be accepted, but considered on case-by-case basis with newly added internal controls to process BOGW applications manually. Front counter staff will review the application with the student applicant. Front counter staff will not input BOGW information nor determine eligibility. Pre-determined high-level financial aid staff will input BOGW application data and the system will automatically calculate and determine eligibility. A report has been developed for management to review the results of these manually inputted BOGW applications. In addition, management will routinely pull a sample audit of BOGW paper applications as a secondary measure to ensure eligibility requirements are met and calculated correctly. Access to the system and security levels have been reviewed and changed to improve internal controls.

In addition, the Financial Aid Office has modified its regular training agenda on student financial aid eligibility, which now includes implications of noncompliance, error avoidance, and conflict of interest.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

None reported.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

None reported.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

None reported.

State Awards Findings

None reported.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

Assessed valuation for fiscal year 2017-18	\$ 83,764,891,359 (2)
Secured tax levies for fiscal year 2017-18	19,402,142 (1)
Secured tax delinquencies for fiscal year 2017-18	977,754 (1)
Secured tax collections for fiscal year 2017-18	18,424,388 (1)

Property Owner	Land Use	2017-2018 Assessed Valuation (2)	% of Total (3)
1. Plaza West Covina LLC	Shopping Center	\$ 270,511,910	0.32%
2. Industry East Land LLC - Lessee	Industrial	225,894,547	0.27%
3. Fairway Sub A-E LLC	Industrial	177,591,239	0.21%
4. BRE DDR BR Eastland CA LLC	Shopping Center	168,708,946	0.20%
5. 1301 East Gladstone Street	Shopping Center	132,758,145	0.16%
6. JCC California Properties LLC	Commercial	116,864,828	0.14%
7. Tropicana Manufacturing Company	Industrial	111,061,815	0.13%
8. Crow Family Holdings Industrial LP	Industrial	108,016,546	0.13%
9. Newage PHM LLC	Shopping Center	104,642,828	0.12%
10. 301 South Glendora Avenue	Commercial	102,504,008	0.12%
11. Rowland Ranch Properties LLC	Commercial	96,710,398	0.12%
12. LBA Realty Fund	Industrial	96,450,664	0.12%
13. Wal Mart Real Estate Business Trust	Shopping Center	95,358,281	0.11%
14. Quemtco West LLC	Industrial	84,525,216	0.10%
15. Hacienda Heights CA LLC	Apartments	83,050,448	0.10%
16. Adcor Realty Corp.	Industrial	79,265,761	0.09%
17. San Gabriel Valley Water Co.	Water Company	77,578,188	0.09%
18. Target Corporation	Commercial	71,574,344	0.09%
19. Vulcan Materials	Industrial	68,026,110	0.08%
20. New Age Kaleidoscope LLC	Shopping Center	67,873,744	0.08%
		<u>\$ 2,338,967,966</u>	<u>2.79%</u>

(1) Source: Los Angeles County Auditor-Controller's Office

(2) Source: California Municipal Statistics, Inc.

(3) Percentage of total assessed valuation for the fiscal year 2017-2018 of \$83,764,891,359