



MT. SAN ANTONIO COMMUNITY
COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2015-2016 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 22, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 75, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 76, and the Schedule of District Contributions on page 77 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*, is presented for purposes of additional analysis and is 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 continuing disclosure information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, 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 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 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.

Vavrinich, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2016

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, 2016. 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 and 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 68 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*, which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applied new reporting standards to public colleges and universities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow the new standards under the Business Type Activity (BTA) model. Nearly all public Colleges and Universities nationwide have selected the BTA reporting model. As such, the District is reporting its financial statements according to these standards.

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow these new standards. GASB Statement No. 45 establishes standards for governmental employers to measure and report their costs and obligations related to post-employment benefits other than pensions, or retiree health benefits. The term "post-employment benefits" refers to benefits earned during employment, but taken after employment has ended. As such, the District is reporting according to this standard.

BOARD OF TRUSTEES

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

COLLEGE PRESIDENT / CEO – Dr. William T. Scroggins

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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 entity-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.

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

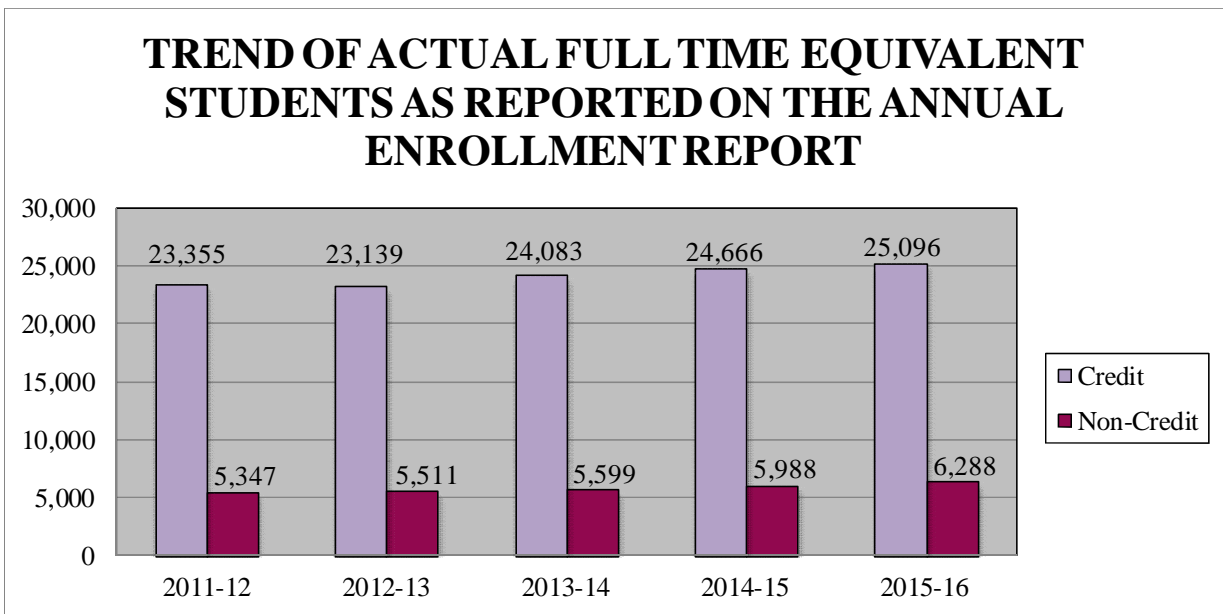
JUNE 30, 2016

- 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.

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.

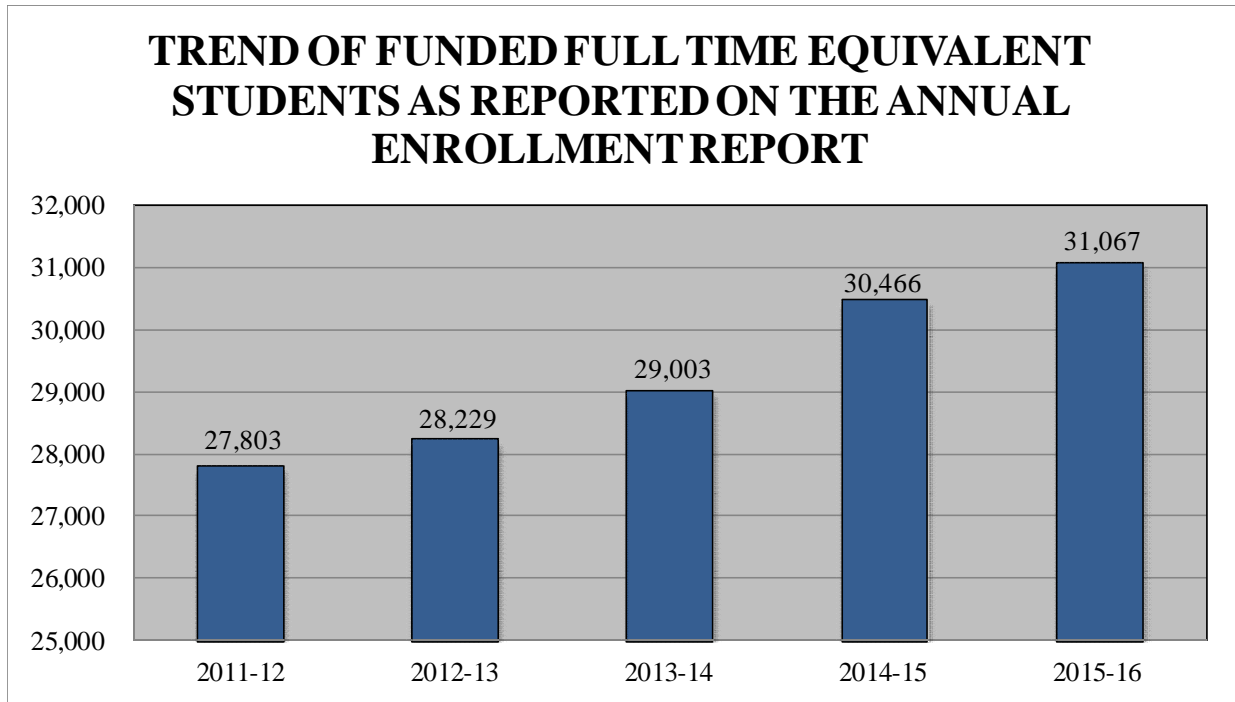
- As of June 30, 2016, the total actual full-time equivalent students (FTES) increased from 30,654 to 31,384, or a 2.4 percent increase for credit and noncredit courses. Funded credit and noncredit FTES are the basis for which the District receives State apportionment. The District estimated funded FTES for credit and noncredit for the fiscal year 2015-2016 was 31,067. The District increased approximately 798 funded FTES in 2015-2016 to earn growth. The final funded FTES total for the fiscal year 2015-2016 will be known with the apportionment recalculation in February or March 2017.



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016



- 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 2001-02 and continued through 2015-16. 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, 2016

- 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.
- The District ended the fiscal year 2015-16 with an ending fund balance of \$40.9 million in the Unrestricted General Fund, which represents 21.32 percent well above the 10 percent unassigned fund balance board policy. The District will continue with its conservative approach to maintain healthy fund balances. These healthy fund balances will permit the continuation of many outstanding programs and services for which the District is known, while allowing for careful consideration of budget plans for the fiscal year 2016-17 and beyond.

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, 2016**

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, 2016 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	\$ 43,225,913	
Child Development	645,416	
Health Services	892,243	
Debt Service	16,291,673	
Capital Outlay	23,184,363	
Bond Construction	62,482,322	
Farm Operations	208,879	
Fiduciary Funds	<u>3,401,300</u>	
Total Fund Balance per CCFS-311	150,332,109	
Funds not included in the CCFS-311 report	<u>4,118,852</u>	
Total Fund Balance - All District Funds		<u>154,450,961</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	548,175,740	
Accumulated depreciation is	<u>(133,461,526)</u>	414,714,214

Amounts held in trust on behalf of others (Trust and Agency Funds) (7,527,240)

Cash held with trustee for property and liability insurance 562,823

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, 2016. 10,177,898

Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis. 12,912,762

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. (2,636,525)

(Continued)

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.	\$ 1,417,192
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.	1,369,773
The changes of assumptions are not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.	(3,252,808)
The differences between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis over a closed five-year period.	(9,890,339)
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	\$ 368,596,060
Premium on bonds	22,776,837
Notes payable	89,267
Load banking	4,044,331
Compensated absences	5,321,484
Less compensated absences and load banking already recorded in funds	(9,365,815)
Other postemployment benefits (OPEB) obligation	21,750,882
Aggregate net pension obligation	152,032,509
In addition, the District issued "capital appreciation" general obligation bonds. The accretion of interest on those bonds to date is the following:	29,445,536
	(594,691,091)
Total Net Position	\$ (22,392,380)

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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 non-current), liabilities (current and non-current) 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, 2016**

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

(Amounts in thousands)

	2016	2015	Change
ASSETS			
Current Assets			
Cash and investments	\$ 188,321	\$ 182,336	\$ 5,985
Accounts receivable and other assets	8,707	10,230	(1,523)
Total Current Assets	<u>197,028</u>	<u>192,566</u>	<u>4,462</u>
Capital Assets (net)	<u>414,714</u>	<u>373,285</u>	<u>41,429</u>
Total Assets	<u>611,742</u>	<u>565,851</u>	<u>45,891</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	10,178	15,153	(4,975)
Deferred outflows related to pensions	33,858	10,801	23,057
Total Deferred Outflows of Resources	<u>44,036</u>	<u>25,954</u>	<u>18,082</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	25,301	18,972	6,329
Unearned revenue	17,511	7,729	9,782
Current portion of long-term obligations other than pensions	11,835	10,536	1,299
Total Current Liabilities	<u>54,647</u>	<u>37,237</u>	<u>17,410</u>
Long-Term Obligations	<u>592,222</u>	<u>537,500</u>	<u>54,722</u>
Total Liabilities	<u>646,869</u>	<u>574,737</u>	<u>72,132</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>31,301</u>	<u>34,812</u>	<u>(3,511)</u>
NET POSITION			
Net investment in capital assets	97,084	68,567	28,517
Restricted	37,950	28,821	9,129
Unrestricted	(157,426)	(115,132)	(42,294)
Total Net Position	<u>\$ (22,392)</u>	<u>\$ (17,744)</u>	<u>\$ (4,648)</u>

This schedule has been prepared from the District *Statement of Net Position* (page 24), 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 25-26).

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

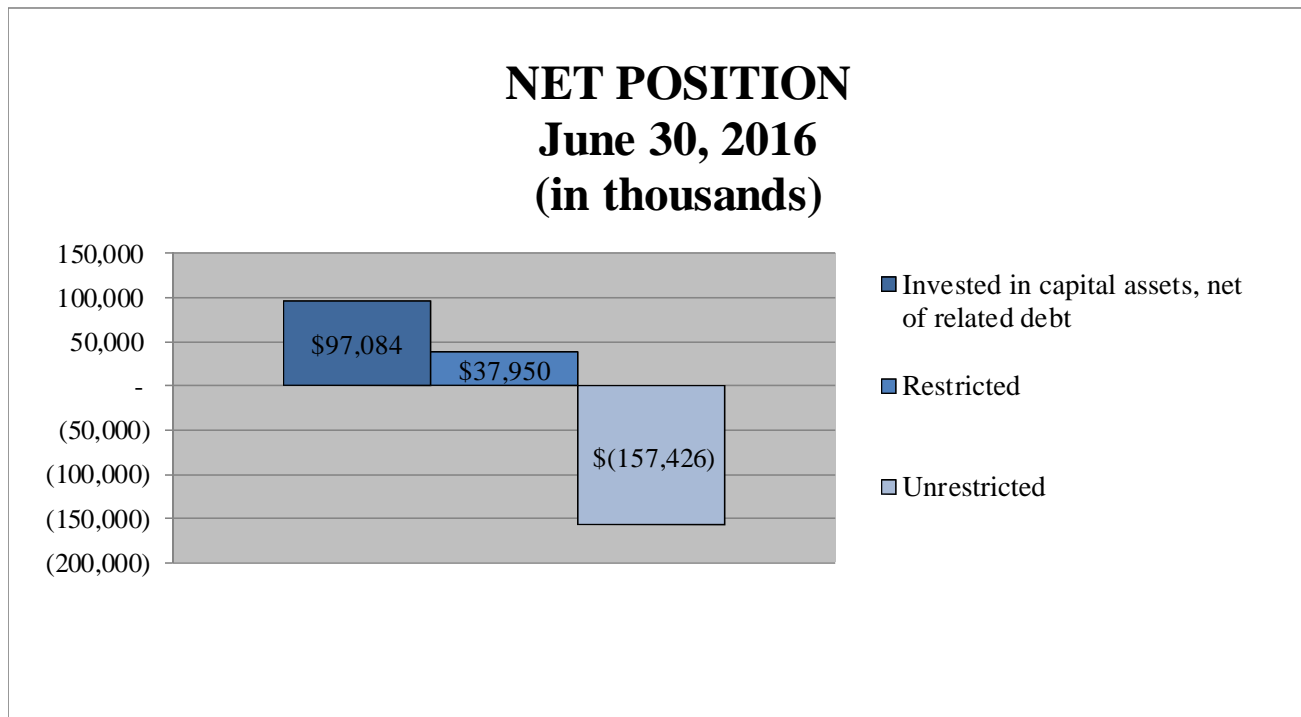
- The total cash balance had a net increase of \$6.0 million. The General Fund cash increased by \$34.8 million primarily as result of increases in the apportionment, State Mandated Costs Reimbursement, and funding for categorical programs. The main increases in the apportionment consist of Growth, Increase to the Base Allocation, Enhancement Noncredit Career Development and College Preparation Courses (CDCP) Equalization, and Full-Time Faculty Hiring. The Categorical programs include Adult Education Block Grant (AEBG) Data and Accountability, Student Success and Support Programs Credit and Noncredit, Full-Time Student Success Grant, Instructional Equipment, and Student Equity. Of the \$34.8 million, approximately \$10.0 million was transferred to the Capital Outlay Projects Fund for the Solar Photovoltaic System, the Mobile TV Production Trailer Project, and other smaller capital projects. The Bond Construction Fund had a net decrease of \$33.2. The cash increased by \$20.1 as a result of the receipt of Measure RR bond proceeds in September 2015. The cash decreased by \$53.3 million primarily for the payments made for Child Development Center, Business Computer and Technology Project, Farm Site Improvements, Student Center, Facilities Planning Renovation Building 47, Restroom Renovation Building 26D, and Agricultural Science Building.
- The total account receivables and other assets decreased by \$1.5 million. The main contributors of this reduction is the decrease in accounts receivable for interest earned at June 30, 2015 and the decrease of accounts receivable for property taxes levied for debt services not received at June 30, 2015. Similar accounts receivables are no longer recorded as of June 30, 2016.
- Capital assets had a net increase of \$41.4 million. The District had additions of \$57.1 million related to equipment purchases, site and site improvement, capitalized interest, and construction in progress. The District recognized depreciation expense of \$12.7 million during 2015-16. The capital asset section of this discussion and analysis provides greater information.
- The deferred charges on refunding decreased by \$5.0 million. This decrease is the result of the amortization for the Measure R general obligation refunding bonds series 2013A, 2013B and 2015.
- The deferred outflows related to pensions increased by \$23.1 million. CalSTRS deferred outflows increased by \$10.8 million, while CalPERS deferred outflows increased by \$12.3 million. See Note 13 for detailed information related to the aggregate net pension liability and the associated deferred inflows and outflows of resources.
- The accounts payable and accrued liabilities had a net increase of \$6.3 million. The accounts payable increased in the general fund by \$6.3 million due to receiving property taxes higher than estimated in the fiscal year 2015-16. The accrued liabilities primarily increased in the general fund by \$1.1 million for payroll accruals recognized at year-end. The accounts payable decreased in the bond construction fund by \$1.1 million mainly for payments made for the Child Development Center.
- Unearned revenues had a net increase of \$9.8 million. This is mainly due to an increase in deferred revenues for Adult Education Block Grant (AEBG) Data and Accountability, Student Success and Support Programs Credit and Noncredit, Full-Time Student Success Grant, Instructional Equipment, Basic Skills, and Student Equity.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

- The long-term debt liabilities (current and non-current) net increase of \$56.0 million is mainly attributed to the issuance of \$19.4 million Measure R general obligation refunding bonds, \$20.0 million Measure RR general obligation bonds series 2015C, and the increase of \$26.7 million in the net pension liability.
- The District's net position was \$(22.4) million for the fiscal year ended June 30, 2016. Of this amount, \$(157.4) 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.
- The following is a graphic representation of the Net position as of June 30, 2016:



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 24). The purpose of this statement is to present the operating and non-operating revenues earned, whether received or not, by the District, the operating and non-operating 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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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. Non-operating revenues are those received or pledged for which goods and services are not provided; for example, State appropriations are non-operating 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)

	2016	2015	Change
Operating Revenues			
Tuition and fees	\$ 19,035	\$ 17,933	\$ 1,102
Enterprise sales and charges and other operating revenues	471	449	22
Total Operating Revenues	<u>19,506</u>	<u>18,382</u>	<u>1,124</u>
Operating Expenses			
Salaries and benefits	180,020	161,974	18,046
Supplies, materials, and other operating expenses	39,463	27,698	11,765
Student financial aid	48,904	49,037	(133)
Depreciation	12,705	12,373	332
Total Operating Expenses	<u>281,092</u>	<u>251,082</u>	<u>30,010</u>
Loss on Operations	<u>(261,586)</u>	<u>(232,700)</u>	<u>(28,886)</u>
Nonoperating Revenues (Expenses)			
State apportionments	112,174	109,308	2,866
Property taxes	54,237	40,151	14,086
Grants and contracts	49,747	53,056	(3,309)
State revenues	54,429	29,963	24,466
Net interest expense	(16,965)	(26,201)	9,236
Other nonoperating revenues (expenses)	(784)	291	(1,075)
Total Nonoperating Revenues	<u>252,838</u>	<u>206,568</u>	<u>46,270</u>
Other Revenues and (Losses)			
State, local capital income and (losses)	<u>4,100</u>	<u>3,609</u>	<u>491</u>
Net Change in Net Position	(4,648)	(22,523)	17,875
Net Position, Beginning of Year	(17,744)	4,779	(22,523)
Net Position, End of Year	<u>\$ (22,392)</u>	<u>\$ (17,744)</u>	<u>\$ (4,648)</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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 \$261.6 million is balanced by other funding sources. Total District expenses exceeded total revenues by \$4.6 million for the year ended June 30, 2016.

Grants and contract revenues relate to student financial aid, as well as specific 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 approximately \$1.1 million. This increase is mainly due to the increase in classes offered to students as a result of growth funding approved by the state for fiscal year 2015-16.
- The net increase in operating expenses of \$30.0 million is mainly due to an ongoing 5.02 percent salary increase including increases in the annual health and welfare allocation for all employee groups, new positions and operating expenses approved through the Colleges' New Resources Allocation Process, and a slight increase in Depreciation expense. As new buildings are completed, depreciation expense is recognized.
- Until the fiscal year 2011-12, the District's base apportionment sources of funding included the following three components: State apportionment, property taxes and enrollment fees. On November 2012, voters approved Proposition 30, The Schools and Local Public Safety Protection Act of 2012. This proposition temporarily raises the sales tax and use tax by \$0.25 for four years, and raises the income tax on annual earnings over \$250,000 for seven years. The language of this proposition required the creation of the Education Protection Account (EPA) in the State's General Fund. Therefore, this new component has been added as a source of the District's base apportionment, effective with fiscal year 2012-13. The EPA funds are not additional funds. Similar to Local Property Taxes, District's state aid is reduced by one dollar for each dollar received from the EPA. The state apportionment noncapital increased by \$2.9 million primarily as a result of earning growth funding.
- Property taxes levied for general purposes and for other specific purposes increased by \$14.1 million. The property taxes levied for general purposes increased by \$13.1 million as a result of greater collections of the Education Revenue Augmentation Fund (ERAF) in the 2015-16 fiscal year, when compared to the 2014-15 fiscal year. Property taxes for other specific purposes increased by \$1.0 million due to the collections of the general obligation bond repayments.
- State revenues increased by \$24.5 million. The major increase was in the State Mandated Costs Reimbursement for \$16.0 million. There were also significant increases in the Board Financial Assistance Program (BFAP), Student Success and Support Program, Student Equity Program, Proposition 39 Energy Program, Adult Education Block Grant, and Lottery.

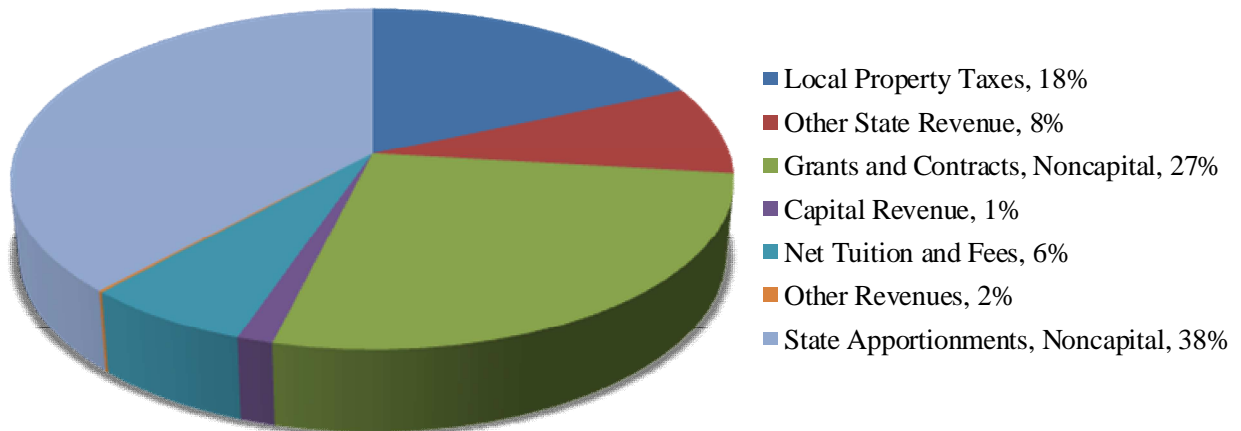
MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

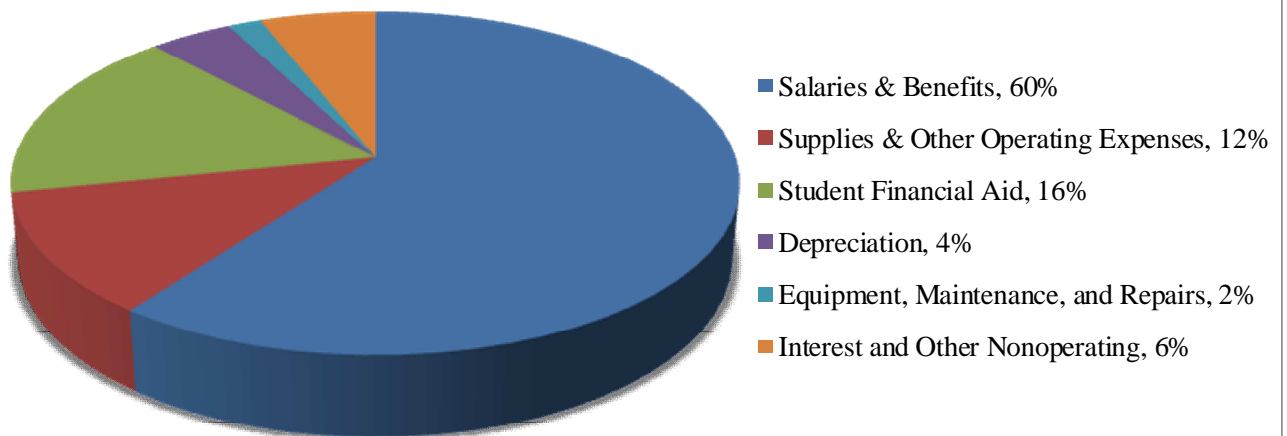
JUNE 30, 2016

- Net interest expense decreased by \$9.2 million essentially as a result of the decrease of accreted interest recognized for the general obligation bond Measure RR. See Note 10 for detailed information related to scheduled interest payments related to General Obligation Bond debt.
- Functional expenses are detailed in Note 16 of the financial statements.

Revenues for the Year Ended June 30, 2016



Expenses for the Year Ended June 30, 2016



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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 non-operating, non-investing and non-capital 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)

	2016	2015	Change
Cash Provided by (Used in)			
Operating activities	\$ (239,895)	\$ (134,581)	\$ (105,314)
Noncapital financing activities	261,875	155,918	105,957
Capital financing activities	(16,403)	(27,098)	10,695
Investing activities	408	271	137
Net Increase (Decrease) in Cash	5,985	(5,490)	11,475
Cash, Beginning of Year	182,336	187,826	(5,490)
Cash, End of Year	<u>\$ 188,321</u>	<u>\$ 182,336</u>	<u>\$ 5,985</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.

- 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 \$106.0 million. The main contributors to this net increase was the result of large increases in the apportionment, State Mandated Costs Reimbursement, and funding for State categorical programs.
- The cash from "capital financing activities" had a net decrease of \$10.6 million. The District received \$56.5 million in proceeds for issuance of Measure R general obligation 2015 refunding bonds and the issuance of the Measure RR general obligation bonds series 2015C. Payments to vendors for \$48.8 million were made to finance the following capital projects: Child Development Center, Business Computer and Technology Project, Farm Site Improvements, Student Center, Facilities Planning Renovation Building 47, Restroom Renovation Building 26D, and Agricultural Science Building.
- Cash provided by "investing activities" includes interest earned on bank accounts and cash invested through the Los Angeles County pool. This revenue primarily consists of interest earned in the Unrestricted General Fund.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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 2008-09. 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, with an initial contribution of \$4 million. 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, 2016, the District had over \$441.5 million invested in depreciable capital assets. The total cost of capital assets of \$548.2 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 \$133.5 million. Significant capital asset additions and deletions of \$53.7 million, which is mainly a net increase in construction in progress totaling \$44.5 million, a net increase in equipment totaling \$6.4 million, and a net increase in site improvements totaling \$2.7 million, occurred during 2015-2016. Depreciation expense of \$12.7 million was recorded for the fiscal year.

During 2015-2016, the following projects were capitalized:

- Administration Building Remodel – Site Improvement
- Boiler Replacement Building 60
- Site Improvement Former Building 5/5A
- Energy Projects Building 60

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Construction in progress during 2015-16 includes the following projects:

- Solar Photovoltaic System
- Business and Computer Technology
- Athletics Complex Phase 2
- Fire Academy Site Preparation
- Parking Structure
- Wildlife Sanctuary Improvement
- Central Plan Chilled Water
- Utility Infrastructure SW Server
- Temporary Space, Building Upgrade
- Temporary Space Portable building 40
- Portable building Athletics
- Food Service building
- Student Services Annex
- Child Development building 70
- Agricultural Science Improvements building 5

	2016	2015
Land and construction in progress	\$ 106,676	\$ 62,129
Buildings and improvements	398,383	395,685
Furniture and equipment	43,117	36,667
Total Capital Assets	548,176	494,481
Less accumulated depreciation	(133,462)	(121,196)
Capital Assets, Net	<u>\$ 414,714</u>	<u>\$ 373,285</u>

Debt

On June 30, 2016, the District had \$604.1 million in debt. The balance primarily includes the remaining principal debt for the Measure R (Election 2001) bonded debt, the Measure RR (Election 2008) bonded debt, and the proportionate share of the Net Pension Liability for CalSTRS and CalPERS. The outstanding bond debt of Measure R consists of \$1.0 million in Series C general obligation bonds issued in September 2006, \$1.6 million in Series D general obligation bonds issued in July 2008, \$70.9 million Series A general obligation refunding bonds issued August 2013, \$44.0 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 \$231.8 million Series A general obligation bonds, \$10.0 million Series B general obligation bonds issued in August 2013, and \$20.0 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 general obligation bonds and net pension liability comprise approximately 95 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. The District's bond rating of AA, Standard & Poor's has not changed from the prior year.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Notes 10, 11 and 13 to the financial statements provide additional information on long-term liabilities. A comparison of long-term debt is summarized below:

	<u>2016</u>	<u>2015</u>
General obligation bonds and notes payable	\$ 420,908	\$ 396,903
Compensated absences and load banking	9,366	8,479
Net other postemployment benefits (OPEB)	21,751	17,362
Aggregate net pension obligation	<u>152,032</u>	<u>125,292</u>
Total Long-Term Obligations	<u>\$ 604,057</u>	<u>\$ 548,036</u>

Economic Factors that May Affect the Future

As of June 30, 2016, the District's overall financial position is strong due to prior year's prudent fiscal management, which resulted in a healthy balance of \$40.9 million in the Unrestricted General Fund.

The 2015-16 Governor's budget for community colleges includes a two percent growth increase. Accordingly, the District plans to increase course offerings for the fiscal year 2015-16, as the economy continues to improve, historically, community colleges tend to experience a decline in enrollment. Community colleges throughout the state will have a significant challenge to maintain and to obtain additional growth.

The economic position of the District is closely tied to the State of California. There are significant unknown factors that may affect the District in future years such as: the Passage of Proposition 55 tax increases, the continuous apportionment deficits as a result of shortfalls in property taxes and enrollment fees, and the significant increases in the STRS and PERS employer contributions.

Subsequent Events

Effective July 1, 2016, Faculty, Management, CSEA 262, and Confidential employees will receive a one percent on schedule salary increase and an annual increase of a \$100 for health and welfare.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT JUNE 30, 2016

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 156,645
Cash and cash equivalents - restricted	796,283
Investments - unrestricted	62,046,148
Investments - restricted	125,321,670
Accounts receivable	7,860,095
Student receivable, net	814,632
Due from Auxiliary	32,079

Total Current Assets	<u>197,027,552</u>
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Noncurrent Assets

Nondepreciable capital assets	106,675,707
Depreciable capital assets, net of depreciation	308,038,507

Total Noncurrent Assets	<u>414,714,214</u>
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TOTAL ASSETS	<u>611,741,766</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	10,177,898
Deferred outflows of resources related to pensions	33,858,009

Total Deferred Outflows of Resources	<u>44,035,907</u>
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LIABILITIES

Current Liabilities

Accounts payable	22,621,513
Accrued interest payable	2,636,525
Due to Auxiliary	42,325
Unearned revenue	17,511,355
Current portion of long-term obligations other than pensions	11,835,000

Total Current Liabilities	<u>54,646,718</u>
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Noncurrent Liabilities

Compensated absences and load banking payable	9,365,815
Bonds payable	408,983,433
Notes payable	89,267
Other postemployment benefits	21,750,882
Aggregate net pension obligation	152,032,509

Total Noncurrent Liabilities	<u>592,221,906</u>
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TOTAL LIABILITIES	<u>646,868,624</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	31,301,429
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NET POSITION

Net investment in capital assets	97,084,346
Restricted for:	
Debt service	13,655,148
Capital projects	22,002,366
Educational programs	2,291,869
Unrestricted	(157,426,109)
TOTAL NET POSITION	<u>\$ (22,392,380)</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, 2016**

OPERATING REVENUES	
Student Tuition and Fees	\$ 40,126,861
Less: Scholarship discount and allowance	(21,092,311)
Net tuition and fees	<u>19,034,550</u>
Enterprise Sales and Charges	
Farm operations	180,862
Other Operating Revenues	290,830
TOTAL OPERATING REVENUES	<u>19,506,242</u>
OPERATING EXPENSES	
Salaries	137,380,705
Employee benefits	42,639,104
Supplies, materials, and other operating expenses and services	34,376,724
Student financial aid	48,904,177
Equipment, maintenance, and repairs	5,086,970
Depreciation	12,705,045
TOTAL OPERATING EXPENSES	<u>281,092,725</u>
OPERATING LOSS	<u>(261,586,483)</u>
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	112,173,759
Local property taxes, levied for general purposes	36,968,125
Taxes levied for other specific purposes	17,269,244
Federal grants	49,746,989
State grants	29,549,340
State taxes and other revenues	24,879,928
Investment income	1,001,650
Interest expense on capital related debt	(18,047,304)
Investment income on capital asset-related debt, net	80,170
Transfer to fiduciary fund	(4,000,000)
Other nonoperating revenue	3,215,836
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>252,837,737</u>
LOSS BEFORE OTHER REVENUES AND (LOSSES)	<u>(8,748,746)</u>
OTHER REVENUES AND (LOSSES)	
State revenues, capital	2,581,884
Local revenues, capital	1,525,495
Loss on disposal of capital assets	(6,949)
TOTAL OTHER REVENUES AND (LOSSES)	<u>4,100,430</u>
CHANGE IN NET POSITION	(4,648,316)
NET POSITION, BEGINNING OF YEAR	(17,744,064)
NET POSITION, END OF YEAR	<u>\$ (22,392,380)</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, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 20,884,841
Payments to vendors for supplies and services	(38,725,663)
Payments to or on behalf of employees	(173,573,755)
Payments to students for scholarships and grants	(48,904,177)
Enterprise sales and charges	471,692
Other operating	(47,906)
Net Cash Flows From Operating Activities	<u>(239,894,968)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	111,323,876
Grant and contracts	90,557,902
Property taxes - nondebt related	36,968,125
State taxes and other apportionments	22,843,545
Other nonoperating	181,992
Net Cash Flows From Noncapital Financing Activities	<u>261,875,440</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(48,806,757)
Proceeds from capital debt	56,525,408
State revenue, capital projects	2,581,884
Local revenue, capital projects	1,525,495
Property taxes - related to capital debt	17,269,244
Principal paid on capital debt	(32,520,755)
Interest paid on capital debt	(13,057,725)
Interest received on capital asset-related debt	80,170
Net Cash Flows From Capital Financing Activities	<u>(16,403,036)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	<u>407,772</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>182,335,538</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 188,320,746</u></u>

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, 2016**

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

Operating Loss	<u>\$ (261,586,483)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	12,705,045
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables, net	(17,365)
Accounts payable and accrued liabilities	997,850
Unearned revenue	2,605,687
Funds held for others	(47,906)
Deferred outflows of resources related to pensions	(23,057,125)
Compensated absences and load banking	886,534
OPEB obligation	4,389,039
Aggregate net pension obligation	26,740,767
Deferred inflows of resources related to pensions	(3,511,011)
Total Adjustments	<u>21,691,515</u>
Net Cash Flows From Operating Activities	<u><u>\$ (239,894,968)</u></u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 952,928
Cash in county treasury	187,367,818
Total Cash and Cash Equivalents	<u><u>\$ 188,320,746</u></u>

NONCASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 4,685,132</u></u>
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The accompanying notes are an integral part of these financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	<u>Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 4,000,000	\$ -
Investments	3,510,102	131,791
Accounts receivable	7,074	-
Student receivable	28,976	-
Total Assets	<u>7,546,152</u>	<u>\$ 131,791</u>
 LIABILITIES		
Accounts payable	42,733	\$ 3,024
Due to Auxiliary	490	-
Amounts held on behalf of others	104,456	128,767
Total Liabilities	<u>147,679</u>	<u>\$ 131,791</u>
 NET POSITION		
Restricted	4,000,000	
Unreserved	3,398,473	
Total Net Position	<u>\$ 7,398,473</u>	

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	<u>Trust</u>
ADDITIONS	
State revenues	\$ 3,962
Local revenues	1,811,345
Total Additions	<u>1,815,307</u>
DEDUCTIONS	
Classified salaries	179,040
Employee benefits	34,044
Books and supplies	94,710
Services and operating expenditures	1,029,258
Capital outlay	16,481
Total Deductions	<u>1,353,533</u>
OTHER FINANCING SOURCES	
Transfer from primary government	<u>4,000,000</u>
Change in Net Position	4,461,774
Net Position - Beginning	<u>2,936,699</u>
Net Position - Ending	<u><u>\$ 7,398,473</u></u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF AUXILIARY SERVICES NET POSITION - COMPONENT UNIT FOR THE YEAR ENDED JUNE 30, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 265,241
Investments	1,228,326
Accounts receivable	187,192
Notes receivable, current portion	3,529
Due from District	42,325
Due from fiduciary funds	490
Prepaid expenses	384,939
Inventories	2,215,071
Total Current Assets	<u>4,327,113</u>

Noncurrent Assets

Notes receivable	17,646
Depreciable capital assets, net of depreciation	204,482
Total Noncurrent Assets	<u>222,128</u>
TOTAL ASSETS	<u>4,549,241</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions	<u>188,538</u>
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LIABILITIES

Current Liabilities

Accounts payable	290,779
Due to District	32,079
Total Current Liabilities	<u>322,858</u>

Noncurrent Liabilities

Compensated absences payable	65,841
Aggregate net pension obligation	2,306,248
Total Noncurrent Liabilities	<u>2,372,089</u>
TOTAL LIABILITIES	<u>2,694,947</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>659,610</u>
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NET POSITION

Net investment in capital assets	204,482
Unrestricted	1,178,740
TOTAL NET POSITION	<u>\$ 1,383,222</u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN AUXILIARY SERVICES NET POSITION - COMPONENT UNIT FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUE

Sales, net	\$ 4,375,172	
Less: Cost of goods sold	<u>(3,232,278)</u>	
Gross Margin on Sales		\$ 1,142,894
Book rentals		272,252
Food service commissions		183,865
Vending		54,554
Contribution for capital outlay		500,000
Miscellaneous revenues		<u>284,975</u>
TOTAL OPERATING REVENUE		<u><u>2,438,540</u></u>

OPERATING EXPENSES

Salaries		688,140
Employee benefits		67,449
Supplies and materials		164,114
Other operating expenses and services		924,600
Capital outlay		19,975
Financial aid		38,000
Depreciation		<u>49,559</u>
TOTAL OPERATING EXPENSES		<u><u>1,951,837</u></u>

NET OPERATING INCOME 486,703

NON-OPERATING REVENUE

Interest income		<u>9,715</u>
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CHANGE IN NET POSITION 496,418

NET POSITION, BEGINNING OF YEAR 886,804

NET POSITION, END OF YEAR \$ 1,383,222

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**STATEMENT OF AUXILIARY SERVICES
CASH FLOWS - COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Auxiliary enterprise sales and charges	\$ 5,302,390
Contribution for capital outlay	500,000
Payments to vendors for supplies and services	(5,239,716)
Payments to or on behalf of employees	(1,214,686)
Other operating	79,020
Net Cash Flows From Operating Activities	<u>(572,992)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	<u>(10,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Notes receivable collections	3,529
Interest received from investments	9,715
Net Cash Flows From Investing Activities	<u>13,244</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(570,654)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,064,221</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,493,567</u></u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**STATEMENT OF AUXILIARY SERVICES
CASH FLOWS - COMPONENT UNIT, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

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

Operating income	\$ 486,703
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation expense	49,559
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	131,572
Due from District/fiduciary funds	167,733
Prepaid expenses	(375,581)
Inventories	(562,404)
Deferred outflows of resources related to pensions	(4,113)
Accounts payable	33,880
Unearned revenue	(16,994)
Due to District/fiduciary funds	(50,713)
Compensated absences	7,621
Aggregate net pension obligation	(222,457)
Deferred inflows of resources related to pensions	(217,798)
Total Adjustments	<u>(1,059,695)</u>
Net Cash Flows From Operating Activities	<u>\$ (572,992)</u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 265,241
Cash in county treasury	1,228,326
Total Cash and Cash Equivalents	<u>\$ 1,493,567</u>

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS
TRUST NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Primary Government Retiree Benefit Trust	Component Unit Auxiliary Services Retiree Benefit Trust
ASSETS		
Cash and cash equivalents	\$ 7,565,735	\$ 246,064
Investments	62,364,916	3,076,228
Total Assets	69,930,651	3,322,292
LIABILITIES		
Accounts payable	-	84,143
NET POSITION		
Held in trust for other postemployment benefits	\$ 69,930,651	\$ 3,238,149

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS
TRUST NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Primary Government Retiree Benefit Trust	Component Unit Auxiliary Services Retiree Benefit Trust
ADDITIONS		
Contributions	\$ 2,500,000	\$ -
Interest and investment income	2,797,662	150,822
Net realized and unrealized gains (losses)	(345,652)	8,429
Total Additions	4,952,010	159,251
DEDUCTIONS		
Benefits	3,931,388	84,143
Administrative expenses	75,363	4,516
Total Deductions	4,006,751	88,659
Change in Net Position	945,259	70,592
Net Position - Beginning	68,985,392	3,167,557
Net Position - Ending	\$ 69,930,651	\$ 3,238,149

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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*. This statement amends 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 units have 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, 2016

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, Associate Vice President of Fiscal Services, 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 discretely presented. Separate financial statements are not prepared for the Trust.

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 entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

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

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

Cash and Cash Equivalents

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2016, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Investments

Restricted investments arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted investments represent those required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from 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 \$400,697 at June 30, 2016. 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.

Inventories

Inventories consist primarily of bookstore merchandise held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the lower of cost or market. The cost is recorded as an expense as the inventory is consumed.

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, including capitalized interest incurred during construction. Capitalizable interest is calculated as total interest expense on the indebtedness over the capitalization period offset by the interest revenue earned on the reinvested debt proceeds.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 entity-wide financial statements.

Debt Issuance Costs, Premiums, and Discounts

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

Deferred 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 and pension related items. Deferred charges on refunding are amortized using the straight-line method over the remaining life of the new debt.

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

Pensions

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements. At year end, there were balances of \$5,321,484 and \$4,044,331 outstanding for accrued vacation and load banking liabilities, respectively.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, other postemployment benefits, 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 – net of related debt.

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, 2016

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$37,949,383 of restricted net position.

State Apportionments

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

Property Taxes

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

The voters of the District passed 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.

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*.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement, effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of GASB Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of GASB Statement No. 68 are effective for periods beginning after June 15, 2016.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of GASB Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures, for both the qualifying external investment pools and their participants, include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

New Accounting Pronouncements

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

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

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

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

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

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

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Early implementation is encouraged.

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

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This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, consist of the following:

Primary government	\$ 188,320,746
Fiduciary funds	7,641,893
Retiree benefit trust	69,930,651
Total Deposits and Investments	<u>\$ 265,893,290</u>

Deposits and investments of the Fiduciary Funds as of June 30, 2016, consist of the following:

Cash on hand and in banks	\$ 53,229
Cash in revolving	100,000
Cash with fiscal agent	12,365,434
Investments	253,374,627
Total Deposits and Investments	<u>\$ 265,893,290</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	\$ 13,983,395	\$ 13,983,395	No maturity	Not available
Equities	5,139,360	5,139,360	No maturity	Not available
Preferred stock	4,255,210	4,255,210	No maturity	Not available
Municipal bonds	5,955,650	5,955,650	766	AA
Corporate and other bonds	33,031,301	33,031,301	2,456	BB
Los Angeles County Investment Pool	191,009,711	191,232,861	608	Not rated
Total	<u>\$ 253,374,627</u>	<u>\$ 253,597,777</u>		

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016, the District's bank balance of \$380,489 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, 2016

The District categorizes the fair value measurements of its investments as follows at June 30, 2016:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Mutual funds	\$ 13,983,395	\$ 13,983,395	\$ -
Equities	5,139,360	5,139,360	-
Preferred stock	4,255,210	4,255,210	-
Municipal bonds	5,955,650	5,955,650	-
Corporate and other bonds	33,031,301	33,031,301	-
Los Angeles County Investment Pool	191,232,861	-	191,232,861
Total	\$ 253,597,777	\$ 62,364,916	\$ 191,232,861

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable for the District 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	\$ 1,584,957	\$ -
State Government		
Apportionment	849,883	-
Categorical aid	1,027,903	-
Lottery	3,298,978	-
Local Sources		
District Foundation	33,516	-
Interest	593,878	7,074
Other local sources	470,980	-
Total	\$ 7,860,095	\$ 7,074
Student receivables	\$ 1,215,329	\$ 28,976
Less allowance for bad debt	(400,697)	-
Student receivables, net	\$ 814,632	\$ 28,976

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital Assets Not Being Depreciated				
Land	\$ 619,480	\$ -	\$ -	\$ 619,480
Collections - art	128,058	-	-	128,058
Construction in progress	61,381,881	47,527,031	2,980,743	105,928,169
Total Capital Assets Not Being Depreciated	<u>62,129,419</u>	<u>47,527,031</u>	<u>2,980,743</u>	<u>106,675,707</u>
Capital Assets Being Depreciated				
Buildings and improvements	395,685,295	2,698,155	-	398,383,450
Furniture and equipment	36,667,081	6,896,788	447,286	43,116,583
Total Capital Assets Being Depreciated	<u>432,352,376</u>	<u>9,594,943</u>	<u>447,286</u>	<u>441,500,033</u>
Total Capital Assets	<u>494,481,795</u>	<u>57,121,974</u>	<u>3,428,029</u>	<u>548,175,740</u>
Less Accumulated Depreciation				
Buildings and improvements	93,836,118	9,538,171	-	103,374,289
Furniture and equipment	27,360,700	3,166,874	440,337	30,087,237
Total Accumulated Depreciation	<u>121,196,818</u>	<u>12,705,045</u>	<u>440,337</u>	<u>133,461,526</u>
Net Capital Assets	<u>\$ 373,284,977</u>	<u>\$ 44,416,929</u>	<u>\$ 2,987,692</u>	<u>\$ 414,714,214</u>

Depreciation expense for the year was \$12,705,045.

Interest expense on capital related debt for the year ended June 30, 2016, was \$18,455,658. Of this amount, \$408,354 was capitalized.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>
Accrued payroll	\$ 5,801,057	\$ 3,420
Apportionment	6,223,869	-
State categorical	15,038	-
Construction	7,794,942	-
Vendor payables	2,767,821	42,337
Other	18,786	-
Total	<u>\$ 22,621,513</u>	<u>\$ 45,757</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	<u>Primary Government</u>
Federal categorical aid	\$ 3,780
State categorical aid	12,098,342
Other state	2,803,546
Enrollment fees	1,867,656
Other local	738,031
Total	<u>\$ 17,511,355</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, 2016 for the primary government, the amounts owed from and to the Auxiliary Services were \$32,079 and \$42,325, respectively. Additionally, the amount owed from the fiduciary funds to the Auxiliary Services was \$490.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 \$4,000,000.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2016 fiscal year consisted of the following:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
Bonds and Notes Payable					
General obligation bonds - 2001 Election (Measure R)					
General obligation bonds - Series 2006C	\$ 1,975,000	\$ -	\$ 975,000	\$ 1,000,000	\$ 1,000,000
Unamortized debt premium	281,410	-	140,705	140,705	-
General obligation bonds - Series 2008D	22,431,720	132,644	20,960,000	1,604,364	895,000
Unamortized debt premium	494,136	-	169,420	324,716	-
2013 General obligation refunding bonds - Series A	73,910,000	-	3,000,000	70,910,000	3,500,000
Unamortized debt premium	8,240,075	-	633,852	7,606,223	-
2013 General obligation refunding bonds - Series B	47,085,000	-	3,040,000	44,045,000	3,055,000
2015 General obligation refunding bonds	-	19,440,000	310,000	19,130,000	-
Unamortized debt premium	-	3,260,512	138,418	3,122,094	-
General obligation bonds - 2008 Election (Measure RR)					
General obligation bonds - Series 2013A	220,983,702	12,323,530	1,510,000	231,797,232	1,790,000
Unamortized debt premium	10,748,478	-	383,875	10,364,603	-
General obligation bonds - Series 2013B	10,640,000	-	1,085,000	9,555,000	1,095,000
General obligation bonds - Series 2015C	-	20,000,000	-	20,000,000	500,000
Unamortized debt premium	-	1,368,722	150,226	1,218,496	-
Loan payable - City of Walnut	113,526	-	24,259	89,267	-
Total Bonds and Notes Payable	<u>396,903,047</u>	<u>56,525,408</u>	<u>32,520,755</u>	<u>420,907,700</u>	<u>11,835,000</u>
Other Liabilities					
Compensated absences and load banking	8,479,281	886,534	-	9,365,815	-
Other postemployment benefits (OPEB)	17,361,843	6,889,039	2,500,000	21,750,882	-
Aggregate net pension obligation	125,291,742	26,740,767	-	152,032,509	-
Total Other Liabilities	<u>151,132,866</u>	<u>34,516,340</u>	<u>2,500,000</u>	<u>183,149,206</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 548,035,913</u>	<u>\$ 91,041,748</u>	<u>\$ 35,020,755</u>	<u>\$ 604,056,906</u>	<u>\$ 11,835,000</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 is 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. Other postemployment benefits are 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 September 2006, the District issued Election of 2001 Series 2006C General Obligation Bonds in the amount of \$79,996,203. The bonds were issued as current interest bonds in the aggregate principal amount of \$78,755,000 and as capital appreciation bonds in the principal amount of \$1,241,203. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 4.00 to 5.00 percent. Principal and interest payments are due each September 1 and March 1 through September 1, 2016. At June 30, 2016, the principal balance outstanding was \$1,000,000. Unamortized premium received on issuance of the bonds amounted to \$140,705 as of June 30, 2016.

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 current 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, 2016, the principal balance outstanding was \$1,604,364. Unamortized premium received on issuance of the bonds amounted to \$324,716 as of June 30, 2016.

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, 2016, the principal balance outstanding for Series A and Series B was \$70,910,000 and \$44,045,000, respectively. Unamortized premium received on issuance of the bonds amounted to \$7,606,223 as of June 30, 2016.

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, 2016, the principal balance outstanding was \$19,130,000. Unamortized premium received on issuance of the bonds amounted to \$3,122,094 as of June 30, 2016.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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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, 2016, the principal balance outstanding was \$241,352,232. Unamortized premium received on issuance of the bonds amounted to \$10,364,603 as of June 30, 2016.

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, 2016, the principal balance outstanding was \$20,000,000. Unamortized premium received on issuance of the bonds amounted to \$1,218,496 as of June 30, 2016.

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. During the year ended June 30, 2016, the District made payments of \$9,921 to the City and received \$14,338 in facility usage credits. At June 30, 2016, the principal balance outstanding was \$89,267.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Debt Maturity

General Obligation Bonds

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds
					Outstanding July 1, 2015	Issued	Addition	Redeemed	Outstanding June 30, 2016
9/8/2006	2006C	9/1/2016	4.00%-5.00%	\$79,996,203	\$ 1,975,000	\$ -	\$ -	\$ 975,000	\$ 1,000,000
7/9/2008	2008D	6/1/2018	2.92%-5.00%	26,003,609	22,431,720	-	132,644	20,960,000	1,604,364
8/1/2013	2013A*	9/1/2028	2.00%-5.00%	74,910,000	73,910,000	-	-	3,000,000	70,910,000
8/1/2013	2013B*	8/1/2023	0.72%-4.10%	48,190,000	47,085,000	-	-	3,040,000	44,045,000
9/11/2015	2015*	6/1/2033	2.00%-5.00%	19,440,000	-	19,440,000	-	310,000	19,130,000
Subtotal Measure R					145,401,720	19,440,000	132,644	28,285,000	136,689,364
8/1/2013	2013A	8/1/2043	2.00%-4.00%	205,586,691	220,983,702	-	12,323,530	1,510,000	231,797,232
8/1/2013	2013B	8/1/2023	0.72%-4.10%	11,715,000	10,640,000	-	-	1,085,000	9,555,000
9/11/2015	2015C	8/1/2022	2.00%-4.00%	20,000,000	-	20,000,000	-	-	20,000,000
Subtotal Measure RR					231,623,702	20,000,000	12,323,530	2,595,000	261,352,232
Total General Obligation Bonds					\$ 377,025,422	\$ 39,440,000	\$12,456,174	\$ 30,880,000	\$ 398,041,596

*General Obligation Refunding Bonds

The Series 2006C bonds mature through fiscal year 2017 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 1,000,000	\$ 20,000	\$ 1,020,000

The Series 2008D bonds mature through fiscal year 2018 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2017	\$ 856,461	\$ 38,539	\$ 895,000
2018	747,903	132,097	880,000
Total	\$ 1,604,364	\$ 170,636	\$ 1,775,000

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2017	\$ 3,500,000	\$ 3,458,000	\$ 6,958,000
2018	4,200,000	3,265,500	7,465,500
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
2022-2026	31,635,000	8,103,875	39,738,875
2027-2029	15,980,000	883,250	16,863,250
Total	<u>\$ 70,910,000</u>	<u>\$ 24,048,000</u>	<u>\$ 94,958,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2017	\$ 3,055,000	\$ 1,418,937	\$ 4,473,937
2018	3,980,000	1,354,718	5,334,718
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
2022-2024	21,260,000	1,310,199	22,570,199
Total	<u>\$ 44,045,000</u>	<u>\$ 7,396,359</u>	<u>\$ 51,441,359</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2017	\$ -	\$ 922,400	\$ 922,400
2018	-	922,400	922,400
2019	865,000	922,400	1,787,400
2020	900,000	896,450	1,796,450
2021	950,000	851,450	1,801,450
2022-2026	5,490,000	3,497,000	8,987,000
2027-2031	7,810,000	1,938,550	9,748,550
2032-2033	3,115,000	219,750	3,334,750
Total	<u>\$ 19,130,000</u>	<u>\$ 10,170,400</u>	<u>\$ 29,300,400</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2017	\$ 1,790,000	\$ -	\$ 1,172,000	\$ 2,962,000
2018	255,000	-	1,131,100	1,386,100
2019	-	-	1,126,000	1,126,000
2020	231,867	63,133	1,126,000	1,421,000
2021	440,238	159,762	1,126,000	1,726,000
2022-2026	14,352,953	11,487,047	12,837,157	38,677,157
2027-2031	38,928,436	26,361,564	58,476,881	123,766,881
2032-2036	42,817,840	29,257,160	98,827,156	170,902,156
2037-2041	68,243,032	79,041,968	68,965,156	216,250,156
2042-2044	64,737,866	74,982,134	13,731,875	153,451,875
Total	<u>\$ 231,797,232</u>	<u>\$ 221,352,768</u>	<u>\$ 258,519,325</u>	<u>\$ 711,669,325</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2017	\$ 1,095,000	\$ 613,250	\$ 1,708,250
2018	1,110,000	567,000	1,677,000
2019	1,135,000	475,750	1,610,750
2020	1,160,000	358,150	1,518,150
2021	1,195,000	255,000	1,450,000
2022-2024	3,860,000	475,725	4,335,725
Total	<u>\$ 9,555,000</u>	<u>\$ 2,744,875</u>	<u>\$ 12,299,875</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2017	\$ 500,000	\$ 613,250	\$ 1,113,250
2018	2,750,000	567,000	3,317,000
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
2022-2023	7,315,000	220,725	7,535,725
Total	<u>\$ 20,000,000</u>	<u>\$ 2,489,875</u>	<u>\$ 22,489,875</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Compensated Absences

At June 30, 2016, the liability for compensated absences was \$9,365,815, which is comprised of accrued vacation liability of \$5,321,484 and a load banking liability of \$4,044,331.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2016, was \$6,541,113, and contributions made by the District during the year were \$2,500,000. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$868,092 and \$(520,166), respectively, which resulted in an increase to the net OPEB obligation of \$4,389,039. As of June 30, 2016, the net OPEB obligation was \$21,750,882. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Aggregate Net Pension Obligation

As of June 30, 2016, the aggregate net pension obligation was \$152,032,509. See Note 13 for additional information.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees, and their spouses in certain cases, in accordance with negotiated contracts with the various bargaining units of the District. Plan provisions are renegotiated every three years.

Plan Description

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements under an agent multiple-employer defined benefit plan. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in California Public Employees' Retirement System (CalPERS) is a minimum age of 50 and also has minimum continuous service requirements for retirement that range from 10 to 20 years and varies by employee class. The eligibility requirement for employees participating in California State Teachers' Retirement System (CalSTRS) is a minimum age ranging from 50 to 60. In addition, the District also has minimum continuous service requirements for retirement that range from 20 to 25 years and varies by employee class. Additional age and service criteria may be required. Membership of the Plan consists of approximately 556 retirees currently receiving benefits and approximately 975 active Plan members.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as approved by the Board of Trustees. For fiscal year 2015-2016, the District contributed \$2,500,000 to the Plan, all of which was contributed to an irrevocable trust.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,541,113
Interest on net OPEB obligation	868,092
Adjustment to annual required contribution	(520,166)
Annual OPEB cost (expense)	<u>6,889,039</u>
Contributions made	<u>(2,500,000)</u>
Increase in net OPEB obligation	4,389,039
Net OPEB obligation, beginning of year	<u>17,361,843</u>
Net OPEB obligation, end of year	<u><u>\$ 21,750,882</u></u>

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2014	\$ 6,695,655	\$ -	0%	\$ 13,156,754
2015	6,705,089	2,500,000	37%	17,361,843
2016	6,889,039	2,500,000	36%	21,750,882

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	\$ 105,366,963
Actuarial Value of Plan Assets	64,892,804
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 40,474,159</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	62%
Covered Payroll	<u>N/A</u>
UAAL as Percentage of Covered Payroll	<u>N/A</u>

The above noted actuarial accrued liability was based on the March 1, 2016, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the March 1, 2016, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return, based on the assumed long-term return on Plan assets. Healthcare cost trend rates used was four percent. The UAAL is being amortized at a level percentage of payroll method. An open 21 year amortization period was used. The value of the assets as of June 30, 2016, was \$69,930,651.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 12 - 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, 2016, 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 2015-2016, 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 13 - 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 CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2016, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources 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	\$ 99,092,060	\$ 16,883,678	\$ 17,540,990	\$ 7,971,538
CalPERS	52,940,449	16,974,331	13,760,439	4,919,512
Total	\$ 152,032,509	\$ 33,858,009	\$ 31,301,429	\$ 12,891,050

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

The District contributes 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, 2016

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required State contribution rate	7.12589%	7.12589%

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, 2016, are presented above, and the District's total contributions were \$7,711,066.

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

At June 30, 2016, 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	\$ 99,092,060
State's proportionate share of net pension liability associated with the District	52,408,776
Total	\$ 151,500,836

The net pension liability was measured as of June 30, 2015. 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, 2015 and June 30, 2014, was 0.1472 percent and 0.1448 percent, respectively, resulting in a net increase in the proportionate share of 0.0024 percent.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$7,971,538. In addition, the District recognized pension expense and revenue of \$4,059,648 for support provided by the State. At June 30, 2016, 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	\$ 7,711,066	\$ -
Net change in proportionate share of net pension liability	1,365,087	-
Difference between projected and actual earnings on pension plan investments	7,807,525	15,885,138
Differences between expected and actual experience in the measurement of the total pension liability	-	1,655,852
Total	<u>\$ 16,883,678</u>	<u>\$ 17,540,990</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
2017	\$ (3,343,165)
2018	(3,343,165)
2019	(3,343,165)
2020	1,951,882
Total	<u>\$ (8,077,613)</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (48,461)
2018	(48,461)
2019	(48,461)
2020	(48,461)
2021	(48,461)
Thereafter	(48,460)
Total	<u>\$ (290,765)</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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on the Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 149,621,298
Current discount rate (7.60%)	99,092,060
1% increase (8.60%)	57,098,186

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2014, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2016, 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	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016, are presented above, and the total District contributions were \$5,201,696.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$52,940,449. The net pension liability was measured as of June 30, 2015. 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, 2015 and June 30, 2014, was 0.3592 percent and 0.3587 percent, respectively, resulting in a net increase in the proportionate share of 0.0005 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$4,919,512. At June 30, 2016, 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	\$ 5,201,696	\$ -
Net change in proportionate share of net pension liability	52,105	-
Difference between projected and actual earnings on pension plan investments	8,694,905	10,507,631
Differences between expected and actual experience in the measurement of the total pension liability	3,025,625	-
Changes of assumptions	-	3,252,808
Total	<u>\$ 16,974,331</u>	<u>\$ 13,760,439</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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
2017	\$ (1,328,817)
2018	(1,328,817)
2019	(1,328,817)
2020	2,173,725
Total	<u>\$ (1,812,726)</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 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (60,372)
2018	(60,372)
2019	(54,334)
Total	<u>\$ (175,078)</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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.65%)	\$ 86,164,991
Current discount rate (7.65%)	52,940,449
1% increase (8.65%)	25,312,022

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

CalSTRS/CalPERS Irrevocable Trust

During the year ended June 30, 2016, 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 as of June 30, 2016. For the year ended June 30, 2016, the District contributed a total of \$4,000,000 to the trust.

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, 2016, which amounted to \$4,685,132, (7.12589 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, 2016. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a 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 three percent of covered compensation for eligible employees, and employees contribute 4.5 percent. During the year ended June 30, 2016, the District made contributions of \$354,261.

NOTE 14 - 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, 2016, the District made payments of \$771,132 and \$2,152,272 to ASCIP and SCCCDC-JPA, respectively.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15 - 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, 2016.

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, 2016.

Construction Commitments

As of June 30, 2016, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately \$50.5 million to be funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 16 - FUNCTIONAL EXPENSES CLASSIFICATION

The District's operating expenses by functional classification for the fiscal year ended June 30, 2016, are:

	Salaries	Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional Activities	\$ 80,459,447	\$ 22,446,228	\$ 3,472,687	\$ -	\$ -	\$ 106,378,362
Academic Support	5,680,919	1,443,282	160,904	-	-	7,285,105
Student Services	21,674,590	5,641,105	1,930,940	-	-	29,246,635
Plant Operations and Maintenance	6,826,281	2,501,966	2,574,596	-	-	11,902,843
Instructional Support Activities	15,082,252	8,669,351	3,823,440	-	-	27,575,043
Community Services and Economic Development	1,920,389	432,136	595,424	-	-	2,947,949
Ancillary Services and Auxiliary Operations	4,556,243	1,233,731	1,172,105	-	-	6,962,079
Student Aid	-	-	119,230	48,904,177	-	49,023,407
Physical Property and Related Acquisitions	1,180,584	271,305	25,614,368	-	-	27,066,257
Depreciation	-	-	-	-	12,705,045	12,705,045
Total	\$137,380,705	\$ 42,639,104	\$ 39,463,694	\$ 48,904,177	\$ 12,705,045	\$ 281,092,725

REQUIRED SUPPLEMENTARY INFORMATION

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Method Used (b)*	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
3/1/2012	\$ 71,343,707	\$ 120,114,689	\$ 48,770,982	59%	\$ 75,140,236	64.9%
3/1/2014	72,129,965	107,412,110	35,282,145	67%	78,653,318	44.9%
3/1/2016	64,892,804	105,366,963	40,474,159	62%	88,143,199	45.9%

* Entry age normal method

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, 2016**

	<u>2016</u>	<u>2015</u>
CalSTRS		
District's proportion of the net pension liability (assets)	0.1472%	0.1448%
District's proportionate share of the net pension liability	\$ 99,092,060	\$ 84,733,650
State's proportionate share of the net pension liability associated with the District	52,408,776	51,166,350
Total	<u>\$ 151,500,836</u>	<u>\$ 135,900,000</u>
District's covered - employee payroll	<u>\$ 68,809,122</u>	<u>\$ 66,400,000</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>144.01%</u>	<u>127.50%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>77%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.3592%</u>	<u>0.3587%</u>
District's proportionate share of the net pension liability	<u>\$ 52,940,449</u>	<u>\$ 40,721,184</u>
District's covered - employee payroll	<u>\$ 39,968,541</u>	<u>\$ 38,100,000</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>132.46%</u>	<u>106.86%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79%</u>	<u>83%</u>

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

See accompanying note to required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
CalSTRS		
Contractually required contribution	\$ 7,711,066	\$ 6,110,250
Contributions in relation to the contractually required contribution	7,711,066	6,110,250
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 71,864,548</u>	<u>\$ 68,809,122</u>
Contributions as a percentage of covered - employee payroll	<u>10.73%</u>	<u>8.88%</u>
CalPERS		
Contractually required contribution	\$ 5,201,696	\$ 4,704,697
Contributions in relation to the contractually required contribution	5,201,696	4,704,697
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 43,907,285</u>	<u>\$ 39,968,541</u>
Contributions as a percentage of covered - employee payroll	<u>11.847%</u>	<u>11.771%</u>

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

See accompanying note to required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

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

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

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

Schedule of District Contributions

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.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2016

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>
Judy Chen Haggerty	President	November 2018
Rosanne M. Bader	Vice President	November 2020
Manuel Baca	Clerk	November 2020
Dr. David K. Hall	Member	November 2018
Jay Chen	Member	November 2020
Robert Hidalgo	Member	November 2018
Laura Santos	Member	November 2018
Elizabeth Santos	Student Trustee	June 30, 2016

On October 12, 2016, the Board of Trustees adopted Resolution No. 16-04 - Resolution to Consolidate Mt. San Antonio Community College District Board of Trustees Elections with the Statewide Elections per California Voter Participation Rights Act (SB 415). This resolution extends the current terms of 2017 and 2019 one year.

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, 2016**

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 Grant (FSEOG)	84.007		\$ 726,787
FSEOG Administrative Allowance	84.007		10,800
Federal Work-Study (FWS)	84.033		514,154
Federal Pell Grant (PELL)	84.063		42,323,582
PELL Administrative Allowance	84.063		63,916
Federal Direct Student Loans	84.268		1,291,589
Total Student Financial Assistance Cluster			<u>44,930,828</u>
TRIO Cluster			
Student Support Services	84.042A		35,395
Achieving in College, Ensuring Success (ACES)	84.042A		186,656
Upward Bound	84.047A		229,835
Total TRIO Cluster			<u>451,886</u>
Asian American Native American Pacific Islander Serving Institutions (AANAPISI)			
Developing Hispanic Serving Institutions, Title V, Building Pathways of Persistence and Completion	84.382B		435,626
Child Care Access Means Parents in School (CCAMPIS)	84.031S		708,952
Child Care Access Means Parents in School (CCAMPIS)	84.335A		317,227
Passed through California Department of Education			
WIA, Title II: Adult Education and Family Literacy Act, Section 225, Section 231 and English Literacy and Civics Education	84.002A	14508, 13978, 14109	1,186,513
Passed through California Community College Chancellor's Office			
Career and Technical Education (CTE), Perkins Title I, Part C	84.048	15-C01-034	989,997
CTE Transitions	84.048A	15-C01-034	45,234
Total U.S. Department of Education			<u>49,066,263</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child and Adult Food Program	10.558	[1]	<u>93,554</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>

[1] Pass through number not available

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, 2016**

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			
Advance Technological Education (ATE) Science, Technology, Engineering and Mathematics (STEM) Teacher Preparation Program	47.076		\$ 126,244
Collaborative Research: Geodesy Curriculum	47.076		18,414
Total Research and Development Cluster			<u>144,658</u>
Total National Science Foundation			<u>144,658</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Services	64.117		<u>6,120</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Los Angeles County Office of Education			
Medi-Cal Administrative Activities (MAA)	93.778	[1]	88,678
Passed through Yosemite Community College District			
Child Development Training Consortium	93.575	CN100053	11,707
TANF Cluster			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	[1]	118,725
Passed through Los Angeles County Department of Public Social Services			
Temporary Assistance for Needy Families	93.558	[1]	137,861
Total TANF Cluster			<u>256,586</u>
Total U.S. Department of Health and Human Services			<u>356,971</u>
Total Expenditures of Federal Awards			<u>\$ 49,746,989</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, 2016**

Program

GENERAL FUND

AB86 Adult Education Consortium Planning
Adult Education Block Grant (AEBG) Data and Accountability
Adult Education Block Grant (AEBG) Regional Consortium
Assessment, Remediation & Retention (ARR) Associate Degree Nursing
Basic Skills
Board Financial Assistance Program (BFAP)
Board Financial Assistance Program (BFAP) - Full-Time Student Success
California State Preschool Program
CalSTRS On-behalf Payments
CalWORKS
CARE
Career Technical Education - Enhancement Fund (Local and Regional Share)
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
Child Development Workforce Initiative
Course Identification (C-ID) Program
Disabled Student Programs & Services (DSPS)
Enrollment Growth AA Nursing
Equal Employment Opportunity
Extended Opportunity Programs & Services (EOPS)
Instructional Support
Proposition 39 - Clean Energy Workforce
Song-Brown Registered Nurse Program
Song-Brown Registered Nurse Special Program
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	Accounts Payable	Total Revenue	Program Expenditures
\$ 195,853	\$ -	\$ -	\$ -	\$ 195,853	\$ 195,853
544,913	-	544,913	-	-	-
3,303,542	-	2,881,499	-	422,043	422,043
62,928	5,472	-	-	68,400	68,400
1,649,140	-	432,762	-	1,216,378	1,216,378
1,024,775	-	-	-	1,024,775	1,024,775
1,300,258	-	349,891	-	950,367	950,367
299,084	-	-	15,038	284,046	284,046
169,090	-	-	-	169,090	169,090
515,995	-	-	-	515,995	515,995
173,896	-	-	-	173,896	173,896
405,820	138,096	-	-	543,916	543,916
36,567	14,818	-	-	51,385	51,385
149,663	93,186	-	-	242,849	242,849
4,058	886	-	-	4,944	4,944
471,174	38,433	-	-	509,607	509,607
93,085	-	-	-	93,085	93,085
4,000	-	-	-	4,000	4,000
250,048	98,105	-	-	348,153	348,153
59,357	400,592	-	-	459,949	459,949
3,430,572	-	38,088	-	3,392,484	3,392,484
148,062	12,875	-	-	160,937	160,937
15,163	1,088	-	-	16,251	16,251
1,069,930	-	-	-	1,069,930	1,069,930
2,175,416	-	329,276	-	1,846,140	1,846,140
64,396	5,498	-	-	69,894	69,894
40,000	-	11,077	-	28,923	28,923
3,295	10,467	-	-	13,762	13,762
4,530,753	-	2,032,290	-	2,498,463	2,498,463
8,036,071	-	4,396,960	-	3,639,111	3,639,111
1,761,673	-	1,081,586	-	680,087	680,087
95,010	208,387	-	-	303,397	303,397
<u>\$ 32,083,587</u>	<u>\$ 1,027,903</u>	<u>\$ 12,098,342</u>	<u>\$ 15,038</u>	<u>\$ 20,998,110</u>	<u>\$ 20,998,110</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT
 FOR THE YEAR ENDED JUNE 30, 2016**

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2015 only)			
1. Noncredit	2,863.42	-	2,863.42
2. Credit	1,819.17	-	1,819.17
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit	0.71	-	0.71
2. Credit	416.22	-	416.22
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	18,116.36	-	18,116.36
(b) Daily Census Contact Hours	2,477.77	-	2,477.77
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	3,424.05	-	3,424.05
(b) Credit	983.47	-	983.47
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	751.11	-	751.11
(b) Daily Census Contact Hours	532.24	-	532.24
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	31,384.52	-	31,384.52
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	5,364.68	-	5,364.68
2. Credit	1,956.64	-	1,956.64
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	4,643.56	-	4,643.56

* Annual report revised as of October 28, 2016.

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, 2016**

	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	\$ 34,226,860	\$ -	\$ 34,226,860	\$ 34,226,860	\$ -	\$ 34,226,860
Other	1300	32,401,400	-	32,401,400	32,401,400	-	32,401,400
Total Instructional Salaries		66,628,260	-	66,628,260	66,628,260	-	66,628,260
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	12,233,889	-	12,233,889
Other	1400	-	-	-	1,350,654	-	1,350,654
Total Noninstructional Salaries		-	-	-	13,584,543	-	13,584,543
Total Academic Salaries		66,628,260	-	66,628,260	80,212,803	-	80,212,803
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	29,618,225	-	29,618,225
Other	2300	-	-	-	3,575,061	-	3,575,061
Total Noninstructional Salaries		-	-	-	33,193,286	-	33,193,286
Instructional Aides							
Regular Status	2200	1,907,555	-	1,907,555	1,907,555	-	1,907,555
Other	2400	953,927	-	953,927	953,927	-	953,927
Total Instructional Aides		2,861,482	-	2,861,482	2,861,482	-	2,861,482
Total Classified Salaries		2,861,482	-	2,861,482	36,054,768	-	36,054,768
Employee Benefits	3000	20,441,001	-	20,441,001	37,926,125	-	37,926,125
Supplies and Material	4000	-	-	-	2,444,775	-	2,444,775
Other Operating Expenses	5000	-	-	-	12,719,467	-	12,719,467
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		89,930,743	-	89,930,743	169,357,938	-	169,357,938

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, 2016**

	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	\$ 1,144,500	\$ -	\$ 1,144,500	\$ 2,509,148	\$ -	\$ 2,509,148
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	369,491	-	369,491
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	258,120	-	258,120
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, 2016**

	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	\$ -	\$ -	\$ -	\$ 4,796,735	\$ -	\$ 4,796,735
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,144,500	-	1,144,500	7,933,494	-	7,933,494
Total for ECS 84362, 50 Percent Law		\$ 88,786,243	\$ -	\$ 88,786,243	\$ 161,424,444	\$ -	\$ 161,424,444
Percent of CEE (Instructional Salary Cost/Total CEE)		55.00%		55.00%	100.00%		100.00%
50% of Current Expense of Education					\$ 80,712,222		\$ 80,712,222

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

Activity Classification	Object Code	Unrestricted			
EPA Proceeds:	8630				\$ 24,427,205
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 24,427,205	-	-	\$ 24,427,205
Total Expenditures for EPA		\$ 24,427,205	-	-	\$ 24,427,205
Revenues Less Expenditures					\$ -

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, 2016**

	(Budget*) 2017		2016	
	Amount	%	Amount	%
GENERAL FUND				
Revenues				
Federal	\$ 5,622,222	2.2	\$ 4,994,250	2.3
State	165,228,825	65.8	162,152,290	73.9
Local	57,948,939	23.1	59,332,714	27.0
Total Revenues	228,799,986	91.1	226,479,254	103.2
Expenditures				
Academic salaries	94,191,014	37.5	84,236,976	38.4
Classified salaries	57,799,436	23.0	49,976,687	22.8
Employee benefits	43,915,072	17.5	37,945,952	17.3
Supplies and materials	7,754,799	3.1	3,832,786	1.7
Other operating expenses	38,288,893	15.2	18,112,050	8.3
Capital outlay	6,777,864	2.7	6,371,181	2.9
Other sources and uses, net	2,367,854	1.0	18,948,123	8.6
Total Expenditures and Other Uses	251,094,932	100.0	219,423,755	100.0
INCREASE (DECREASE) IN FUND BALANCE	\$ (22,294,946)	(8.9)	\$ 7,055,499	3.2
Assigned fund balance	-	0.0	20,205,035	9.2
Unassigned fund balance	20,756,787	8.3	20,731,836	9.4
Restricted fund balance	174,180	0.1	2,289,042	1.0
TOTAL ENDING FUND BALANCE	\$ 20,930,967	8.4	\$ 43,225,913	19.6
FULL-TIME EQUIVALENT STUDENTS	32,096		31,385	
TOTAL LONG-TERM OBLIGATIONS, INCLUDING RETIREE BENEFIT LIABILITY	N/A		\$ 604,056,906	

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 2016-2017 budget year is projected to be \$200,867,566 and \$20,756,787 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 2016-2017 budget presents the budget adopted by the Board of Trustees on September 14, 2016. 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. Total long-term debt for the 2013-2014 year has been revised to reflect the implementation of GASB Statements No. 68 and No. 71.

See accompanying note to supplementary information.

2015		2014	
Amount	%	Amount	%
\$ 4,700,320	2.7	\$ 4,673,276	2.9
130,922,506	75.2	121,224,596	74.5
43,012,239	24.7	39,556,012	24.3
<u>178,635,065</u>	<u>102.6</u>	<u>165,453,884</u>	<u>101.7</u>
76,240,937	43.8	74,110,137	45.5
44,139,686	25.3	41,084,914	25.2
29,335,375	16.8	25,759,399	15.8
3,583,471	2.1	3,153,470	1.9
14,895,486	8.6	14,957,608	9.2
5,375,511	3.1	3,043,316	1.9
638,815	0.3	702,972	0.5
<u>174,209,281</u>	<u>100.0</u>	<u>162,811,816</u>	<u>100.0</u>
<u>\$ 4,425,784</u>	<u>2.5</u>	<u>\$ 2,642,068</u>	<u>1.6</u>
10,069,209	5.8	5,577,996	3.4
24,437,641	14.0	24,658,189	15.1
1,663,564	1.0	1,508,445	0.9
<u>\$ 36,170,414</u>	<u>20.8</u>	<u>\$ 31,744,630</u>	<u>19.4</u>
<u>30,654</u>		<u>29,682</u>	
<u>\$ 528,434,906</u>		<u>\$ 554,194,267</u>	

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON
FOR THE COMBINED GENERAL FUND
JUNE 30, 2016**

	General Fund		
	Revised Budget*	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal revenues			
Higher Education Act	\$ 2,314,016	\$ 1,596,465	\$ (717,551)
Temporary Assistance for Needy Families	118,725	118,725	-
Student Financial Aid	674,993	588,869	(86,124)
Veterans Education	5,904	6,120	216
Vocational and Technical Education Act	1,035,231	1,035,231	-
Other federal revenues	2,114,327	1,648,840	(465,487)
State revenues			
General apportionments	112,066,719	112,293,406	226,687
Categorical apportionments	57,590,524	44,537,079	(13,053,445)
Other state revenues	5,364,055	5,321,805	(42,250)
Local revenues			
Property taxes	38,228,071	38,228,071	-
Interest and investment income	300,000	431,583	131,583
Student fees and charges	17,879,394	17,950,550	71,156
Contributions	454,302	282,116	(172,186)
Other local revenues	2,364,624	2,440,394	75,770
TOTAL REVENUES	240,510,885	226,479,254	(14,031,631)
EXPENDITURES			
Academic salaries	90,761,340	84,236,976	6,524,364
Classified salaries	55,926,510	49,976,687	5,949,823
Employee benefits	44,411,979	37,945,952	6,466,027
Supplies and materials	7,272,642	3,832,786	3,439,856
Other operating expenses	32,687,965	18,112,050	14,575,915
Capital outlay	8,605,028	6,371,181	2,233,847
TOTAL EXPENDITURES	239,665,464	200,475,632	39,189,832
EXCESS OF REVENUES OVER EXPENDITURES	845,421	26,003,622	25,158,201
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of non-capitalized equipment	51,406	46,681	(4,725)
Interfund transfers in	1,889,337	-	(1,889,337)
Interfund transfers out	(16,511,362)	(18,267,251)	(1,755,889)
Student financial aid	(921,417)	(727,553)	193,864
TOTAL OTHER FINANCING SOURCES (USES)	(15,492,036)	(18,948,123)	(3,456,087)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(14,646,615)	7,055,499	21,702,114
FUND BALANCE, BEGINNING OF YEAR	36,170,414	36,170,414	-
FUND BALANCE, END OF YEAR	\$ 21,523,799	\$ 43,225,913	\$ 21,702,114

* The 2015-2016 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, 2016

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, 2016.

The Federal Perkins Loan program (CFDA # 84.038), a part of the Student Financial Assistance Cluster, represents outstanding loans with the U.S. Department of Education with continuing compliance requirements. The balance outstanding at June 30, 2016 was \$91,991.

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

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

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

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

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

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 unit, and the aggregate remaining fund information of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2016, 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 8, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

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

Vavrinich, Trinn, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND 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, 2016. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major Federal program is not modified with respect to this matter.

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

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be significant deficiencies.

The District's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

Varrinich, Trina, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2016



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 California Community Colleges Chancellor's Office *Contracted District Audit Manual* issued in November 2015 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *Contracted District Audit Manual* issued in November 2015.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *Contracted District Audit Manual* issued in November 2015. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Basis for Qualified Opinion

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Section 424 - State General Apportionment Funding System compliance (Finding 2016-002) with such requirements as necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2016.

Unmodified Opinion for Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2016, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 429	Student Success and Support Program (SSSP)
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 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 are not applicable.

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

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

Varrinck, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

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>None reported</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>Yes</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>Yes</u>

Identification of major Federal programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,492,410</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Qualified</u>
Unmodified for all State programs except for the following State program which was qualified:	

<u>Name of State Program</u>
Section 424 - State General
<u>Apportionment Funding System</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

2016-001 SPECIAL TESTS AND PROVISIONS - RETURN TO TITLE IV

Federal Program Affected

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

Criteria or Specific Requirement

34 CFR Section 668.173(b):

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

Condition

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

Questioned Costs

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

Context

There was one instance out of forty tested where the District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

Effect

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

Cause

The District should improve procedures regarding Return to Title IV funds.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Recommendation

It is recommended that the District implement procedures to ensure that the Return to Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

Management's Response and Corrective Action Plan

In review of this case, the District found that:

1. The student's enrollment was frozen at 9 units on September 8, 2015.
2. The student dropped all units on October 10, 2015.
3. A \$63 Pell Grant was disbursed on October 13, 2015 based on frozen units (step 1).
4. The Financial Aid administrator sent a message to the student, via the student portal, notifying the "Pell overpayment" on October 27, 2015 with a determination that all \$63 Pell needed to be returned as part of Return to Title IV procedure.
5. The \$63 "Pell overpayment" was not returned to the ED until March 29, 2016.

The District determined that the oversight occurred at steps 3 and 5. The District has implemented the following correcting actions to improve the Return to Title IV procedures.

Corrective action for step 3: An exception report has been developed to identify student records with zero units at time of disbursement. A batch process is run to hold records from disbursement.

Corrective action for step 5: This oversight was due to work volume and human error because this was a manual step. The District has automated the process to pull back Pell grant disbursements to alleviate human error. The District has added a final review step to ensure quality assurance with each batch of Return to Title IV funds processing. A third Financial Aid administrator has been assigned to help review and verify accuracy and completeness for each Return to Title IV records.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

The following findings represent instances of noncompliance relating to State program laws and regulations.

2016-002 SECTION 424 - STATE GENERAL APPORTIONMENT FUNDING SYSTEM

Criteria or Specific Requirement

CCR, Title 5, Sections 58020-24, continues to require the District to maintain detailed documentation to substantiate the data reported on the "Apportionment Attendance Report" Form CCFS-320. Each district governing board is required to adopt procedures to document all course enrollment, attendance and disenrollment as required by CCR, Title 5, Sections 58020-58024.

The burden is on the District to develop a system and related procedures that are consistent with applicable CCR, Title 5 requirements, including those provided by Sections 58000, 58004, and 58030.

Condition

Testing revealed that the District miscalculated contact hours for nineteen out of one hundred classes selected. As a result, the District recalculated contact hours for all classes and determined that there were miscalculated contact hours for 906 courses from the Summer 2015, Fall 2015, Winter 2016, Spring 2016, and Summer 2016 semesters. These courses are Weekly and Daily census type courses. The miscalculation resulted in the overstatement of 84.02 FTES from resident students on the Annual CCFS-320 report. The District's recalculation was reviewed and determined to be complete.

Questioned Costs

The District has submitted a Recalculated CCFS-320 report reducing the FTES that was inaccurately claimed. As such, there are no questioned costs associated with this finding.

Context

The District claimed a total of 31,467.39 resident FTES for all terms (Summer 2015, Fall 2015, Winter 2016, Spring 2016, and Summer 2016) on the Annual CCFS-320 report. The 84.02 overstatement constitutes a 0.00267 percent overstatement.

Effect

The FTES claimed for funding were overstated by 84.02 FTES from resident students on the Annual CCFS-320 report.

Cause

The District did not correctly calculate contact hours for courses with partial class hours. The District's information system was not properly configured to calculate courses with partial class hours in accordance with the California Community College Chancellor's Office guidance.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Recommendation

The District's system needs to be reconfigured and monitored to properly calculate the amount of contact hours to prevent future miscalculations in FTES.

Management's Response and Corrective Action Plan

The District will reconfigure the system and will monitor on a regular basis the proper calculation of the amount of contact hours to ensure accuracy with the number of FTES reported in the CCFS-320 report.

The District recently enhanced the "Hours and FTES Attendance Accounting Method/Schedule Calendar Verification Report". This report flags courses that have an incorrect attendance method, part of term, calendar code, etc., and it is a tool used to ensure that each class is scheduled properly within regulations and the District's standards. The enhancement consisted in identifying and flagging courses scheduled for durations not allowed in the "Contact Hours Computation table" as established by the Chancellor's Office guidance. With this information, division administrators are able to change the scheduled classes and comply with the "Contact Hours Computation Table". This enhanced report was distributed and explained at a meeting held with division administrators. The report will be regularly reviewed by division administrators and by the Associate Vice President of Instruction to ensure compliance with the calculation of contact hours.

The District will create a modification to system that will alert the user during the scheduling process of a class meeting, entered with an improper number of minutes. This modification will be released late December 2016.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016**

Assessed valuation for fiscal year 2015-16	\$ 75,710,540,673 (2)
Secured tax levies for fiscal year 2015-16	17,617,844 (1)
Secured tax delinquencies for fiscal year 2015-16	615,704 (1)
Secured tax collections for fiscal year 2015-16	17,002,140 (1)

<u>Property Owner</u>	<u>Land Use</u>	2015-2016 Assessed Valuation (2)	% of Total (3)
1. Plaza West Covina LLC	Shopping Center	\$ 222,674,864	0.29%
2. Industry East Land LLC - Lessee	Industrial	175,016,739	0.23%
3. Fairway Sub A-E LLC	Industrial	171,493,821	0.23%
4. BRE DDR BR Eastland CA LLC	Shopping Center	151,417,830	0.20%
5. JCC California Properties LLC	Commercial	141,984,541	0.19%
6. Crow Family Holdings Industrial LP	Industrial	104,307,898	0.14%
7. Tropicana Manufacturing Company Inc.	Industrial	103,881,007	0.14%
8. Newage PHM LLC	Shopping Center	100,000,000	0.13%
9. Rowland Ranch Properties LLC	Commercial	93,209,248	0.12%
10. Diamond Ridge Development LLC	Shopping Center	91,588,579	0.12%
11. Quemtco West LLC	Industrial	81,122,114	0.11%
12. Metropolitan Life Insurance Co.	Office Building	72,154,145	0.10%
13. New Age Kaleidoscope LLC	Shopping Center	65,760,319	0.09%
14. LBA Realty Fund III-Co VII LLC	Industrial	65,145,152	0.09%
15. Costco Wholesale Corp.	Commercial	62,514,964	0.08%
16. Catellus Development Corp.	Industrial	61,764,306	0.08%
17. Adcor Realty Corp.	Industrial	59,203,925	0.08%
18. La Colima 2010 LLC	Apartments	58,526,990	0.08%
19. Target Corporation	Commercial	57,845,115	0.08%
20. La Palma Royale LLC	Apartments	56,969,885	0.08%
		<u>\$ 1,996,581,442</u>	<u>2.64%</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 2015-16 of \$75,710,504,673