NEW ISSUE -- FULL BOOK-ENTRY **RATINGS: S&P: "AA"; Fitch: "AAA"**
(See "RATINGS")

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$85,000,000
SANTA CLARITA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
General Obligation Bonds, Election of 2016, Series 2019

Dated: Date of Delivery **Due: August 1, as shown on inside cover**

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Santa Clarita Community College District (Los Angeles County, California) General Obligation Bonds, Election of 2016, Series 2019 (the "Bonds"), were authorized at an election of the registered voters of the Santa Clarita Community College District (the "District") held on June 7, 2016, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $230,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance of the Bonds.

The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of Los Angeles County are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates).

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery of the Bonds and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. Principal of the Bonds is due on August 1 of the years and in the amounts set forth on the inside cover page hereof. The Bonds are issuable as fully registered Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank National Association, Los Angeles, California, has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates as further described herein.

MATURITY SCHEDULE
(See inside cover page)

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Profession Corporation, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Irvine, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about August 29, 2019.

PiperJaffray®

Dated: August 7, 2019.

MATURITY SCHEDULE

$85,000,000
SANTA CLARITA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
General Obligation Bonds, Election of 2016, Series 2019

Base CUSIP†: 801686

$42,915,000 Current Interest Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
2021	$3,805,000	5.000%	0.790%	RP3
2022	2,835,000	5.000	0.780	RQ1
2023	3,235,000	5.000	0.780	RR9
2024	3,670,000	5.000	0.780	RS7
2028	825,000	4.000	1.090	RT5
2029	975,000	4.000	1.220(1)	RU2
2030	1,140,000	4.000	1.400(1)	RV0
2031	1,320,000	4.000	1.540(1)	RW8
2032	1,505,000	4.000	1.680(1)	RX6
2033	1,710,000	3.000	2.200(1)	RY4
2034	1,910,000	3.000	2.280(1)	RZ1
2035	2,120,000	3.000	2.350(1)	SA5
2036	2,340,000	3.000	2.420(1)	SB3
2037	2,575,000	3.000	2.470(1)	SC1
2038	2,825,000	3.000	2.520(1)	SD9
2039	3,090,000	3.000	2.580(1)	SE7
2040	3,370,000	3.000	2.650(1)	SF4
2041	3,665,000	3.000	2.710(1)	SJ6

$12,930,000 – 3.000% Term Bonds due August 1, 2044 – Yield 2.810%(1); CUSIP†: SG2

$29,155,000– 3.000% Term Bonds due August 1, 2049 – Yield 2.860%(1); CUSIP†: SH0

(1) Yield to call at par on August 1, 2028.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

> "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

Board of Trustees

Michael D. Berger, *President*
Michele R. Jenkins, *Vice President*
Joan W. MacGregor, *Clerk*
Steven D. Zimmer, *Member*
Dr. Edel Alonso, *Member*

District Administrative Staff

Dr. Dianne G. Van Hook, *Chancellor*
Dr. Barry Gribbons, *Deputy Chancellor*
Ms. Sharlene Coleal, *Assistant Superintendent/Vice President, Business Services*
Mr. Joseph Gerda*, Interim Assistant Superintendent/Vice President, Instruction*
Dr. Michael Wilding, *Assistant Superintendent/Vice President, Student Services*
Dr. Diane Fiero, *Assistant Superintendent/Vice President, Human Resources*
Mr. James Schrage, *Assistant Superintendent/Vice President Facilities Planning, Operations and Construction*
Mr. Eric Harnish, *Vice President, Public Information, Advocacy and External Relations*
Mr. Jason Hinkle, *Associate Vice President, Business Services*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

Isom Advisors, a Division of Urban Futures, Inc.
Tustin, California

Paying Agent

U.S. Bank National Association, as agent of the
Treasurer and Tax Collector of Los Angeles County
Los Angeles, California

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$85,000,000
SANTA CLARITA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
General Obligation Bonds, Election of 2016, Series 2019

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Santa Clarita Community College District (Los Angeles County, California) General Obligation Bonds, Election of 2016, Series 2019 (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Changes Since the Preliminary Official Statement

Since the publication of the Preliminary Official Statement, principal and interest was paid on August 1, 2019 with respect to certain of the District's outstanding general obligation bonds and certificates of participation. As a result, certain information presented in the tables entitled "General Obligation Bonds – Consolidated Debt Service Schedule" and "Annual Debt Service Requirements" under the heading "SANTA CLARITA COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" and "– Certificates of Participation" has been updated accordingly. In addition, since the publication of the Preliminary Official Statement, the Treasurer and Tax Collector of the County (defined below) released the Los Angeles County Treasury Investment Report for June 2019 (the "June 2019 Report"). The report presented under "APPENDIX E – LOS ANGELES COUNTY INVESTMENT POOL" herein has been replaced with the June 2019 Report.

The District

The Santa Clarita Community College District (the "District") was established in 1967 and encompasses unincorporated areas of Los Angeles County (the "County") and the City of Santa Clarita. The District encompasses approximately 367 square miles and serves a resident population of approximately 299,000 in the local communities of Canyon Country, Newhall, Saugus, Valencia, Castaic, Stevenson Ranch, and Val Verde. The District currently operates College of the Canyons at its Valencia Campus and Canyon Country Campus, both of which provide lower-division collegiate-level instruction across a wide spectrum of subjects. College of the Canyons is fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC"). For 2019-20, the District has budgeted a full-time equivalent students ("FTES") count of 17,031. Property within the District has a 2018-19 total assessed valuation of $44,212,317,166.

The governing board of the District is the Board of Trustees (the "Board"). The Board includes five voting members elected by the voters of the District within five trustee voting areas. Members of the Board serve four-year terms, and elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Board-appointed Chancellor. The Chancellor is responsible for administering the affairs of the District in accordance with the policies of the Board, management of the District's day-to-day operations, and supervision of the work of other key administrators. Dr. Dianne G. Van Hook is the District's current Chancellor.

For more information regarding the District generally, see "SANTA CLARITA COMMUNITY COLLEGE DISTRICT," herein and for information regarding the District's assessed valuation, see "TAX BASE FOR REPAYMENT OF BONDS" herein. The audited financial statements of the District for fiscal year ending June 30, 2018 are attached hereto as APPENDIX A and should be read in their entirety.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of the County are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Purpose of Issue

The proceeds of the Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay costs of issuance of the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds," and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover page hereof. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the "Owners" "Bond Owners" or "Holders" of the Bonds (other than under the captions "INTRODUCTION – Tax Matters" and "TAX MATTERS" herein, and in APPENDIX B attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein. See "THE BONDS - Redemption" herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery of the Bonds, and be payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2020. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for

subsequent disbursement through DTC Participants to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on July 10, 2019 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about August 29, 2019.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, and certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS," "DISTRICT FINANCIAL INFORMATION" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of listed events required to be provided are described is summarized in "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Isom Advisors, a Division of Urban Futures, Inc., Tustin, California, is acting as Municipal Advisor to the District in connection with the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Isom

Advisors, a Division of Urban Futures, Inc. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California. From time to time, Bond Counsel represents the Underwriter in matters unrelated to the District or the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "intend," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Associate Vice President/Vice President, Business Services, Santa Clarita Community College District, 26455 Rockwell Canyon Drive, Valencia, California 91355, telephone: (661) 362-3405. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

Certain of the information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is

submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code and applicable provisions of the Education Code, Article XIIIA of the State Constitution, and pursuant to the Resolution.

The District received authorization at an election held on June 7, 2016, by the requisite 55% of the votes cast by eligible voters within the District, to issue not-to-exceed $230,000,000 of general obligation bonds (the "2016 Authorization"). The Bonds are the second issuance of bonds pursuant to the 2016 Authorization, and following the issuance thereof, $95,000,000 of bonds shall remain authorized but unissued.

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of the County are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish such a reserve, and the District can make no representation that the County will do so. Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Fund (as defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds, and the County will maintain the Debt Service Fund, the Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* property taxes levied by the County to pay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial

destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, flood, fire, wildfire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. See "THE BONDS – Book Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery of the Bonds, and be payable semiannually on each Bond Payment Date, commencing February 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it shall bear interest from its date of delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the cover hereof.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the principal corporate trust office of the Paying Agent. The principal of, premiums, if any, and interest on, the Bonds shall be payable in lawful money of

the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof

So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See also "—Book-Entry Only System" below.

Annual Debt Service

The following table shows the debt service schedule with respect to the Bonds, assuming no optional redemptions.

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment[(1)]	Total Annual Debt Service
2020	--	$2,654,662.78	$2,654,662.78
2021	$3,805,000.00	2,878,550.00	6,683,550.00
2022	2,835,000.00	2,688,300.00	5,523,300.00
2023	3,235,000.00	2,546,550.00	5,781,550.00
2024	3,670,000.00	2,384,800.00	6,054,800.00
2025	--	2,201,300.00	2,201,300.00
2026	--	2,201,300.00	2,201,300.00
2027	--	2,201,300.00	2,201,300.00
2028	825,000.00	2,201,300.00	3,026,300.00
2029	975,000.00	2,168,300.00	3,143,300.00
2030	1,140,000.00	2,129,300.00	3,269,300.00
2031	1,320,000.00	2,083,700.00	3,403,700.00
2032	1,505,000.00	2,030,900.00	3,535,900.00
2033	1,710,000.00	1,970,700.00	3,680,700.00
2034	1,910,000.00	1,919,400.00	3,829,400.00
2035	2,120,000.00	1,862,100.00	3,982,100.00
2036	2,340,000.00	1,798,500.00	4,138,500.00
2037	2,575,000.00	1,728,300.00	4,303,300.00
2038	2,825,000.00	1,651,050.00	4,476,050.00
2039	3,090,000.00	1,566,300.00	4,656,300.00
2040	3,370,000.00	1,473,600.00	4,843,600.00
2041	3,665,000.00	1,372,500.00	5,037,500.00
2042	3,975,000.00	1,262,550.00	5,237,550.00
2043	4,305,000.00	1,143,300.00	5,448,300.00
2044	4,650,000.00	1,014,150.00	5,664,150.00
2045	5,015,000.00	874,650.00	5,889,650.00
2046	5,400,000.00	724,200.00	6,124,200.00
2047	5,810,000.00	562,200.00	6,372,200.00
2048	6,240,000.00	387,900.00	6,627,900.00
2049	6,690,000.00	200,700.00	6,890,700.00
Total	$85,000,000.00	$51,882,362.78	$136,882,362.78

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

See "SANTA CLARITA COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

Application and Investment of Bond Proceeds

The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities and (ii) to pay the costs of issuing the Bonds.

The net proceeds from the sale of the Bonds will be paid to the County treasury to the credit of the building fund created by the Resolution, shall be accounted for together with the proceeds of other bonds of the District separately from all other District and County funds. Any accrued interest or premium by the County from the sale of the Bonds will be paid to the County treasury, to the credit of the debt service fund created by the Resolution and used only for payment of principal of and interest on the Bonds, and for no other purpose. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Moneys in the Building Fund and Debt Service Fund will be invested through the Los Angeles County Treasury Pool. See "APPENDIX E - LOS ANGELES COUNTY INVESTMENT POOL" attached hereto.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company

for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated rating of "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated by any reference to such website.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distribution on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its

nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distribution to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2028 are not subject to redemption. The Bonds maturing on or after August 1, 2029 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after August 1, 2028, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2044 (the "2044 Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2042, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount represented by such bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Year Ending August 1	Principal To Be Redeemed
2042	$3,975,000
2043	4,305,000
2044[(1)]	4,650,000
Total	$12,930,000

[(1)] Maturity.

In the event that a portion of the 2044 Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such 2044 Term Bonds optionally redeemed.

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The Bonds maturing on August 1, 2049 (the "2049 Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2045, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount represented by such bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Year Ending August 1	**Principal To Be Redeemed**
2045	$5,015,000
2046	5,400,000
2047	5,810,000
2048	6,240,000
2049[(1)]	6,690,000
Total	$29,155,000

[(1)] Maturity.

In the event that a portion of the 2049 Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such 2049 Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District, and if not so directed by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in the principal amount of $5,000 or any integral multiple thereof.

Redemption Notice. When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance," the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like Series, tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "—Defeasance," and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date

fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

Payment of interest on any Bond will be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds, will be payable upon maturity or redemption upon surrender at the designated corporate trust office of the Paying Agent. The principal of, and premiums, if any, and interest on, the Bonds will be payable in lawful money of the United States of America.

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent, together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date, or any day on which the applicable Redemption Notice is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any), at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid, all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), or Moody's Investors Service ("Moody's").

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount	$85,000,000.00
Original Issue Premium	4,606,846.40
Total Sources	$89,606,846.40
Uses of Funds	
Building Fund	84,730,000.00
Debt Service Fund	4,275,346.40
Underwriter's Discount	331,500.00
Costs of Issuance[(1)]	270,000.00
Total Uses	$89,606,846.40

[(1)] Reflects all costs of issuance, including but not limited to demographics fees, filing fees, rating fees, legal and municipal advisory fees, and the costs and fees of the Paying Agent to be paid from the proceeds of the Bonds.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for both the District and the county taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises of all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the tax-collecting authority of the County. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of the County will collect a cost of $10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may

thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a minimum $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the County.

Property taxes on the unsecured roll as of the July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured roll after July 31, if unpaid, are delinquent and subject to a 10% penalty on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "—Alternative Method of Tax Apportionment – 'Teeter Plan'" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein), share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

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Assessed Valuations

The following table shows the assessed valuations for the District for fiscal years 2009-10 through 2018-19, as of the date the equalized assessment tax roll is established in August of each year.

ASSESSED VALUATIONS
Fiscal Years 2009-10 through 2018-19
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

	Local Secured	Utility	Unsecured	Total
2009-10	$32,879,210,737	$39,221,595	$1,242,823,685	$34,161,256,017
2010-11	32,573,592,689	42,286,023	1,165,255,373	33,781,134,085
2011-12	32,745,262,030	41,967,599	1,112,599,687	33,899,829,316
2012-13	32,129,086,278	41,967,599	1,149,783,098	33,320,836,975
2013-14	32,899,757,420	9,410,995	1,141,052,861	34,050,221,276
2014-15	35,498,113,398	7,701,513	1,158,284,919	36,664,099,830
2015-16	37,376,563,155	4,764,954	1,146,371,535	38,527,699,644
2016-17	39,190,223,733	5,090,240	1,098,586,944	40,293,900,917
2017-18	40,802,920,012	10,322,510	1,117,253,297	41,930,495,819
2018-19	43,042,296,952	6,715,145	1,163,305,069	44,212,317,166

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination could cause a reduction in the assessed value of taxable property within the boundaries of the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuation. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

No assurance can be given that property tax appeals, actions by county assessors, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation by Jurisdiction. The following table shows the fiscal year 2018-19 assessed valuation of the District by jurisdiction.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2018-19
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Santa Clarita	$32,625,877,728	73.79%	$32,625,877,728	100.00%
Unincorporated Los Angeles County	11,586,439,438	26.21	107,666,068,683	10.76
Total District	$44,212,317,166	100.00%		
Los Angeles County	$44,212,317,166	100.00%	$1,518,401,584,349	2.91%

Source: California Municipal Statistics, Inc.

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Assessed Valuation and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

Non-Residential:	2018-19 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Agricultural	$64,496,740	0.15%	51	0.06%
Commercial	4,187,789,320	9.73	1,129	1.31
Vacant Commercial	220,545,717	0.51	548	0.63
Industrial	2,735,851,148	6.36	1,041	1.20
Vacant Industrial	182,643,314	0.42	389	0.45
Recreational	294,566,072	0.68	93	0.11
Government/Social/Institutional	185,692,666	0.43	299	0.35
Vacant Other/Desert	341,860,706	0.79	1,661	1.92
Miscellaneous/Unknown	184,203,698	0.43	300	0.35
Subtotal Non-Residential	$8,397,649,381	19.51%	5,511	6.37%
Residential:				
Single Family Residence	$7,223,271,961	63.25%	58,707	67.86%
Condominium/Townhouse	4,039,757,939	9.39	14,606	16.88
Mobile Home	33,563,029	0.08	190	0.22
Mobile Home Park	110,080,775	0.26	37	0.04
2-4 Residential Units	119,356,312	0.28	320	0.37
5+ Residential Units/Apartments	2,502,369,752	5.81	318	0.37
Vacant Residential	616,247,803	1.43	6,817	7.88
Subtotal Residential	$34,644,647,571	80.49%	80,995	93.63%
Total	$43,042,296,952	100.00%	86,506	100.00%

[(1)] Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2018-19 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

	2018-19 Parcels	Average Assessed Valuation	Median Assessed Valuation	Assessed Valuation
Single Family Residential	58,707	$27,223,271,961	$463,714	$448,330

2018-19 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	277	0.472%	0.472%	$9,366,509	0.034%	0.034%
50,000 - 99,999	1,854	3.158	3.630	139,268,302	0.512	0.546
100,000 - 149,999	1,277	2.175	5.805	159,753,153	0.587	1.133
150,000 - 199,999	1,919	3.269	9.074	340,878,027	1.252	2.385
200,000 - 249,999	3,361	5.725	14.799	763,791,280	2.806	5.191
250,000 - 299,999	4,337	7.388	22.186	1,197,430,043	4.399	9.589
300,000 - 349,999	5,159	8.788	30.974	1,674,790,468	6.152	15.741
350,000 - 399,999	5,510	9.386	40.360	2,065,014,728	7.585	23.327
400,000 - 449,999	5,873	10.004	50.364	2,499,049,151	9.180	32.507
450,000 - 499,999	6,389	10.883	61.247	3,034,274,846	11.146	43.652
500,000 - 549,999	5,459	9.299	70.545	2,859,975,984	10.506	54.158
550,000 - 599,999	4,481	7.633	78.178	2,573,601,231	9.454	63.612
600,000 - 649,999	3,565	6.073	84.251	2,223,675,848	8.168	71.780
650,000 - 699,999	2,777	4.730	88.981	1,868,124,179	6.862	78.642
700,000 - 749,999	1,920	3.270	92.251	1,388,929,825	5.102	83.744
750,000 - 799,999	1,185	2.018	94.270	915,113,048	3.362	87.106
800,000 - 849,999	787	1.341	95.610	647,173,023	2.377	89.483
850,000 - 899,999	603	1.027	96.638	526,776,780	1.935	91.418
900,000 - 949,999	389	0.663	97.300	359,096,581	1.319	92.737
950,000 - 999,999	319	0.543	97.844	310,718,793	1.141	93.879
1,000,000 and greater	1,266	2.156	100.000	1,666,470,162	6.121	100.000
Total	58,707	100.000%		$27,223,271,961	100.000%	

[(1)] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the portion of the District lying in the County, and amounts delinquent as of June 30, for fiscal years 2009-10 through 2017-18.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2009-10 through 2017-18
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent as of June 30	Percent Delinquent June 30
2009-10	12,397,893.66	426,175.93	3.44
2010-11	12,309,383.47	295,902.85	2.40
2011-12	12,409,438.36	259,390.95	2.09
2012-13	12,249,950.19	220,494.39	1.80
2013-14	12,556,770.67	185,463.99	1.48
2014-15	13,577,034.60	195,979.22	1.44
2015-16	14,326,152.89	203,680.67	1.42
2016-17	14,953,247.87	177,989.37	1.19
2017-18	15,679,577.26	195,139.41	1.24

Fiscal Year	Secured Tax Charge[2]	Amount Delinquent as of June 30	Percent Delinquent June 30
2012-13	$9,780,001.00	$166,348.00	1.70%
2013-14	9,059,638.00	127,038.00	1.40
2014-15	10,371,267.44	118,023.71	1.14
2015-16	10,384,849.72	104,915.87	1.01
2016-17	10,668,301.50	96,638.19	0.91
2017-18	17,398,482.54	130,358.90	0.75

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds.
(2) General obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

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Alternative Method of Tax Apportionment - Teeter Plan

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2017-18 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "—*Ad Valorem* Property Taxation" herein.

Tax Rates

A representative tax rate area (a "TRA") located within the District is TRA 908. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years from 2014-15 through 2018-19.

TYPICAL TAX RATES (TRA 908)
Fiscal Years 2014-15 through 2018-19
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

	2014-15	2015-16	2016-17	2017-18	2018-19
1% General Fund Levy	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Saugus Union School District	.040344	.038693	.066420	.065045	.056604
William S. Hart Union High School District	.051178	.049132	.049506	.050694	.056464
Santa Clarita Community College District	.029396	.028128	.027579	.043045	.040979
Castaic Lake Water Agency	.070600	.070600	.070600	.070600	.070600
Total	1.191518%	1.186553%	1.214105%	1.229384%	1.224647%

(1) 2018-19 assessed valuation of TRA 908 is $1,459,083,914, which is 3.30% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

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Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses is such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2018-19 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representations as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2018-19
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[(1)]
1.	Valencia Town Center Venture LP	Shopping Center	$386,344,028	0.90%
2.	Newhall Land and Farming Co. LP	Land Holdings	229,923,100	0.53
3.	Wesco IV LLC	Apartments	197,443,188	0.46
4.	Magic Mountain LLC	Theme Park	166,473,337	0.39
5.	Valencia Marketplace I & II LLC	Shopping Center	159,225,244	0.37
6.	Park Sierra Properties	Apartments	142,644,008	0.33
7.	PFI Valencia LLC, Lessor	Office Building	135,252,009	0.31
8.	GSG Residential Mountain Terrace	Apartments	134,670,784	0.31
9.	Saugus Colony Limited	Apartments	120,790,737	0.28
10.	IVT River Oaks Valencia LLC	Shopping Center	115,000,000	0.27
11.	Pardee Construction Co. Corp.	Residential Development	113,520,287	0.26
12.	EQR Valencia LLC	Apartments	107,181,874	0.25
13.	EQR the Oaks LLC	Apartments	104,916,914	0.24
14.	Valencia Biomedical Park LLC	Industrial	104,345,453	0.24
15.	ARC SLSTCCA001 LLC	Industrial	101,401,543	0.24
16.	Aerospace Dynamics International	Industrial	98,146,575	0.23
17.	Berry Petroleum Company LLC	Oil & Gas	92,679,291	0.22
18.	Rreef America REIT II Corp. DD	Apartments	85,462,797	0.20
19.	NP Parc Chateaux Inc.	Apartments	77,978,690	0.18
20.	IVT Stevenson Ranch Plaza LLC	Commercial	75,428,988	0.18
			$2,748,828,847	6.39%

(1) 2018-19 local secured assessed valuation: $43,042,296,952.
Source: California Municipal Statistics, Inc.

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Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of June 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

2018-19 Assessed Valuation: $44,212,317,166

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/1/19
Santa Clarita Community College District	**100.000%**	**$249,773,326**[1]
William S. Hart Union High School District	99.988	341,913,606
Castaic Union School District	99.995	21,304,381
Newhall School District and School Facilities Improvement District No. 2011-1	100.000	65,735,000
Saugus Union School District and School Facilities Improvement District No. 2014-1	99.992	56,902,176
Sulphur Springs Union School District	99.954	48,341,692
School District Community Facilities Districts	100.000	257,890,000
Los Angeles County Community Facilities Districts	100.000	15,900,000
City of Santa Clarita Community Facilities District No. 2002-1	100.000	13,990,000
City of Santa Clarita Open Space Parkland Assessment District	100.000	13,145,000
City of Santa Clarita Landscaping and Streetlighting Zones A and B	100.000	14,575,000
City of Santa Clarita 1915 Act Bonds	100.000	625,000
Los Angeles County Regional Park and Open Space Assessment District	2.912	396,614
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,100,491,795
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	2.912%	$62,715,791
Los Angeles County Superintendent of Schools Certificates of Participation	2.912	169,708
Santa Clarita Community College District General Fund Obligations	**100.000**	**8,835,000**
William S. Hart Union High School District Certificates of Participation	99.988	44,709,967
Castaic Union School District Certificates of Participation	99.995	3,424,829
Saugus Union School District Certificates of Participation	99.992	10,624,150
Sulphur Springs Union School District Certificates of Participation	99.954	25,363,328
City of Santa Clarita Certificates of Participation	100.000	11,362,480
Antelope Valley Hospital District General Fund Obligations	0.244	30,950
Los Angeles County Sanitation District No. 32 Authority	99.999	8,558,459
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$175,794,662
OVERLAPPING TAX INCREMENT DEBT:		
Santa Clarita Redevelopment Agency (Successor Agency)	100.000 %	$33,180,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$33,180,000
COMBINED TOTAL DEBT		$1,309,466,457[2]

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($249,773,326)	**0.56%**
Total Direct and Overlapping Tax and Assessment Debt	2.49%
Combined Direct Debt ($258,608,326)	**0.58%**
Combined Total Debt	2.96%

Ratios to Redevelopment Incremental Valuation ($437,609,440):

Overlapping Tax Increment Debt	7.58%

(1) Excludes the Bonds.
(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the State voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval

of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the

improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120 percent of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

State-Assessed Utility Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions. Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the County by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" and "SANTA CLARITA COMMUNITY COLLEGE DISTRICT " herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts and community college districts (collectively, "K-14 school districts") to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to K-14 school districts to mean the percentage change in the average daily attendance of such K-14 school districts from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for fiscal year 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, State voters approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including K-14 school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as K-14 school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, State voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the

operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year will automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State budget for each fiscal year.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and education funding priority and allocation. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in pupil attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: First, all

appropriations for "qualified capital outlay projects," as defined by the Legislature, and are excluded. Also, any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990 are all excluded. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (Test 1) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (Test 2). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) (Test 3), 3, which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-14 school districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in

the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district, such as the District), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See "- Article XIIIA of the California Constitution" herein.

Jarvis v. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to K-14 school districts, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by State voters on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to K-14 school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for K-14 school districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010,

the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 6, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 8, 2016, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum

size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as a an emergency within the meaning of Article XIIIB of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 39, 22, 26, 30, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

Major Revenues

General. California community college districts (other than "community supported" Basic Aid districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for the most of the remainder. A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, EPA funds, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

"Basic Aid" community college districts (also referred to "community supported" districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. Thus, Basic Aid districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not currently a Basic Aid district.

Enrollment Based Funding. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 ("SB 361"). SB 361 provided for a basic allocation (a "Basic Allocation") based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation ("CDCP") non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per non-credit FTES; and (c) $3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the "funded" FTES, for which a community college district would receive a revenue allocation. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, referred to as the "Student Centered Funding Formula," (the "SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") that is calculated using various performance-based metrics.

The SCFF includes several provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2021-22, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2022-23 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.)

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see "—Enrollment Based Funding"), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation is expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19 and in fiscal year 2019-20. Future years' allocations are yet to be determined.

The SCFF provides minimum funding levels for credit FTES for the first fiscal year at $3,727 for fiscal year 2018-19. For fiscal year 2019-20 the budget recalculates funding rates in the base, supplemental and student success allocations so that 70% of SCFF funds would be allocated to the base allocation. Beginning in 2020-21 those funding rates would be adjusted by COLA. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts, which do not include the District**,** that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See "—Enrollment Based Funding" herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

For fiscal year 2018-19 the District's budgeted Base Allocation was equal to $71,177,007 and has budgeted a Base Allocation equal to $74,849,171 for fiscal year 2019-20.

The following table shows a breakdown of the District's historical resident FTES figures for the last ten fiscal years, and a budgeted amount for the current fiscal year.

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RESIDENT FULL TIME EQUIVALENT STUDENTS
Fiscal Years 2009-10 through 2019-20
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

Fiscal Year	Funded FTES	Unfunded FTES	Total FTES
2009-10	14,903	1,685	16,587
2010-11	15,248	47	15,294
2011-12	13,997	--	13,997
2012-13	13,986	--	13,986
2013-14	14,508	107	14,615
2014-15	15,126	29	15,154
2015-16	15,995	107	16,102
2016-17	16,444	--	16,444
2017-18	16,715	--	16,715
2018-19	16,392	--	16,392
2019-20[(1)]	17,031	--	17,031

(1) Budgeted.
Source: Santa Clarita Community College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that receive Federal Pell Grants, a student who is granted an exemption from nonresident tuition pursuant to Section 68130.5 (AB540), and student fee waivers under California Education Code 76300 (California College Promise Grant). The SCFF provides $919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the budget recalculates funding rates for supplemental allocation so that in 2019-20, 20% of the SCFF funds would be allocated for the supplemental allocation. Beginning in 2020-21 those rates would be adjusted by COLA. Headcounts are not unduplicated, such that districts will receive twice or three times as much supplemental funding for a student that falls into more than one of the aforementioned categories. For fiscal year 2018-19, the District has budgeted a duplicated headcount of 16,006 qualifying students, generating a Supplemental Allocation of approximately $14,709,514.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in a various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation is expected to account for 10% of statewide funding for community college districts Each metric is assigned a point value, with some metrics weighted more than others. A single student outcome with more points will generate more funding. Beginning in fiscal year 2019-20 the student success allocation will count only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding.

For fiscal year 2018-19, the SCFF provides a rate for all students of $440 per point, and additional $111 per point for Pell Grant, AB 540 and California College Promise Grant students. For fiscal year 2019-20 the budget recalculates funding rates for the student success allocation so that in 2019-20, 10% of the SCFF funds would be allocated for the student success allocation. Beginning in 2020-21 those rates would be adjusted by COLA. For fiscal year 2018-19, the District has budgeted the receipt of a Student Success Allocation equal to $13,380,117.

The District did not anticipate being funded at a hold harmless level in 2018-19, instead, budgeted it's revenue using the SCFF.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor, submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the governor, and by January 10 a proposed State budget is presented by the governor to the legislature. The Governor's State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the governor issues a revised budget with changes he or she can support. The law requires the legislature to submit its approved budget by June 15, and by June 30 the governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

See "SANTA CLARITA COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgets.

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Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding test ("Test 3") to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIIIB).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to school districts and community college districts which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3 established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance (also referred to as a "maintenance factor") equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the

annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

Lease Revenues. The District has property held for lease, and as of June 30, 2018 it had an estimated cost of $2,852,725 and accumulated depreciation of $1,437,893. Lease agreements have been entered into with various lessors for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. The future minimum lease payments expected to be received under these agreements are listed on the following page:

ANNUAL DEBT SERVICE REQUIREMENTS
Lease Revenues[(1)]
Santa Clarita Community College District

Year Ending (June 30)	Lease Payments
2020	$863,950
2021	867,944
2022	871,988
2023	876,085
Total	$3,479,967

Source: Santa Clarita Community College District.

State Assistance

State community college districts' principal funding formulas and revenue sources are derived from the State budget. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, none of the District, the Municipal Advisor nor the Underwriter take any responsibility as to the accuracy or completeness thereof and has not independently verified such information.

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $20.7 billion, including $5.4 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.8 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751."

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at $81.1 billion. Other significant features with respect to community college funding include the following:

- *Student Centered Funding Formula* – An ongoing increase of $254.7 million in Proposition 98 funding to support the SCFF, including (i) an increase of $230 million to support a 3.26% COLA for total apportionment growth, and (ii) an increase of $24.7 million to fund 0.55% of enrollment growth.

- *Settle-Up Payment* - An increase of $686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.

- *Pension Costs* – A $3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, $850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also See also "SANTA CLARITA COMMUNITY COLLEGE DISTRICT – Retirement Programs" herein.

- *Free College* – $42.6 million in ongoing Proposition 98 funding to support a second academic year of the California College Promise to waive enrollment fees for fist-time, full-time students.

- *Deferred Maintenance* – A one-time increase of $13.5 million in Proposition 98 funding for deferred maintenance, instructional equipment and specified water conservation projects.

- *Student Support* – An ongoing increase of $9 million in Proposition 98 funding to provide support to community college students who are homeless or are experiencing housing insecurity. The 2019-20 Budget also provides a one-time increase of $3.9 million in Proposition 98 funding to address student basic needs, including housing and food insecurity.

- *Veterans Resources* – An ongoing increase of $5 million in Proposition 98 funding for the establishment or enhancement of veterans resource centers at community colleges. In addition, the 2019-20 Budget also provides an increase of $2.25 million in Proposition 98 settle-up funds to expand veterans resource centers at specified colleges.

- *Workforce Development* – A one-time increase of $4.75 million in one-time, Proposition 98 settle-up funds to support the improvement of workforce development programs at specified community colleges.

- *Proposition 51* – a total allocation of $535.3 million in Proposition 51 bond funds for critical fire and life safety projects at campuses statewide.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable

property within the District for the payment of principal of and interest on the Bonds would not be impaired.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable only from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment*."

Introduction

The District was established in 1967 and encompasses unincorporated areas of the County and the City of Santa Clarita. The District encompasses approximately 367 square miles and serves a resident population of approximately 299,000 in the local communities of Canyon Country, Newhall, Saugus, Valencia, Castaic, Stevenson Ranch, and Val Verde. The District currently operates College of the Canyons at its Valencia Campus and Canyon Country Campus, both of which provide lower-division collegiate-level instruction across a wide spectrum of subjects. College of the Canyons is fully accredited by the ACCJC. For 2019-20, the District has budgeted an FTES count of 17,031. Property within the District has a 2018-19 total assessed valuation of $44,212,317,166.

Administration

The District is governed by a five-member Board, each member of which was elected by the voters of the District in five trustee voting areas. The trustees serve four-year terms, and elections for positions to the Board are held every two years alternating between two and three available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

Board Member	Office	Term Expires
Mr. Michael D. Berger	President	November 2022
Ms. Michele R. Jenkins	Vice President	November 2020
Ms. Joan W. MacGregor	Clerk	November 2022
Mr. Steven D. Zimmer	Member	November 2020
Dr. Edel Alonso	Member	November 2020

The management and policies of the District are administered by a Chancellor appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Brief biographies of key personnel follow:

Dr. Dianne Van Hook, Chancellor. Dr. Van Hook is in her 32nd year of service as Chancellor for the District. Dr. Van Hook has cofounded and/or served on more than 35 statewide commissions and boards, and currently sits on the Workforce and Economic Development Program Advisory Committee; The Network of California Community College Foundations; California Colleges for International Education and the CEO Professional Development group at the state level. As she has provided leadership at the State level, she has served as the President of the California Community Colleges CEO Board, the President of the CCLC Board of Directors, and the President of the ACCCA Board of Directors. She has also been elected by the California Community College CEO Board to serve on their committee on reforming the SCFF. Recently Dr. Van Hook was appointed by the Legislature to the SCFF Oversight committee and named by the bipartisan Policy Center to join its Higher Education Task Force to make recommendation regarding key emerging issues in education. Additionally, Dr. Van Hook has served on more than a dozen boards of directors for local arms of national organizations and is a founding board

member of the Santa Clarita Valley Economic Development Corporation. Prior to joining the District, Dr. Van Hook served for 16 years in other higher education academic and administration positions. Dr. Van Hook received a B.A. in Sociology/Speech from California State University, Long Beach, a M.A. in Psychology/Counseling from University of La Verne, La Verne, California and an Ed.D in Educational Administration from the University of La Verne.

Ms. Sharlene Coleal, Assistant Superintendent/Vice President, Business Services. . Ms. Coleal began her employment with the District in March 2001 as the Director of Fiscal Services and has held the position of Assistant Superintendent/Vice President, Business Services for the District since March 2002. Prior to accepting her position at the District, Ms. Coleal was the Director, Budget and Reimbursement for Simi Valley Hospital. Ms. Coleal has over 40 years of experience in Finance and Accounting, including 18 years serving in the education sector and 15 years of experience in the healthcare sector. Ms. Coleal received a B.S. in Accounting from California State University, Los Angeles, and an M.B.A. from California State University, Northridge.

Labor Relations

The District employs 222 full-time faculty, 1,055 part-time faculty, 339 classified and confidential employees, and 94 management employees. District employees, except management and some part-time employees, are represented by three bargaining units as noted in the following table:

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Labor Relations

Labor Organization	Number of Employees Represented	Contract Expiration Date
American Federation of Teachers	1,055	6/30/2020
California School Employees Association	322	6/30/2020
College of the Canyons Faculty Association	222	6/30/2020

Source: Santa Clarita Community College District.

Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District, the Municipal Advisor or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial

liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease

the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA– State Budget Measures – 2019-20 Budget" herein.

The District's contributions to STRS were $2,480,907 in fiscal year 2014-15, $3,355,309 in fiscal year 2015-16, $4,139,430 in fiscal year 2016-17 and $5,057,083 for fiscal year 2017-18. The District currently estimates $6,658,827 for its contribution to STRS for fiscal year 2018-19 and has budgeted $7,126,893 as its contribution to STRS in fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA– State Budget Measures – 2019-20 Budget" herein.

The District's contributions to PERS were $2,753,648 in fiscal year 2014-15, $2,981,359 in fiscal year 2015-16, $3,905,792 in fiscal year 2016-17, and $4,592,555 for fiscal year 2017-18. The District currently estimates $5,743,054 for its contribution to PERS for fiscal year 2018-19 and has budgeted $6,666,798 as its contribution to PERS in fiscal year 2019-20.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)[1]
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--[4]	--[4]
2014-15	73,325	56,814	16,511	--[4]	--[4]
2015-16	77,544	55,785	21,759	--[4]	--[4]
2016-17	84,416	60,865	23,551	--[4]	--[4]
2017-18[5]	92,071	64,846	27,225	--[4]	--[4]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated in the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25

years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's share of the net pension liabilities, pension expense and deferred inflow and outflow of resources for STRS and PERS, as of June 30, 2018, are as shown in the following table.

Pension Plan	Collective Net Pension Obligation	Collective Deferred Outflow of Resources	Collective Deferred Inflow of Resources	Collective Net Pension Expense
STRS	$56,994,059	$16,830,093	$4,314,550	$5,669,664
PERS	51,396,096	16,440,959	611,954	9,672,271
Total	$108,390,155	$33,271,052	$4,926,504	$15,341,935

For more information, see "APPENDIX A – THE DISTRICT'S 2017-18 AUDITED FINANCIAL STATEMENTS – Note 14 – Employee Retirement Systems" attached hereto..

Supplemental Employee Retirement Plan

The District provided supplemental Early Retirement Plans in calendar year 2016 (the "SERP Plan"), in which a total of 50 faculty and staff participated. The SERP Plan is a fixed annuity product designed to qualify under Section 403(b) of the Code. Eligibility was restricted to regular faculty, classified, administrative, and confidential District employees as of the date set forth in each annual SERP plan, each of whom (i) had at least ten years of consecutive service as a regular employee with the District as of the date set forth in the annual SERP plan, (ii) was eligible to retire from PERS or STRS (as applicable) as of the date set forth in the annual SERP plan, (iii) retired from employment with the

District effective no later than the date set forth in the annual SERP plan, and (iv) applied for benefits under the SERP Plan by the date set forth in the annual SERP plan. SERP Plan payments are made from the District's general fund.

The accumulated future liability for the District for the SERP Plan, as of June 30, 2018, amounted to $2,617,742, and future payments as of June 30, 2018 are as shown in the following table.

Year Ending, June 30	Payment
2019	$690,954
2020	690,954
2021	690,954
2022	544,880
Total	$2,617,742

Other Post-Employment Benefits

Plan Description. The District currently provides postemployment health care benefits (the "Benefits") for eligible retired employees in accordance with negotiated contracts with the various bargaining units. The District contributes towards medical, dental and vision insurance benefits to eligible retirees and their dependents, up to an annual cap of $2,200 or $4,000, depending on the retirees' years of service. For Retirees after June 30, 2018 the annual cap will be $3,300 or $3,000 depending on the retirees' years of service. As of June 30, 2019, membership in the District's plan consisted of 303 retirees and beneficiaries currently receiving benefits and 628 active plan members.

Funding Policy. The contribution requirements of the District are established and may be amended by the District and the District's bargaining units. The District's required contribution is currently based on a projected pay-as-you-go basis to cover the cost of benefits for current retirees, together with deposits to its Revocable OPEB Fund (defined below) in certain years, depending on the availability of surplus revenues. For fiscal years 2015-16 through 2018-19 (unaudited), the District's contributions towards insurance premiums were $275,631, $281,787, $346,593, and $359,582, respectively. The District has budgeted a contribution of $390,000 for fiscal year 2019-20 towards current premiums.

Accrued Liability. The District has implemented *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study for the Plan was dated October 29, 2018 (the "Study"), and had a valuation date of July 1, 2018. The Study concluded that, as of a June 30, 2018 measurement date, the Total OPEB Liability (the "TOL") with respect to such Benefits, was $12,923,836. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL. For more information regarding the District's other post-employment benefit liability, see "APPENDIX A – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and has not been reported in the District's financial statements, as the funds are set aside in a non-qualifying Revocable OPEB Fund (defined below). GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in its financial statements for fiscal year 2017-18. For fiscal year 2017-18, based on its most recent actuarial study, dated as of June 30, 2018, the District reported a Total OPEB Liability of $12,923,836, a Fiduciary Net Position of $0 and a Net OPEB Liability of $12,923,836. See also "APPENDIX A – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Revocable OPEB Fund. The District maintains a revocable fund (the "Revocable OPEB Fund") into which it transfers funds from its unrestricted general fund balance annually to begin funding its accrued liability for post-employment benefits. The Revocable OPEB Fund does not meet GASB requirements for a qualifying trust, and therefore the value of funds on deposit therein is not factored into the District's actuarial valuations of its accrued liability. As of June 30, 2019, the Revocable OPEB Fund has an estimated balance of $6,800,000. The District's contributions of the Revocable OPEB Fund for fiscal years 2014-15 through 2018-19, and its budgeted contribution for fiscal year 2019-20 are shown in the following table.

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REVOCABLE OPEB FUND CONTRIBUTIONS
Fiscal Years 2014-15 through 2019-20
Santa Clarita Community College District

Fiscal Year	Contributions
2014-15	$723,960
2015-16	723,960
2016-17	1,956,992
2017-18	978,496
2018-19	--
2019-20[(1)]	--

(1) Budgeted.
Source: Santa Clarita Community College District.

Medicare Premium Payment Program. The District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRS Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the STRS Defined Benefit Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

An actuarial study of the liability of the MPP Program has been prepared pursuant to GASB statements No. 74 and No. 75. The District's proportionate share of the net MPP Program liability as of June 30, 2018 was $441,354, and its contribution for fiscal year 2017-18 was $59,557. The District estimates a contribution of $60,000 for fiscal year 2018-19. See also "APPENDIX A – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Risk Management

Coverage. 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 a member of a non-profit, member owned and operated joint powers authority pursuant to applicable California Government and Education Code with provisions for (i) property claims, with coverage of $250,250,000 per occurrence subject to various policy limits; and (ii) general liability claims, with coverage up to $50,000,000 per occurrence, subject to various deductibles and sublimits. The District is also a member of a joint powers authority from which it secures workers' compensation coverage.

Workers' Compensation. The District participates in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority, an insurance purchasing pool, for workers' compensation coverage. Each participant in this joint powers authority, including the District, pays its workers' compensation premium based on its individual rate.

Public Entity Risk Pools. The District is a member of the following Joint Power Authorities ("JPAs"): the Protected Insurance Program for Schools ("PIPS"), the Statewide Association of Community College ("SWACC")/Schools Association for Excess Risk ("SAFER"), Alameda County Schools Insurance Group/Educational Dental Group Enterprise ("ACSIG/Edge"), Alameda County Schools Insurance Group ("ACSIG"), and Self Insured Schools of California ("SISC III"). The District

pays premiums for its workers' compensation and property liability coverage, as well as monthly premiums for employee Delta Dental and Vision Service Plan coverage and medical coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

For more information, see "APPENDIX B – THE DISTRICT'S 2017-18 AUDITED FINANCIAL STATEMENTS – Note 13" attached hereto.

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General Fund Budgeting

The following table reflects the District's general fund budgets for fiscal years 2016-17 through 2019-20, and ending results for fiscal years 2016-17 through 2018-19.

GENERAL FUND BUDGETING[1]
SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Fiscal Years 2016-17 through 2019-20

	Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20
	Budget[2]	Unaudited Actuals[2]	Budget[2]	Unaudited Actual[2]	Budget[2]	Estimated Actual[2]	Budget[2]
REVENUES							
Federal Revenues	$3,260,710	$2,753,568	$3,137,284	$2,463,294	$3,041,217	$3,041,217	$2,628,133
State Revenues	100,086,935	93,170,406	103,555,886	91,616,418	116,202,015	114,352,384	118,741,150
Local Revenues	33,283,438	40,303,120	31,472,101	42,263,665	32,275,543	32,675,543	32,138,483
TOTAL REVENUES	136,631,083	136,227,094	138,165,271	136,343,377	151,518,775	150,069,144	153,507,766
EXPENDITURES:							
Academic Salaries	44,012,552	42,823,379	44,647,263	46,734,470	48,099,301	47,999,301	49,603,626
Classified Salaries	31,631,196	31,689,987	32,992,147	33,162,241	35,341,369	34,891,369	36,234,901
Employee Benefits	23,062,272	23,501,052	26,751,258	26,286,356	30,318,205	30,068,205	30,092,595
Supplies and Materials	2,208,042	1,838,458	2,217,475	1,723,519	2,200,039	2,200,039	2,066,475
Other Operating Expenses and Services	29,748,108	25,456,107	28,976,113	21,423,358	34,038,677	31,125,947	34,342,533
Capital Outlay	6,622,247	5,588,443	3,224,397	3,905,808	2,756,465	2,706,465	2,492,782
TOTAL EXPENDITURES	137,284,417	130,897,426	138,808,653	133,235,752	152,754,056	148,991,326	154,832,912
Excess of Revenues Over/ (Under) Expenditures (Uses)	(653,334)	5,329,668	(643,382)	3,107,625	(1,235,281)	1,077,818	(1,325,146)
Other Financing Sources (Uses)	1,904,285	1,539,915	1,861,988	1,971,998	2,294,786	2,294,786	3,663,587
Other Outgo	(3,705,085)	(6,322,108)	(3,605,741)	(4,613,240)	(3,697,466)	(3,547,466)	(4,765,407)
Net Increase/(Decrease) in fund Balance	(2,454,134)	547,475	(2,387,135)	466,383	(2,637,961)	(174,862)	(2,426,966)
BEGINNING FUND BALANCE, JULY 1							
Net Beginning Balance, July 1	12,524,129	12,524,129	13,071,604	13,071,604	13,537,987	13,537,987	13,363,125
ENDING FUND BALANCE, JUNE 30	$10,069,995	$13,071,604	$10,684,469	$13,537,987	$10,900,026	$13,363,125	$10,936,159

[1] Figures include both the unrestricted and restricted general fund.

[2] Reflects Budgeted for fiscal years 2016-17 through 2019-20 and Unaudited figures for fiscal years 2016-17 through 2017-18 from the District's Annual Financial and Budget Reports, Form CCFS-311, submitted to the Chancellor's Office. For audited results of the District's governmental funds for fiscal years 2016-17 through 2017-18, see "—Comparative Financial Statements" herein. Estimated actuals for fiscal year 2018-19 are from the District's internal projections. Budgeted figures for fiscal year 2019-20 are from the 2019-20 tentative budget, approved by the Board on June 26, 2019.

Source: Santa Clarita Community College District..

Comparative Financial Statements

The following table reflects the District's audited revenues, expenditures and changes in net assets in the District's primary government funds from fiscal years 2013-14 through 2017-18.

STATEMENT OF AUDITED REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
Fiscal Years 2013-14 THROUGH 2017-18
SANTA CLARITA COMMUNITY COLLEGE DISTRICT

	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited
OPERATING REVENUES					
Student Tuition and Fees	$20,926,210	$20,650,016	$21,900,704	$22,328,326	$22,398,811
Less: Scholarship discount and allowances	(9,219,204)	(8,906,833)	(9,316,382)	(9,103,327)	(8,785,178)
Grants and contracts, noncapital	--	--	--	--	27,530,636
TOTAL OPERATING REVENUES	11,707,006	11,743,183	12,584,322	13,224,999	41,144,269
OPERATING EXPENSES					
Salaries	58,372,617	64,157,596	70,976,520	79,341,299	81,514,342
Employee benefits	16,988,369	19,047,447	20,051,182	26,959,507	33,371,018
Supplies, materials and other operating expenses and services	16,236,384	16,911,304	22,767,715	35,174,141	25,077,244
Student Financial Aid	21,682,720	21,723,638	20,714,745	19,904,201	18,859,216
Equipment, maintenance, and repairs	2,592,555	5,167,736	5,886,676	6,609,971	5,744,002
Depreciation	7,812,480	7,987,235	8,549,027	8,667,257	8,986,444
TOTAL OPERATING EXPENSES	123,685,125	134,994,956	148,945,865	176,656,376	173,552,266
OPERATING LOSS	(111,978,119)	(123,251,773)	(136,361,543)	(163,431,377)	(132,407,997)
NONOPERATING REVENUES					
State apportionments, noncapital	51,626,924	53,794,122	58,767,820	58,478,250	61,200,763
Local property taxes, levied for general purposes	12,851,779	14,241,347	19,136,084	24,420,946	26,299,236
Taxes levies for other specific purposes	847,845	895,241	10,240,914	10,458,881	16,959,961
Federal grants and contracts, noncapital	23,193,792	23,144,245	22,020,777	20,968,043	16,443,744
State grants and contracts, noncapital	8,543,002	14,577,168	24,368,698	31,871,793	2,253,376
State taxes and other revenues	2,835,780	4,068,222	12,131,407	5,318,926	4,821,280
Investment income	245,701	278,800	377,045	740,452	1,541,310
Interest expense on capital related debt	(10,681,113)	(11,451,323)	(7,025,746)	(10,470,648)	(10,596,499)
Interest income on capital asset-related debt, net	82,499	67,381	69,778	71,792	164,523
Transfer in from fiduciary fund	1,800	1,800	1,800	1,800	1,800
Transfer out to fiduciary fund	(630,503)	(736,660)	(736,660)	(1,969,692)	(991,196)
Other nonoperating revenue	16,482,451	16,384,257	4,978,779	11,072,261	2,764,985
TOTAL NONOPERATING REVENUES (EXPENSES)	105,399,957	115,264,600	144,330,696	150,962,804	120,863,283
INCOME (LOSS) BEFORE OTHER REVENUES AND LOSSES	(6,578,162)	(7,987,173)	7,969,153	(12,468,573)	(11,544,714)
OTHER REVENUES					
State revenues, capital	660,222	1,596,452	439,363	579,422	5,214,039
Local revenues, capital	1,477,257	403,851	246,925	268,940	207,231
Loss on disposal of capital assets	(2,447)	(680,474)	(15,178)	(43,316)	(297,814)
TOTAL OTHER REVENUES AND LOSSES	2,135,032	1,319,829	671,110	805,046	5,123,456
CHANGE IN NET POSITION	(4,443,130)	(6,667,344)	8,640,263	(11,663,527)	(6,421,258)
NET POSITION, BEGINNING OF YEAR	80,238,952	73,140,365	(5,839,637)	2,800,626	(8,862,901)
PRIOR PERIOD RESTATEMENT	(2,655,457)[1]	(72,312,658)[2]	--	--	(9,510,763)[4]
NET POSITION, BEGINNING OF YEAR, AS RESTATED	77,583,495	827,707	--	--	(18,373,664)
NET POSITION, END OF YEAR	$73,140,365	$(5,839,637)	$2,800,626	$(8,862,901)	$(24,794,922)

[1] Restates beginning net position due to implementation of GASB No. 65 requiring the District to no longer defer and amortize bond issuance costs.

[2] Restates the beginning net position (restated to recognize the net pension liability, net of related deferred outflows of resources) as a result of the implementation of GASB Nos. 68 and 71. See "— Retirement Programs – GASB Nos. 67 and 68" herein.

[4] Restates the beginning net position (restated to recognize the net OPEB liability from the adoption of GASB No. 75).

Source: Santa Clarita Community College District.

District Debt Structure

Long-Term Debt. General long-term debt as of June 30, 2018 consisted of the following:

	Balance Beginning of Year, as restated	Additions[(1)]	Deductions	Balance End of Year
Bonds and Notes Payable				
General obligation bonds, Series 2003	$16,043,625	$848,477	$1,350,000	$15,542,102
General obligation bonds, Series 2005	7,115,469	436,576	--	7,552,045
General obligation bonds, Series 2012	33,065,000	--	--	33,065,000
Unamortized Premium	2,147,605	--	85,904	2,061,701
General obligation bonds, Refunding Bonds 2013	32,550,000	--	935,000	31,615,000
Unamortized Premium	3,812,858	--	341,450	3,471,408
General obligation bonds, Series 2014	24,000,000	--	55,000	23,945,000
Unamortized Premium	1,069,098	--	47,515	1,021,583
General obligation bonds, Refunding Bonds 2016	91,755,000	--	1,335,000	90,420,000
Unamortized Premium	9,086,214	--	312,420	8,773,794
General obligation bonds, Series 2016	20,000,000	--	--	20,000,000
Unamortized Premium	1,536,022	--	52,815	1,483,207
General obligation bonds, Series 2017	50,000,000	--		50,000,000
Unamortized Premium	3,470,726	--	120,286	3,350,440
2017 Refunding certificates of participation	9,580,000	--	--	9,580,000
Unamortized Premium	1,059,817	--	75,253	984,564
Total Bonds and Notes Payable	$306,291,434	$1,285,053	$4,710,643	$302,865,844
Other Liabilities				
Early retirement plan	3,282,079	26,616	690,953	2,617,742
Aggregate net OPEB liability	12,886,533	884,807	406,150	13,365,190
Aggregate net pension obligation	93,495,171	14,894,984	--	108,390,155
Compensated Absences, Net	3,312,863	637,513	--	3,950,376
Total Other Liabilities	$112,976,646	$16,443,920	$1,097,103	$128,323,463
Total Long-Term Obligations	$419,268,080	$17,728,973	$5,807,746	$431,189,307

Source: Santa Clarita Community College District.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. GASB has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective for fiscal periods beginning after June 15, 2001 (Phase I) for any governmental agency with annual revenues in excess of $100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred. See also "— Comparative Financial Statements."

General Obligation Bonds.

The District has three voter approved general obligation bond authorizations. The District received authorization at an election held on November 1, 2001, at which the requisite vote of at least fifty-five percent of the persons voting on the proposition voted to authorize the issuance of $82,110,000 principal amount of general obligation bonds of the District (the "2001 Authorization"). On May 16, 2002, the District issued its first issuance under the 2001 Authorization, its General Obligation Bonds, Election of 2001, Series 2002 (the "Series 2002 Bonds"), in the aggregate principal amount of $21,625,000.00. On August 5, 2003, the District issued its second issuance under the 2001 Authorization, its General Obligation Bonds, Election of 2001, Series 2003 (the "Series 2003 Bonds"), in the aggregate principal amount of $17,498,982.05. On June 23, 2005, the District issued its 2005 Refunding Bonds in the aggregate principal amount of $16,730,908.75 (the "2005 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the Series 2002 Bonds. On November 1, 2005, the District issued its third and final issuance under the 2001 Authorization, its General Obligation Bonds, Election of 2001, Series 2005 (the "Series 2005 Bonds"), in the aggregate principal amount of $42,981,086.70. On February 27, 2013, the District issued its 2013 General Obligation Refunding Bonds (the "2013 Refunding Bonds") in the aggregate principal amount of $33,765,000, the proceeds of which were used to advance refund a portion of the Series 2005 Bonds.

The District received authorization at an election held on November 7, 2006, at which the requisite vote of at least fifty-five percent of the persons voting on the proposition voted to authorize the issuance of $160,000,000 principal amount of general obligation bonds of the District (the "2006 Authorization"). On May 30, 2007, the District issued its first issuance under the 2006 Authorization, its General Obligation Bonds, Election of 2006, Series 2007 (the "Series 2007 Bonds"), in the aggregate principal amount of $79,997,269.65. On May 30, 2012, the District issued its second issuance under the 2006 Authorization, its General Obligation Bonds, Election of 2006, Series 2012 (the "Series 2012 Bonds"), in the aggregate principal of $35,000,000.00. On September 24, 2014, the District issued its third issuance under the 2006 Authorization, its General Obligation Bonds, Election of 2006, Series 2014 (the "Series 2014 Bonds"), in the aggregate principal amount of $25,000,000. On May 17, 2016, the District issued its 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds") in the aggregate principal amount of $94,050,000, the proceeds of which were used to currently refund the 2005 Refunding Bonds and advance refund a portion of the Series 2007 Bonds. On November 22, 2016, the District issued the fourth and final series of bonds under the 2006 Authorization, its General Obligation Bonds, Election of 2006, Series 2016 (the "Series 2016 Bonds"), in the aggregate principal amount of $20,000,000.

The District received authorization at an election held on June 7, 2016, at which the requisite vote of at least fifty-five percent of the persons voting on the proposition voted to authorize the issuance of $230,000,000 principal amount of general obligation bonds of the District, the 2016 Authorization. On May 3, 2017, the District issued its first series of Bonds under the 2016 Authorization, its General Obligation Bonds, Election of 2016, Series 2017 (the "Series 2017 Bonds"), in the aggregate principal amount of $50,000,000. The Bonds are the second issuance under the 2016 Authorization, and following the issuance thereof, $95,000,000 of the bonds shall remain authorized but unissued.

The table on the following page summarizes the annual debt service requirements for the District's outstanding general obligation bonded debt.

GENERAL OBLIGATION BONDS – CONSOLIDATED DEBT SERVICE SCHEDULE
Santa Clarita Community College District

Year Ending (August 1)	Series 2003 Bonds	Series 2005 Bonds	Series 2012 Bonds	2013 Refunding Bonds	Series 2014 Bonds	2016 Refunding Bonds	Series 2016 Bonds	Series 2017 Bonds	The Bonds	Total Annual Debt Service
2020	$1,560,000.00	--	$ 1,653,050.00	$2,400,200.00	$1,170,375.00	$5,030,900.00	$770,518.76	$1,882,175.00	$2,654,662.78	$17,121,881.54
2021	1,640,000.00	--	1,721,300.00	2,424,600.00	1,216,575.00	5,070,650.00	770,518.76	1,922,575.00	6,683,550.00	21,449,768.76
2022	1,720,000.00	--	1,785,800.00	4,531,200.00	1,275,575.00	3,259,400.00	800,518.76	1,955,975.00	5,523,300.00	20,851,768.76
2023	1,805,000.00	--	1,851,550.00	4,601,600.00	1,328,325.00	3,259,400.00	829,618.76	1,999,225.00	5,781,550.00	21,456,268.76
2024	1,890,000.00	--	1,918,300.00	4,678,100.00	1,387,575.00	3,344,400.00	862,818.76	2,039,475.00	6,054,800.00	22,175,468.76
2025	1,990,000.00	--	1,990,300.00	4,741,850.00	1,452,825.00	3,527,700.00	899,968.76	2,076,725.00	2,201,300.00	18,880,668.76
2026	2,085,000.00	--	2,058,700.00	4,817,850.00	1,513,575.00	3,724,600.00	938,218.76	2,120,975.00	2,201,300.00	19,460,218.76
2027	2,905,000.00	--	2,139,800.00	4,164,850.00	1,579,825.00	3,920,600.00	974,218.76	2,161,725.00	2,201,300.00	20,047,318.76
2028	3,050,000.00	--	2,217,900.00	4,192,100.00	1,651,075.00	4,126,100.00	1,012,968.76	2,203,975.00	3,026,300.00	21,480,418.76
2029	--	$7,740,000.00	2,296,400.00	--	1,726,825.00	4,339,600.00	1,054,218.76	2,247,475.00	3,143,300.00	22,547,818.76
2030	--	7,925,000.00	2,378,900.00	--	1,806,575.00	4,565,100.00	1,092,718.76	2,291,975.00	3,269,300.00	23,329,568.76
2031	--	--	2,464,900.00	--	1,884,687.50	4,803,475.00	1,138,468.76	2,342,225.00	3,403,700.00	16,037,456.26
2032	--	--	2,553,900.00	--	1,969,062.50	5,046,700.00	1,185,968.76	2,387,575.00	3,535,900.00	16,679,106.26
2033	--	--	2,645,400.00	--	2,062,656.26	5,294,250.00	1,230,168.76	2,437,450.00	3,680,700.00	17,350,625.02
2034	--	--	2,738,900.00	--	2,151,525.00	5,560,600.00	1,281,768.76	2,483,950.00	3,829,400.00	18,046,143.76
2035	--	--	2,828,900.00	--	2,258,600.00	5,833,400.00	1,331,968.76	2,531,450.00	3,982,100.00	18,766,418.76
2036	--	--	2,935,150.00	--	2,355,800.00	6,110,550.00	1,384,156.26	2,583,450.00	4,138,500.00	19,507,606.26
2037	--	--	3,036,400.00	--	2,461,200.00	6,411,600.00	1,439,000.00	2,634,450.00	4,303,300.00	20,285,950.00
2038	--	--	3,137,400.00	--	2,584,200.00	6,716,800.00	1,498,600.00	2,689,200.00	4,476,050.00	21,102,250.00
2039	--	--	3,253,000.00	--	2,698,800.00	7,033,600.00	1,559,400.00	2,744,600.00	4,656,300.00	21,945,700.00
2040	--	--	3,364,400.00	--	--	7,370,800.00	1,621,200.00	2,795,000.00	4,843,600.00	19,995,000.00
2041	--	--	3,481,400.00	--	--	7,711,800.00	1,683,800.00	2,855,400.00	5,037,500.00	20,769,900.00
2042	--	--	3,598,400.00	--	--	8,075,600.00	1,752,000.00	2,910,200.00	5,237,550.00	21,573,750.00
2043	--	--	--	--	--	8,445,400.00	1,825,400.00	2,969,400.00	5,448,300.00	18,688,500.00
2044	--	--	--	--	--	8,835,000.00	1,893,600.00	3,027,600.00	5,664,150.00	19,420,350.00
2045	--	--	--	--	--	9,237,600.00	1,971,600.00	3,089,600.00	5,889,650.00	20,188,450.00
2046	--	--	--	--	--	9,661,600.00	2,048,800.00	3,150,000.00	6,124,200.00	20,984,600.00
2047	--	--	--	--	--	--	--	3,213,600.00	6,372,200.00	9,585,800.00
2048	--	--	--	--	--	--	--	--	6,627,900.00	6,627,900.00
2049	--	--	--	--	--	--	--	--	6,890,700.00	6,890,700.00
Total	$18,645,000.00	$15,665,000.00	$58,050,150.00	$36,552,350.00	$36,535,656.26	$156,317,225.00	$34,852,206.42	$69,747,425.00	$136,882,362.78	$563,247,375.46

Source: Santa Clarita Community College District.

Certificates of Participation. On May 3, 2017, the District caused the execution and delivery of its 2017 Refunding Certificates, representing an aggregate principal amount of $9,580,000. The net proceeds of the 2017 Certificates were used to currently refund the District's outstanding Certificates of Participation (2006 Financing Project). The 2017 Certificates are payable from lease payments to be made by the District pursuant to a lease-purchase agreement by and between the District and the Public Property Financing Corporation of California. The following table shows future semi-annual lease payments due with respect to the 2017 Certificates.

ANNUAL DEBT SERVICE REQUIREMENTS
2017 Refunding Certificates of Participation
Santa Clarita Community College District

SEMI-ANNUAL CERTIFICATE PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Semi-Annual Payments	Total Annual Payments
2/1/2020	--	$173,953.13	$173,953.13	--
8/1/2020	$760,000.00	173,953.13	933,953.13	$1,107,906.26
2/1/2021	--	158,753.13	158,753.13	--
8/1/2021	785,000.00	158,753.13	943,753.13	1,102,506.26
2/1/2022	--	143,053.13	143,053.13	--
8/1/2022	805,000.00	143,053.13	948,053.13	1,091,106.26
2/1/2023	--	126,953.13	126,953.13	--
8/1/2023	830,000.00	126,953.13	956,953.13	1,083,906.26
2/1/2024	--	110,353.13	110,353.13	--
8/1/2024	855,000.00	110,353.13	965,353.13	1,075,706.26
2/1/2025	--	88,978.13	88,978.13	--
8/1/2025	660,000.00	88,978.13	748,978.13	837,956.26
2/1/2026	--	72,478.13	72,478.13	--
8/1/2026	685,000.00	72,478.13	757,478.13	829,956.26
2/1/2027	--	55,353.13	55,353.13	--
8/1/2027	710,000.00	55,353.13	765,353.13	820,706.26
2/1/2028	--	37,603.13	37,603.13	--
8/1/2028	745,000.00	37,603.13	782,603.13	820,206.26
2/1/2029	--	18,978.13	18,978.13	--
8/1/2029	775,000.00	18,978.13	793,978.13	812,956.26
2/1/2030	--	7,353.13	7,353.13	--
8/1/2030	235,000.00	7,353.13	242,353.13	249,706.26
2/1/2031	--	3,828.13	3,828.13	--
8/1/2031	245,000.00	3,828.13	248,828.13	252,656.26
	$8,090,000.00	$1,995,275.12	$10,085,275.12	$10,085,275.12

Source: Santa Clarita Community College District.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and

original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Bond Owner of the Bonds is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX B.

LIMITATION ON REMEDIES; BANKRUPTCY

General. State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien. Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – LOS ANGELES COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of the approving opinion of Bond Counsel attached hereto as Appendix A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. The District has covenanted for the benefit of Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of listed events will be filed in

accordance with the requirements of the Rule. The specific nature of the information to be made available and to be contained in the notices of listed events is described in the form of Continuing Disclosure Certificate attached hereto as APPENDIX C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. The District has not, in the past five years, failed to file in a timely manner the annual reports or notices of listed events as required pursuant to its prior continuing disclosure undertakings.

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the Government Code, are eligible for security for deposits of public moneys in the State.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (the "TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX B.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "AAA" and "AA" by Fitch Ratings and S&P, respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004 and S&P Global Ratings, 55 Water Street, 45th Floor, New York, NY 10041. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not

included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. In the published release regarding its rating on the Bonds, Fitch noted that it "has been provided with legal opinions by District's bond counsel that provide a reasonable basis for concluding that the tax revenues levied to repay the Bonds would be considered 'pledged special revenues' in the event of a district bankruptcy." See also "LIMITATION ON REMEDIES; BANKRUPTCY" herein. Such legal opinion speaks only as of its date, does not reflect subsequent events or legal developments, cannot be relied upon by the Underwriter or any Owner or Beneficial Owners of any of the Bonds, and is an expression of professional judgment regarding the legal matters addressed and thus is not a guaranty that a court will reach any particular result.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 18, 2018 of Vavrinek, Trine, Day & Co., LLP (the "Auditor"), are included in this Official Statement as APPENDIX A . In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

Piper Jaffray & Co. (the "Underwriter") has agreed to purchase the Bonds at a price of $89,275,346.40 (consisting of the principal amount of the Bonds of $85,000,000.00, plus original issue premium of $4,606,846.40, and less an Underwriter's discount of $331,500.00).

The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering

prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following paragraph for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District:

Piper Jaffray & Co. has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

ADDITIONAL INFORMATION

This Official Statement supplies information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein about the District has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

By /s/ Sharelene Coleal
Assistant Superintendent/Vice President, Business Services

APPENDIX A

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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COLLEGE OF THE CANYONS

Dr. Dianne G. Van Hook, *Chancellor*

26455 Rockwell Canyon Road, Santa Clarita, California 91355 • (661) 259-7800 • www.canyons.edu

December 18, 2018

Vavrinek, Trine, Day & Co., LLP
10681 Foothill Blvd., Suite 300
Rancho Cucamonga, CA 91730

To Whom It May Concern:

The Santa Clarita Community College District's College of the Canyons (COC) is recognized as one of the most innovative community college districts in California. Specifically, our forward-thinking campus culture encourages faculty, staff and administrators to propose and implement new curricula, programs and ideas that, together, keep COC on the leading edge with emerging and developing industries and our students.

FISCALLY RESPONSIBLE

At the end of each fiscal year, an independent Certified Public Accounting firm that specializes in community college oversight performs audits. Their scope of work includes financial, compliance audits for the Santa Clarita Community College District and the College of the Canyons Foundation, as well as financial, and performance audits for the district's general obligation bond funds.

WHAT IS THE PROCESS?

Working with and interviewing various individuals at the district who have responsibility for fiscal oversight to assess the systems and procedures of accounting utilized by the District, the auditors determine the degree to which the District complies with rules and regulations as set forth in State regulations and the Accounting Manual for California Community Colleges and, subsequently, determine that the accountability and propriety of expenditures have been carried out accordingly.

THE RESULTS ARE IN!

At College of the Canyons, we value the audit process. It provides the district with opportunities to discuss ways to improve its business procedures and accountability mechanisms. I am pleased to report that the District has received Unmodified Opinions for Financial Statements and Federal Awards in the 2017-2018 audit report, with no audit findings. An Unmodified Opinion is the best opinion that can be issued for an audit, i.e., "the financial statements present fairly, in all material aspects, the financial position of the business type activities of the district as of June 30, 2018." Since 2002, the District has received Unqualified/Unmodified Opinions on 74 of its 76 audit reports or 97 percent. This includes District, Foundation and General Obligation Bond finance and performance audits.

These Unmodified Opinions on the audit reaffirm the high level of fiscal responsibility in the Santa Clarita Community College District, and underscore our compliance with appropriate accounting procedures and controls.

As we move forward, carrying out our vision, engaging in systematic planning, and seeking all opportunities to expand access for our students and the businesses in our service area, the District remains committed to sound fiscal risk management practices, and the audit reaffirms our ability to deal with:

SANTA CLARITA COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES

Edel Alonso • Michael D. Berger • Michele R. Jenkins • Joan W. MacGregor • Steven D. Zimmer

- ✓ The State of California's lack of a funding mechanism for community college education; and
- ✓ Maintaining a strong financial position with adequate reserves.

It is important to note that we are one of only 12 college districts, out of 72, to return to, and then exceed, 2008 enrollment and funding levels.

OUR DILIGENCE ILLUSTRATES OUTCOMES

For the last **49 years,** we have built a reputation as a statewide leader, putting our students on pathways to success, whether it is continuing with their higher education, entering the workforce or honing their skills to meet the needs of their employer. We have embraced the opportunity to deliver a long-term pipeline of well-qualified students by providing classroom training that links that same learning to jobs. It is our commitment to learning, combined with our collective teamwork, that has contributed to our collective successes and we continue to provide service to our community, our region and the state.

New Initiatives, Innovative Projects & Collaboration

Innovation is a central core value for the College and the District. Faculty, staff, and students are welcomed to campus where they are not only challenged to take that next step into an unknown future, but to also create the very steps they wish to take. In the past year, numerous projects and efforts have reflected this innovative spirit. The following is an overview of some of the many new initiatives and innovative projects, all in pursuit of a brighter tomorrow:

- Initiated **internship program with the City of Santa Clarita** where our students had the opportunity to work one-on-one with City building inspectors obtain invaluable hands-on experience from seasoned professionals;
- Formed a partnership with Goodwill Southern California to form the **Strong Workforce Apprenticeship Group (SWAG)**, in an effort to expand apprenticeships and provides COC students and employees of participating companies with skilled training and hands-on experience through apprenticeships at local businesses;
- Expanded **Zero Cost Non-Credit Courses**, offering **57 non-credit class sections** among the 2,000 class sections offered during Fall 2017, marking a **36% inc**rease from Fall 2016.
    - Designed to help students and community members improve their language and study skills and/or transition into a collegiate academic setting.
    - Included English as a Second Language (ESL), GED preparation, basic skills, computer applications, and web technology, as well as citizen preparation classes.
- Received **$311,432 in grant funding for our Makerspace** initiative, which
    - Expands Makerspaces, supports innovation, and it is renewable.
    - Provides technology, manufacturing equipment and education opportunities to design, prototype, and create manufactured items.
    - Enhances community collaboration and teaching, enabling students, faculty, and business owners to interact in ways that enrich the education of our students.
- Joined the statewide effort to expand College Promise by launching the **First-Year Promise Campaign;**
    - Raised **$445,000** of our **$500,000** goal to provide **500 students** the opportunity to attend their first year at College of the Canyons, for free;

    - Exploring fundraising opportunities to extend the benefits of the First Year Promise Program beyond the term of the grant;
- Partnered with Lincoln Electric to provide training and became the first official **Lincoln Electric Education Partner School (LEEPS)** in the nation by providing certified robotic training to Lincoln Electric clients engaged in robotic arc welding systems;
- Launched the **Resources for Individual Success in Education (RISE) Project** to help improve access to higher education for current and former foster or homeless youth.
    - Provides students with counseling, priority registration, progress monitoring, and assistance with the purchase of textbooks, meals, and transportation.
    - Offers access to on-campus shower facilities, personal care supplies, workshops, snacks, and resources referrals;
- Were awarded a **Zero Textbook Cost (ZTC) grant of $150,000** to develop a ZTC Certificate in Early Childhood Education and based on a performance period of January 2018 through December 2018;
- Recognized at the state and national levels for our impressive student outcomes and honored as one of the top three colleges in California for significantly increasing the number of students who earn an **Associate Degree for Transfer (ADT**) and increased the number of ADTs awarded between 2013 and 2017 by **703 percent;**
    - Ranked among the **top three** community colleges in Los Angeles County for the percentage of students who transfer to a four-year university;
    - Ranked **No. 2 in the state** for the percentage of college-prepared students who complete a degree or certificate or who are prepared to transfer to four-year universities; a result of nearly **80 percent**;
- Designated as a partner with the *New World of Work*, incorporating the Uniquely Abled Program, in collaboration with the Economic Development Department, to embed skills lessons across disciplines in both CTE and GE coursework;
    - Graduated and placed the first class of students from our **Uniquely Abled Academy**, which trains students for entry-level positions as CNC operators and machinist apprentices;
- Participated in the **CASE (Council for Advancement & Support of Education) Professionals Conference and the Title V Developing Hispanic-Serving Institutions Conference** to discuss and learn about grant development strategies and best practices;
- Hosted the **"Doing What Matters" CEO Institute** at the 2018 Trustees Conference, supported by the Chancellor's Office on Workforce and Economic Development, at the 2018 Trustees Conference to provide an opportunity for CEOs to interact with business leaders, external partners and leaders in the workforce and economic development sectors in California, as well as with each other;
- Led the **2018 Deans Symposium** in conjunction with the California Community Colleges Chancellor's Office Division of Workforce and Economic Development which focused on a variety of leadership skills that align workforce needs and the statewide *"Vision for Success"* goals;
- Became the first Nursing program in California to achieve accreditation through the **National League for Nursing**;
- Received approval of our **Paralegal Studies Program** by the American Bar Association (ABA) site team, determining that the program is compliant for continuance;
- Recognized 18 of COC's programs as **"Strong Workforce Stars"** by the California Community Colleges Chancellor's Office, for helping students launch new careers or increase their salaries as well as demonstrating an increase in earnings in one or more of the following metrics:

    - 50% or more, based on a match to the state wage file, for students who were last enrolled in 2015-16;
    - Attainment of the regional living wage by 70% or more, based on a match to the state wage file, for students who were last enrolled in 2015-16;
    - 90% or more are employed in a job similar to their field of study, according to the CTE Outcomes Survey, for student who were last enrolled in 2014-15;
- Awarded **$12,000 in Foundation mini-grants** to faculty to support creating unique learning opportunities through biodiversity projects, academic competitions, biomedical device engineering, and incorporating a cadaver into science classes;
- Received a **mini-grant** by the Association of American Colleges and Universities for our **Civic and Community Engagement Initiative**;
    - Identified as one of 24 mini-grants awarded to institutions nationwide from a pool of 134 applications.
    - Designed to help advance civic learning and social responsibility;
- **Shattered commencement records** with **2,232 students graduating**, a 9.1% increase over 2017;
    - Awarded **3,118 degrees** (a 32% increase from 2017), from 111 majors;
    - Graduated **590 students with honors (3.5 GPA or higher); 50 students with a perfect 4.0 GPA; and an average GPA of 3.14**;
    - Achieved a **79%** increase in the number of Hispanic students who were awarded a degree.
- Generated **$14.4 million** in grant funds during 2017-2018 to launch new and innovative programs, receiving over **$91 million in grants over the last 10 years**.
- Supported the **passage of Assembly Bill 705**, which helps more students succeed in completing a degree, certificate or transfer by ensuring access to college-level courses when first entering a community college.

Student Involvement, Achievement and Success

We champion the involvement of our student body, celebrate their achievements and promote their success. We have:

- Served more than **32,000 individual students;** each with unique aspirations and awarded nearly **$200,000 in scholarships**;
- Celebrated our **Model UN Team**, which ranked among the **top 50 teams in the nation** (including teams from four-year institutions) and at the annual conference, our team won 35% of all awards but represented less than 14% of the delegates;
- Sent a student experiment aloft through **NASA's High Altitude Student Platform (HASP)** program, becoming the only community college selected for HASP three years in a row;
- Congratulated our **Future Business Leaders of America** team as they competed against teams from prestigious four-year universities, **winning 10 medals** at the 2018 State Conference and recognized for having the second largest increase in membership over the previous year statewide;
- Recognized the **COC Architecture & Design students** for the **third time in 4 years** by the **International Interior Design Association, Southern California Chapter**;
- Selected **COC Interior Design students** to participate as designers in the **Henry Mayo Newhall Hospital 2018 Holiday Home Tour;**
- Continued to excel in our athletic endeavors; including:
    - **Football** earned its first **Bowl Game win** at the **2017 Western State Bowl;**

- **Women's Volleyball** made it to the **2017 CCCAA Women's Volleyball State Championship** semi-final round**;**
- **Women's Soccer** won the **2017 Western Conference, East Division championship**, their 7th in a row;
- **Cross Country** capped their season by sending **two runners to compete at the 2017 CCCAA State Championships**;
- **Women's Golf** team placed 7th in the **2017 CCCAA State Championships;**
- **Men's Golf** team won the **2018 CCCAA State Regional Championship** for the sixth time in program history;
- **Softball** finished the season as **2018 Western State Conference, East Division Champions**;
- **Track and Field** brought home **three 2018 All American Designations**;
- **Swim and Dive** competed at the **2018 CCCAA Swim and Dive State Championships**;
- **Baseball** finished the **Western State Conference, East Division** in 2nd place; and
- **Women's Tennis,** in its inaugural season, sent **four student-athletes to the 2018 CCCAA Southern California Regional Tournament**.

Community Partnerships and Building the Economy

We have continued to enhance our abilities and build relevant and creative partnerships, which have boosted our fiscal base, resulting in an expansion of student access, support, outreach, and service to our community. We have:

- Hosted the **California Acceleration Project Summer Institute** where 200 English and Math community college faculty from around Southern California came to learn about high leverage strategies to dramatically increase student success;
- Marked the **35th anniversary of the Center for Early Childhood Education**;
- Celebrated the **10-year anniversary** of our 70 acre **Canyon Country Campus**, having offered more than **5,000 clas**ses and serving more than **50,000 students**;
- Broke ground on the **55,000 square-foot** Science Center at the Canyon Country Campus, which will open **eight new labs f**or students and help alleviate the long waitlists that STEM majors experience when trying to register for lab classes;
- Building a much-needed **parking structure on the Valencia Campus**, which will provide spaces for 1,659 cars and will open early February 2019;
- Received a lead donation of **$50,000 from the Sand Canyon Country Club** as a two year commitment to support 50 First-Year Promise students and raised about **$472, 017** since the College Promise campaign initiated in 2017;
- Held the **Michael Hoefflin Foundation's 9th Annual Walk for Kids** here on campus to raised funds for this local non-profit that assists children diagnosed with cancer and their families.
- Hosted our annual **Women's Conference, *"Making the Most of Your Life,"*** which featured an exciting lineup of presenters and breakout sessions centered on the interests of women in our community;
- Offered our **Star Party** at the Canyon Country Campus which included a scientist from the Jet Propulsion Laboratory, interactive demonstrations and activities for the over 500 community attendees;
- Held the **1st Annual Makerspace Festival** on campus, with approximately 2500 participants from 35 schools and organizations and showcasing 53 booths that offered hands-on activities, demonstrations and displays;

- Hosted the 6th annual **"Shine a Light on Suicide Prevention and Awareness Event"** where resource tables were staffed by community providers to offer resources and support for students;
- Worked with the **South Bay Workforce Investment Board** for our CNC Fast Track Program having a **100% job placement rate** for the recent cohort; noting we have been running cohorts through the Fast Track Program for many years and have maintained a **90%** job placement rate;
- Awarded by the **California Employment Training Panel (ETP)**, **$647,584** to conduct skills training for employees at local companies, bringing our total amount of ETP contracts awarded since 1996 to **over $6 million**;
- Launched the state's first **GIG Economy pilot project**, which will help students build careers in self-employment through the online "gig" economy.
- Achieved a **90 percent** graduation/placement rate from our Advanced Manufacturing Program;
- Received another **$647,584** Employment Training Panel (ETP) grant for the Employee Training Institute to provide customized training to local companies, raising our ETP funding total to **$6 million** since 1996 – the most of any community college in the state;
- Named by **Washington Monthly magazine** named COC as one of the **"Best Two-Year Colleges for Adult Learners"** - **#1** in Southern California and **#43** nationally;
- Expanded **partnerships, including the collaboration we have with the Pitchess Detention Center,** by adding more English, math, and business classes, as well as offering solar installation training to inmates;
- Generated **$3.5 million in revenue** that was used to train nearly **2,400 employees** at more than **900 companies**, and awarding **275 nationally recognized training certifications, counseling 899 entrepreneurs**, **assisting with 50 business** start-ups, and **helping clients raise $19.5 million** in capital.
- Continued our role as a **top location for the Los Angeles movie film and commercial industry**, generating dollars for the local economy by drawing in film crews, a designation the college has held for the last three years;
- Generated **$17.4 million of sales growth and $26.9 million of capital infusion** through the services offered by our Small Business Development Center.

In addition to boosting economic development, we also built relevant and creative partnerships with entities on and off campus, which boosted our fiscal base and resulted in an expansion of student access, support, outreach and service to our community. We have continued to work energetically with the **Santa Clarita Valley Economic Development Corporation** and community partners to prepare for future demands in our local economy, and ensure its long-term growth and vitality. In addition, our **Santa Clarita Valley Business Alliance** continues to meet on a regular basis, engaging local chief executive officers to solicit information based on their needs and trends in workforce training and development.

We Stand Out from the Rest

Our position as a leader among community colleges is illustrated in the external recognitions of our efforts in the 2017-18 fiscal year. We have:

- Received **"Best Chef in Town" award** for ICue Instructor, Chef Daniel Otto by Elite Magazine; as well as the **Idaho Potato Commission Innovation award** for Culinary Arts instructor, Chef Herve Guillard who received the Culinary Award for classroom innovation;
- Received the **L.A. Paralegal Association Pro Bono Award** for Nicole Faudree, the Department Chair of the Paralegal Studies Program, which has provided more than 14,750

hours of unpaid time through internships in the Cooperative Work Experience program, including internships at Neighborhood Legal Services;
- Received the **Lifetime Achievement Award** for Dr. Dianne Van Hook, the Chancellor of the Santa Clarita College District, from the Business Journal;
- Accepted two Chancellor's Office Technology Awards for the **Technology Focus Award (the Amazon Project)** the **Technology Leadership Award** for Dr. Jim Temple, the Vice President of Technology, which focuses on streamlining and improving the student registration process;
- Accepted the **American Welding Society Plummer Lecturer Award & Plummer Memorial** education awards which recognizes the outstanding contributions by our Welding Department Chair, Tim Baber;
- Honored as the **"Education Partner of the Year"** by the **Archdiocesan Youth Employment Services** (AYE) for providing job training for participants of the "This Way Ahead – Los Angeles," which provides students with the necessary customer service skills that enable them to deliver exceptional, high-quality customer service in a variety of positions;
- Received the **Band of Brothers & Sisters Excellence Award** from the Student Veterans of America and COC Foundation donors for the work of three students engaged in military service and active duty reserves;
- Selected our **Center for Applied and Competitive Technologies (CACT)** as the **"2018 Employer & Service Provider"** by the SCV Mayor's Committee;
- Honored by the SCVi LEAD Schools as **the SCVi Founders Family Vision Honoree and the Leader in Education**;
- Received the **Global Award for Promoting OER** for the work of one of our graduates who designed and created the marketing campaign for OER at COC; designing the ZTC degree logo and facilitation sessions for statewide faculty at our OER summits;
- Honored by the **Campaign for College Opportunity** as one of the **"2018 Champions of Higher Education"** for our work in awarding ADTs;
- Received the **National Council for Marketing & Public Relations - District 6** award our **Public Information Office** with **9 Medallion Awards** for various publications and digital media**;**
- Ranked by the **Hispanic Outlook on Education** magazine as **#29 in the nation** in their Top 100 colleges and universities list for graduating Hispanic students;
- Recognized by **Washington Monthly** magazine as one of **America's Best Colleges for Student Voting;**
- Confirmed our **AAA Stable Outlook** rating on our bonds by **FitchRating**;
- Selected to serve by Dr. Dianne Van Hook on the **Bipartisan Policy Center** in Washington, D.C. to join its Higher Education Task Force. This consists of 18 former policymakers and high-profile individuals – senators, governors, congress people and a few higher education leaders - to make recommendations towards reforming financial aid, accreditation and certification standards and other issues that are affecting higher education at the national level.

Statewide Leadership

We have continued to take on a variety of leadership roles for a number of Statewide initiatives and programs, including:

- Moving forward in our role as the coordinator for the **Institutional Effectiveness Partnership Initiative (IEPI)**, a Statewide collaborative effort to advance the effectiveness of California Community Colleges with the goal of reducing the number of accreditation sanctions and State and Federal audit issues at individual colleges while enhancing the system's ability to improve on

student success in measurable ways. To date, the IEPI Partnership Resource Teams have visited and provided assistance to nearly **90 colleges, districts and centers;**

- Leading the way in **"Doing What Matters,"** an important initiative from the State Chancellor's Office Division of Workforce and Economic Development, working to bridge the skills and jobs mismatch and prepare California's workforce for 21st century careers;
- Moving forward in our role for the **South Central Coast Regional Consortium (SCCRC) Steering Committee**, which facilitates and promotes effective regional initiatives for its member colleges and key stakeholders in support of local, regional, and statewide workforce development efforts.
- Being selected as **1 of 20** California Community Colleges to participate in the **California Guided Pathways Initiative** through the Aspen Institute, taking on the important work of prioritizing transfer student success, creating clear program pathways with aligned high-quality instruction, providing tailored transfer student advising and building stronger transfer partnerships.
- Launching **College Promise "First-Year Promise"** program to provide increased opportunities for new full-time college students to achieve their educational goals by waiving tuition and fees during the first year of study. This program was initially funded through a $750,000 grant from the California Community Colleges Chancellor's Office. College of the Canyons was **1 of 14** colleges from a field of 51 awarded a California College Promise Innovation Grant.
- Expanding our leadership role in the continued development of **Open Educational Resources (OER)**, an alternative to costly textbooks by providing freely accessible, openly licensed text, media, and other digital assets that are useful for teaching, learning, assessing, and researching purposes.

IN SUMMARY

This report confirms the District's consistent practice of complying with general accounting standards, anticipating new requirements, and maintaining adequate internal budget controls. As a result, we have been able to safeguard the assets of the District. We always commit to regularly assessing and strengthening our processes as needed to help us maintain fiscal integrity, program integrity, and compliance with State and Federal regulations and as such stand out from the rest.

In summary and as illustrated above the District has demonstrated its commitment to:

- ✓ Understanding the importance of proper stewardship of district funds;
- ✓ Championing increased access for an increasingly diverse student base;
- ✓ Continuing to support student success *and* student equity;
- ✓ Ensuring compliance with all Federal and State statutory requirements as well as the district's Board policies;
- ✓ Serving the educational needs of the community and the State in an exemplary manner;
- ✓ Providing students the opportunity to learn or train for tomorrow's jobs utilizing state-of-the-art equipment;
- ✓ Supporting increased growth via strategic enrollment management and student access; increasing fiscal resources through a commitment to enhancing: grant writing, the district's Foundation and possible funds through refinement of the Student Centered Funding Formula;
- ✓ Focusing on our increasingly global student body and determining how best to serve them now and into the future as we continue to learn from one another; and
- ✓ Continuing to develop a budget plan that supports enrollment management; growth of our fiscal resources; professional development of our most important resource – our faculty and staff; and fiscal stability both now and in the future.

As we near our 50th anniversary, we are at a stage in the life of the College where we look forward to:

- Completing the physical build-out of the Valencia Campus parking structure by early 2019;
- Continuing and completing the construction of permanent buildings at the Canyon Country Campus, including plans for six two-story buildings totaling 240,000 square feet (including the Science Center);
- Finalizing the fundraising campaign for the **First Year Promise** program to extend it beyond the life of the grant; and
- Adding faculty and initiating new curriculum, technology, programs, and partnerships that will enable us to meet our community's needs and continue to enhance the transfer possibilities for our students.

As we move forward with action plans to achieve our Strategic Goals and implement our Comprehensive Plan, we reaffirm our commitment to serve our community with the same high standards, quality educational programs, and innovative partnerships that have formed the foundation of the current success at College of the Canyons. We are poised to meet the community's evolving needs with enthusiasm, energy, optimism, ambitious and aspirational goals, and an entrepreneurial spirit.

Sincerely,

Dr. Dianne G. Van Hook
Chancellor

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Santa Clarita Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2017-2018 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

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

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 17 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 53 and other required supplementary schedules on pages 107 through 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
December 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Santa Clarita Community College District (the District) was established in 1967, and is one of seventy-two districts and one hundred fourteen colleges that comprise the California Community College System. The California Community College System is the largest system of higher education in the nation, with 2.1 million students attending. The system provides students with the knowledge and background necessary to compete in today's economy. With a wide range of educational offerings, the colleges provide workforce training, basic courses in English and math, certificate and degree programs, and preparation for transfer to four-year institutions.

We are pleased to present the Annual Financial Report for the Santa Clarita Community College District for the Period Ending June 30, 2018. This report was prepared using a government-wide format as required by GASB Statement No. 35, a directive from the Governmental Accounting Standards Board (GASB). Also required by GASB Statement No. 35 is the Management's Discussion and Analysis section written by the District's Administration, which provides an analysis of the District's overall financial position and results of operations. Responsibility for the completeness and fairness of the information in this section resides with the District.

This Annual Financial Report follows the Business-Type Activity (BTA) model for financial statement reporting purposes, as recommended by the California Community Colleges Chancellor's Office. The financial statements were prepared using the accrual basis of accounting, and include all capital assets and debt held by the District.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES
Edel Alonso • Michael D. Berger • Michele R. Jenkins • Joan W. MacGregor • Steven D. Zimmer

COMPONENTS OF THE ANNUAL REPORT

The 2017-18 Annual Financial Report is organized into the following main sections:

FINANCIAL SECTION

The Financial Section contains three basic financial statements that provide information on the District's activities as a whole**: Statement of Net Position – Primary Government; Statement of Revenues, Expenses, and Changes in Net Position – Primary Government; and Statement of Cash Flows – Primary Government.** Condensed versions of these three statements are included in the Management's Discussion and Analysis, and the complete versions of these three statements appear in the audit report on pages 54 through 57.

Statement of Net Position – Primary Government (Balance Sheet)

In 2003, GASB 35 was established to require Public Agencies to present their financial statements in the same format as private entities in order to establish a consistent format for anyone reviewing the report.

To comply with GASB 35, the Statement of Net Position (Balance Sheet) combines the value of assets and liabilities held in the 22 funds of the District's books and records with adjustments, which are required by GASB 35 through manual entries.

Statement of Net Position Reports Total Net Position of $(24,794,922):

- **$47,810,704** in **Net Investment in Capital Assets**. This category includes the ending fund balances in two General Obligation Bond funds (Fund 46 - $10,442,172 and Fund 48 - $48,991,673) for a total of $59,433,845. GASB 35 manual entries are then applied as follows: **Add** the value of capital assets based on acquisition cost of $363,629,103, **deduct** accumulated depreciation of $90,173,856, **add** the value of debt issuance expenses (costs of issuance) amortized over the life of the debt of $5,484,849, **deduct** related debt (General Obligation Bond debt, Certificates of Participation, and notes payable) of $290,563,237.

- **$13,449,667** in **Assets Restricted for Debt Service Expenditures**. This amount represents the ending fund balances in the District's two debt service funds set aside for future debt service repayments – one for general obligation bond repayment (Fund 21 – $17,098,668) and the second for all other debt repayment (Fund 29 - $702,446) for a total of $17,801,114. GASB 35 manual entries are then applied as follows: **Deduct** un-matured interest on long-term obligations of $4,351,447. Un-matured interest on long-term obligations, such as General Obligation Bonds, occurs when interest obligations exist but have not yet been billed to the District.

- **$4,623,257** in **Assets Restricted for Capital Projects Expenditures**. This amount represents the ending fund balances in the District's capital funds (Funds 41, 43, 44, and 49) as of June 30, 2018 - except the General Obligation Bond Fund.

- **$2,676,696** in **Assets Restricted for Educational Programs**. This category represents the ending fund balance of the Restricted General Fund (Fund 12), which is restricted for the Basic Skills, Staff Diversity, Credit Student Success and Support, Non-Credit Student Success and Support, Student Equity Categorical Programs, Instructional Equipment Block Grant, and funds from Student Health Center fees to be used for expenses related to the operation of the Health Center.

- **$605,556** in **Assets Restricted for Other Activities**. This amount represents the ending fund balance of the Student Center Remodel fund (Fund 39), which holds the student approved Student Center Fee income that comes from students fees assessed at $1 per unit until it is needed to pay debt service on the Student Center Remodel Project.

- **$(93,960,802)** in **Unrestricted Net Assets**. This category includes all other cash in banks, investments in the Los Angeles County Treasury (the District is fiscally dependent on the Los Angeles County Office of Education, which requires the District to invest its funds in the Los Angeles County Treasury), accounts receivable, accounts payable, and prepaid expenses in the District's operating funds (Funds 11, 32, 33, 37, 57, 58, 59, 68, 69, 72, 74 and Associated Student Government) of $26,720,125.

  GASB 35 manual entries are then applied as follows: **Deduct** other District liabilities from early retirement incentives, compensated absences, and Net OPEB obligation of $19,314,141 **deduct** Trust and Agency funds containing amounts held in trust on behalf of others (Fund 72, Fund 69, and Associated Student Government) of $9,018,574, **deduct** general obligation bond capital appreciation bond accreted interest to date of $12,302,607, and **deduct** the District's share of STRS and PERS aggregate net pension obligations and related adjustments of $80,045,607. It is important to note that the deduction to net assets for the District's share of STRS and PERS obligations is a new entry beginning in the 2014-15 fiscal year. Prior to that, this STRS and PERS obligation was not included in the District's Financial Statements.

Statement of Revenues, Expenses, and Changes in Net Position – Primary Government (Income Statement)

This statement focuses on revenues and expenses associated with the District's activities, including: State apportionments, property taxes, student fee revenue, salaries and benefits, supplies, equipment, etc. It is intended to summarize and simplify the user's analysis of the revenues and expenses associated with District operations.

Statement of Cash Flows – Primary Government

This statement provides an analysis of the sources and uses of cash as they pertain to the operations of the District by adjusting the beginning balance for increases and decreases in cash, including cash flows from operating activities, cash flows from noncapital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

Fiduciary Funds
This section reports net position and changes in net position for the funds held by the District in trust funds for STRS and PERS Liability (Fund 68), Retiree Health Benefits (Fund 69), Student Representation Fees (Fund 72), and the Associated Student Government (Accounted for by the ASG).

Notes to the Financial Statements

These notes are also included in the Financial Section and summarize significant accounting policies, provide a schedule of capital debt, provide detail on accounts payable and receivable at year end, and provide details on capital assets and related depreciation to provide additional context and information as the reader reviews the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

The required supplementary information section contains information on the District's progress in funding other postemployment benefits (OPEB) based on an actuarial study performed effective June 30, 2018. The District's current actuarial accrued liability is $12.9 million. Although the District set aside over $7.4 million towards this liability in a Retiree Benefits fund as of June 30, 2018, the set aside amount is not reported in this section because the funds are not in an irrevocable trust, which is what defines the OPEB liability as funded per GASB standards.

This section includes schedules on the District's proportionate share of the STRS and PERS systems' net pension liability and the District's contributions to STRS and PERS for the year ended June 30, 2018. These schedules are included in response to GASB 68, an accounting standard that is meant to improve the information provided by State and local government employers about financial support for pensions provided by other entities.

SUPPLEMENTARY INFORMATION SECTION

This section includes additional detailed information:

- District Organization (Background information on the District, Governing Board, and Administrators)
- Schedule of Expenditures of Federal Awards (Grants and Financial Aid)
- Schedule of Expenditures of State Awards (Grants, Categorical and Financial Aid)
- Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
- Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation
- Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements
- Proposition 30 Education Protection Act (EPA) Expenditure Report
- Reconciliation of Governmental Funds to the Statements of Net Position
- Note to Supplementary Information

INDEPENDENT AUDITOR'S REPORTS SECTION - COMPLIANCE

The auditors are required to review the financial statements and records of the District and report on compliance in the following areas:

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
- Report on Compliance for Each Major Program and on Internal Control Over Compliance

- Report on State Compliance

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION

This section provides the reader the following schedules of findings and questioned costs:

- Summary of Auditor's Results
- Financial Statement Findings and Recommendations
- Federal Awards Findings and Questioned Costs
- State Awards Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings

CONDENSED FINANCIAL INFORMATION - GOVERNMENT-WIDE

The detailed government-wide financial statements contained in this Annual Financial Report and described in detail in the Components of the Annual Report section of the Management's Discussion and Analysis are condensed and summarized below to help the reader easily visualize and understand changes in major categories over the past few years:

NET POSITION
As of June 30,

(Amounts in thousands)

	2018	(as restated) 2017	Change 2017-2018
ASSETS			
Current Assets			
Cash and investments	$ 119,510	$ 129,363	$ (9,853)
Accounts receivable	8,365	10,575	(2,210)
Other current assets	1,208	1,172	36
Total Current Assets	129,083	141,110	(12,027)
Capital Assets (net)	273,455	266,108	7,347
Total Assets	402,538	407,218	(4,680)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	5,485	5,680	(195)
Deferred outflows of resources related to pensions	33,271	21,701	11,570
Total Assets and Deferred Outflows	$ 441,294	$ 434,599	$ 6,695
LIABILITIES			
Current Liabilities			
Accounts payable and accrued interest payable	$ 23,179	$ 23,425	$ (246)
Unearned revenue	6,795	7,558	(763)
Current portion of long-term obligations	12,870	4,968	7,902
Total Current Liabilities	42,844	35,951	6,893
Long-Term Obligations	418,319	414,301	4,018
Total Liabilities	461,163	450,252	10,911
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,926	2,721	2,205
Total Liabilities and Deferred Inflows	466,089	452,973	13,116
NET POSITION			
Net investment in capital assets	47,811	53,401	(5,590)
Restricted	21,355	16,072	5,283
Unrestricted	(93,961)	(87,847)	(6,114)
Total Net Position	(24,795)	(18,374)	(6,421)
Total Liabilities, Net Position, and Deferred Inflows	$ 441,294	$ 434,599	$ 6,695

Current Assets

The District's Total Current Assets at June 30, 2018 were valued at $129.1 million, with the largest components being investments of cash held in the Los Angeles County Treasury for future expenditures such as capital construction and accounts receivable for pending revenue receipts such as State Apportionment and grant/categorical revenues to be received in the next fiscal year. Total current assets also include prepaid items.

Noncurrent (Capital) Assets

Total Noncurrent (Capital) Assets include non-depreciable capital assets and depreciable capital assets valued at original cost net of accumulated depreciation. The District's Total Noncurrent Assets at June 30, 2018 were $273.5 million, which included land, site improvements, buildings and improvements, and equipment.

Deferred Outflows of Resources

Deferred Outflows of Resources include the costs of issuance related to General Obligation Refunding Bonds that were fully expensed when the bonds were issued, but for financial statement purposes the costs are amortized over the life of the debt, and deferred outflows of resources related to pensions. The District's Total Deferred Outflows of Resources at June 30, 2018 were valued at $38.8 million and increases the net worth of the District.

Total Assets and Deferred Outflows

Total Assets and Deferred Outflows at June 30, 2018 of $441.3 million reflected an **increase of $6.7 million** from June 30, 2017. This increase can be analyzed as follows:

- $(9.8) million **decrease** in cash and investments in the LA County Treasury was attributable to decreased cash balances in the Unrestricted General Fund, Restricted General Fund, Debt Service Fund, Locally Funded Capital Project Fund, STRS/PERS Liability Fund, and Retiree Benefits Fund. The decrease was largely due to spending down of General Obligation Bond funds for construction projects such as the Valencia campus parking structure and the Canyon Country campus Science Building.

- $(2.2) million **decrease** in accounts receivable was attributable to lower accounts receivable balances for grant and categorical funding. A major contributing factor to the decrease in accounts receivable is the implementation of a new FI$CAL system for State grants which allows the District to invoice as expenses are incurred instead of waiting for a final payment after the end of the fiscal year. This allows the District to receive cash from the State Chancellor's Office in a timelier manner. The District had expenditures against 113 grant and categorical programs in 2017-18.

- $0.04 million **increase** in other current assets (prepaid expenses) was attributable to an increase in the numbers of vendors requiring pre-payment of insurance premiums and software licensing costs attributable to the 2018-19 fiscal year. Several vendors required pre-payment by June 30, 2018 in order to guarantee uninterrupted service for the next fiscal year.

- $7.3 million **increase** in capital assets was attributable to new construction and equipment, which increased fixed assets by $16.1 million, offset by depreciation expense for the fiscal year of $8.8 million.

- $(0.2) million **decrease** in the outstanding value of deferred charges on refunding. This decrease is the result of no additional refunding of General Obligation Bonds done during this fiscal year and natural decrease of outstanding charges over time as payments are made on the refunding.

- $11.6 million **increase** in deferred outflows because we have more retirees and based on the actuarial study the District will be required to pay out more annually to fund that liability. Also, with the implementation of GASB 75, changes were made in the interest assumptions for unfunded plans, it is now based on a 20 year GO Bond Index which resulted in a reduction from 4.5% to 3.8% resulting in a higher liability. As of June 30, 2015, GASB 68 requires the District to include its proportionate share of the CalSTRS and CalPERS pension systems' financial information in the Annual Financial Report. This pension information includes the District's share of any underfunding (liability) or overfunding (asset) based on the two pension systems' current financial health. In addition to reporting the pension liability or asset, information on deferred outflows and deferred inflows of resources related to the pension systems are included in the Financial Report. As of June 30, 2018 GASB 75 requires the District to include the entire amount of its Post-Employment Benefit liability instead of a prorated portion, which greatly increased our liability and deferred outflows. These entries are necessary to account for events after the actuarial study measurement date and to update previously estimated information based on actual results. Deferred outflows of resources totaled $33.3 million at June 30, 2018, an increase of $11.6 million from the $21.7 million reported at June 30, 2017, and consisted of entries for:
  - The District's pension contributions after the date of the latest available actuarial study, which is June 30, 2018.
  - The net change in the proportionate share of the total system liability that is attributable to the District's participation.
  - Differences between expected and actual earnings on pension plan investments.
  - Differences between expected and actual experience in the measurement of the total pension liability.

Total Current Liabilities

Total Current Liabilities consisted of accounts payable and accrued interest payable, unearned (deferred) revenue, and the current portion (due within one year) of accrued compensated absences (earned vacation, compensatory time off, and faculty load banking) and debt obligations (General Obligation Bonds, Certificates of Participation, Early Retirement Incentives, and net Other Postemployment Benefits obligations). The District's Total Current Liabilities at June 30, 2018 were $42.8 million.

Total Noncurrent Liabilities (Long-Term Obligations)

Total Noncurrent Liabilities represented the long-term portion (due beyond one year) of accrued compensated absences (earned vacation, compensatory time off, and faculty load banking) and debt obligations (General Obligation Bonds, Certificates of Participation, Early Retirement Incentives, and net Other Postemployment Benefits obligations), and totaled $418.3 million at June 30, 2018.

Total Liabilities and Deferred Inflows

Total Liabilities and Deferred Inflows at June 30, 2018 of $466.1 million reflected an **increase of $13.1 million** from June 30, 2017. This increase can be analyzed as follows:

- $(0.2) million **decrease** in accounts payable and accrued interest payable due to a $(0.5) million **decrease** in accounts payable as compared to the previous year, partially offset by a $0.3 million **increase** in the value of accrued interest payable (un-matured interest on General Obligation Bonds).

- $(0.8) million **decrease** in unearned (deferred) revenue due to the implementation of the new FI$CAL system for State grant and categorical funding which decreases the advanced funds received for 2018-19 fiscal year from State Grants.

- $7.9 million **increase** in current portion of long-term obligations other than pensions due to a higher amount due in one year for the 2016 and 2017 Series General Obligation Bond and the 2017 Refunding of Certificate of Participation, payment in full of the 2006 Certificate of Participation and the refunding of the 2009 Certificate of Participation.

- $4.0 million **increase** in the District's Long-Term Obligations. STRS and PERS is a $14.9 million increase for the Aggregate Net Pension Obligation, from $93.5 million to $108.4 million (STRS increased from $52.0 million to $57.0 million, a $5.0 million increase and PERS increased from $41.5 million to $51.4 million, a $9.9 million increase). There was a $(12.9) million decrease in General Obligation Bonds, Early Retirement Plan Liability and Compensated Absences Long-Term Obligations due to these payments being due within one year. There was also an increase of $1.3 million in General Obligation Bond payments due to accreted interest as well as $0.7 million increase in Compensated Absences.

- $2.2 million **increase** in deferred inflows of resources due to higher values for three STRS and PERS pension system adjustments:
    - the net change in proportionate share of net pension liability;
    - the difference between projected and actual earnings on pension plan investments, and;
    - differences between expected and actual experience in the measurement of the total pension liability.

It is important to note that General Obligation Bond debt is included in the Total Liabilities of the District, even though this debt is repaid through property taxes collected by the Los Angeles County Treasurer and Tax Collector.

Total Net Position

The District's Total Net Position at June 30, 2018 was $(24.8) million. Total Net Position (formerly Total Net Assets) is the sum of all Assets and Liabilities. Beginning with the June 30, 2015 Annual Financial Report, the accounting pronouncement **GASB 68** requires that the District's proportionate share of the CalPERS and CalSTRS unfunded pension liabilities be included in the Total Net Position in the financial statements. Also, beginning with the June 30, 2018 Financial Report the new accounting pronouncement of **GASB 75** requires that the District recognize the full Post Employment Benefit Liability in the financial statements instead of a prorated portion.

OPERATING RESULTS - GOVERNMENT-WIDE
For the Year Ended June 30,

(Amounts in thousands)

	2018	2017	Change 2017-2018
Operating Revenues			
Tuition and fees, net	$ 13,614	$ 13,225	$ 389
Federal, State, and Local grants and contracts	27,531	33,008	(5,477)
Total Operating Revenues	41,145	46,233	(5,088)
Operating Expenses			
Salaries and benefits	114,885	106,301	8,584
Supplies, maintenance, and other expenses	49,681	61,688	(12,007)
Depreciation	8,986	8,667	319
Total Operating Expenses	173,552	176,656	(3,104)
Operating Loss	(132,407)	(130,423)	(1,984)
Nonoperating Revenues			
State apportionments	61,201	58,478	2,723
Property taxes	26,299	24,421	1,878
Taxes levied for other specific purposes	16,960	10,459	6,501
Federal and State financial aid grants	18,697	19,832	(1,135)
State revenues	4,821	5,319	(498)
Net interest expense	(10,596)	(10,471)	(125)
Investment income	1,706	812	894
Other nonoperating revenues and transfers	1,775	9,104	(7,329)
Total Nonoperating Revenue	120,863	117,954	2,909
Other Revenues and (Losses)			
State and local capital income	5,421	848	4,573
Loss on disposal of capital assets	(298)	(43)	(255)
Total Other Revenues and (Losses)	5,123	805	4,318
Change in Net Position	$ (6,421)	$ (11,664)	$ 5,243

STATEMENT OF CASH FLOWS - GOVERNMENT-WIDE
For the Year Ended June 30,

(Amounts in thousands)

	2018	2017	Change 2017-2018
Cash From			
Operating activities	$ (118,232)	$ (149,197)	$ 30,965
Noncapital financing activities	112,769	150,026	(37,257)
Capital financing activities	(5,931)	56,744	(62,675)
Investing activities	1,541	741	800
Net Change in Cash	(9,853)	58,314	(68,167)
Cash, Beginning of Year	129,363	71,049	58,314
Cash, End of Year	$ 119,510	$ 129,363	$ (9,853)

FUNCTIONAL EXPENSES CLASSIFICATION
For the Year Ended June 30, 2018

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

(Amounts in thousands)

	Salaries and Benefits	Operation and Maintenance of Plant	Supplies, Material, and Other Expenses and Services	Equipment Maintenance and Repairs	Depreciation	Total
Instructional activities	$ 62,962	$ 3,692	$ 8,803	$ 1,573	$ 3,710	$ 80,740
Academic support	4,431	298	254	207	300	5,490
Student services	12,661	805	1,141	144	808	15,559
Community services and economic development	4,611	401	1,500	12	403	6,927
Institutional support	15,362	1,801	8,441	2,052	1,810	29,466
Plant operations and maintenance	3,982	(7,601)	3,612	7	-	-
Ancillary services and auxiliary operations	9,417	604	1,361	156	607	12,145
Student aid	-	-	18,507	-	-	18,507
Physical property and related acquisitions	1,460	-	317	1,593	1,348	4,718
Total	$ 114,886	$ -	$ 43,936	$ 5,744	$ 8,986	$ 173,552

FINANCIAL INFORMATION BY FUND

In accordance with the State Chancellor's Office Budget and Accounting Manual, the District uses Fund Accounting. Fund Accounting is required because the District receives varied sources of revenue, some with restrictions and some without restrictions. By organizing the District's accounting system on a fund basis, revenue and expenses from these different sources can be segregated and easily tracked. Using many different funds to carry out specific activities or objectives also provides the necessary controls to ensure resources are used for their intended purposes and assists with reporting on the various resources used in the District's operations and capital construction.

Because GASB Statement No. 35 requires that all funds be combined in the District's Audited Financial Statements, the District is providing the following detail for each fund to supplement the required GASB Statement No. 35 Financial Reports presented in this audit.

The District's accounting system contained twenty-two separate funds in 2017-18. These funds can be separated into major categories, with each category representing a different area of focus:

- **Governmental Funds Group - General Funds**
  - Funds in this group are used to carry out the District's educational objectives. These funds are often referred to as the "General" or "Operating" funds of the District, and include the full scope of operations for the District. The Unrestricted General Fund is used for general operations and the Restricted General Fund is used for recording grant and categorical program funds.

General Funds

	Unrestricted General Fund (Fund 11)	Restricted General Fund (Fund 12)
Revenue	107,155,123	29,188,254
Transfers In (from Other Funds)	630,886	1,341,112
Expenditures	(104,568,606)	(29,344,448)
Transfers Out (to Other Funds)	(2,988,277)	(947,662)
Subtotal	**229,126**	**237,256**
Fund Balance, Beginning of Year	10,632,165	2,439,440
Fund Balance, End of Year	**10,861,291**	**2,676,696**
Fund Balance Percentage	***10.10%***	

- **Debt Service Funds**
  - Funds in this group are used to record the accumulation of resources and subsequent principal and interest payments which are required based on the payment schedules associated with the District's general long-term obligations.

Debt Service Funds		
	GO Bond Interest and Redemption Fund (Fund 21)	**District Debt Service Fund (Fund 29)**
Revenue	18,022,425	20,781
Transfers In (from Other Funds)	-	804,832
Expenditures	(13,274,211)	(286,727)
Transfers Out (to Other Funds)	-	-
Subtotal	**4,748,214**	**538,886**
Fund Balance, Beginning of Year	12,350,454	163,560
Fund Balance, End of Year	**17,098,668**	**702,446**

- **Special Revenue Funds**
  - Funds in this group are used to record revenues collected and expensed for specific support services that are not directly related to the educational program of the District. These include the Cafeteria, Child Development Center, Asset Management and Student Center Remodel Funds.

Special Revenue Funds

	Cafeteria Fund (Fund 32)	Child Development Center Fund (Fund 33)	Asset Management Fund (Fund 37)	Student Center Remodel Fund (Fund 39)
Revenue	75,496	1,153,582	279	206,182
Transfers In (from Other Funds)	-	75,000	-	-
Expenditures	(69,738)	(1,279,916)	-	-
Transfers Out (to Other Funds)	-	-	-	(187,085)
Subtotal	**5,758**	**(51,334)**	**279**	**19,097**
Fund Balance, Beginning of Year	43,493	210,903	17,825	586,459
Fund Balance, End of Year	**49,251**	**159,569**	**18,104**	**605,556**

- **Capital Projects Funds**
  - Funds in this group are used to account for resources used to acquire or construct major capital facilities and other capital outlay projections. The Funds and their descriptions are below:
    - **State Construction Fund**: Funds come from the State as match for District Capital Construction Projects and are to be used on those projects identified by the State Chancellor's Office based on prior approval by the Board of Governors.
    - **Locally Funded Capital Projects Fund**: These funds are transferred from the District's Unrestricted Fund or come from other local revenues like Foundation capital campaign funds or partnerships with other entities like the City or High School District which contribute to facility/building sinking funds for future renovation.
    - **Scheduled Maintenance Fund**: Funding comes from State Block Grant funding for scheduled maintenance or local General Obligation Bond funds, which are designated for scheduled maintenance projects identified by the District.
    - **General Obligation Bond Funds:** These funds are used to account for project funds received from various General Obligation (GO) Bond issuances. In 2017-18, the District had three active GO Bond project funds; two under the Measure M voter authorization (one from the third issuance in September 2014 and one from the fourth issuance in November 2016), and one under Measure E voter authorization (first issuance in May 2017).
    - **Replace Field Turf Fund:** This fund was established to accumulate contributions from the District and the local High School District to offset the cost of future repairs and/or replacement of the stadium artificial field turf.

Capital Projects Funds

	State Construction Fund (Fund 41)	Locally Funded Capital Projects Fund (Fund 43)	Scheduled Maintenance Fund (Fund 44)
Revenue	571,393	266,665	73
Transfers In (from Other Funds)	-	142,520	-
Expenditures	(426,797)	(602,672)	-
Transfers Out (to Other Funds)	-	-	-
Subtotal	**144,596**	**(193,487)**	**73**
Fund Balance, Beginning of Year	592,679	3,822,002	4,650
Fund Balance, End of Year	**737,275**	**3,628,515**	**4,723**

Capital Projects Funds, Continued

	Measure M GO Bond Fund- Second Issuance (Fund 46)	Measure M GO Bond Fund - Third Issuance (Fund 47)	Measure E GO Bond Fund - First Issuance (Fund 48)	Replace Field Turf Fund (Fund 49)
Revenue	223,661	108,842	776,998	28,542
Transfers In (from Other Funds)	-	-	-	25,000
Expenditures	(4,660,993)	(11,587,212)	(1,638,887)	-
Transfers Out (to Other Funds)	-	-	-	-
Subtotal	**(4,437,332)**	**(11,478,370)**	**(861,889)**	**53,542**
Fund Balance, Beginning of Year	14,879,504	11,478,370	49,853,563	199,202
Fund Balance, End of Year	**10,442,172**	**-**	**48,991,674**	**252,744**

- **Enterprise Funds**
  - Funds in this group are used to account for operations that are run more like a business and are financed primarily through user charges such as the Employee Training Institute and the Performing Arts Center. These operations are supposed to be self-supporting, meaning that revenues earned from outside funding sources like patron ticket revenue or employer training contracts should offset all expenses related to running the operations, without District subsidy.

Enterprise Funds			
	K-12 Arts Education Outreach (Fund 57)	**Performing Arts Center Fund (Fund 58)**	**Employee Training Institute Fund (Fund 59)**
Revenue	256,797	486,690	1,018,911
Transfers In (from Other Funds)	-	-	-
Expenditures	(265,144)	(435,973)	(836,394)
Transfers Out (to Other Funds)	-	(18,448)	-
Subtotal	**(8,347)**	**32,269**	**182,517**
Fund Balance, Beginning of Year	34,838	32,026	66,738
Fund Balance, End of Year	**26,491**	**64,295**	**249,255**

- **Internal Service Funds**
  - Funds in this group are used to accumulate moneys and record costs of other internal services such as State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) District contributions, and retiree health benefits as delineated in employee bargaining agreements.
  - In 2015-16 the District added Fund 68, the STRS and PERS Liability Fund, in response to the legislatively mandated increases to STRS rates and anticipated increases to PERS rates.
    - STRS rates for District contributions will increase over 132% in seven years, moving from 8.25% in 2013-14 to 19.10% in 2020-21.
    - PERS rates adjust annually based on updated actuarial valuations, and are estimated to increase by 115% in eight years, moving from 11.44% in 2013-14 to 24.6% in 2021-22.

Internal Service Funds

	STRS/PERS Liability Fund (Fund 68)	Retiree Benefits Fund (Fund 69)
Revenue	95,012	96,465
Transfers In (from Other Funds)	-	991,196
Expenditures	-	(350,807)
Transfers Out (to Other Funds)	-	-
Subtotal	**95,012**	**736,854**
Fund Balance, Beginning of Year	6,061,592	6,333,569
Fund Balance, End of Year	**6,156,604**	**7,070,423**

- **Trust Funds**
  - Funds in this group account for assets held by the District in a trustee capacity. Examples include the $1 Student Representation Fee collected from students each semester and held in trust for the Associated Student Government, and Federal and State financial aid funds held in trust pending distribution to eligible students.

Trust Funds		
	Student Representation Fund (Fund 72)	**Financial Aid Fund (Fund 74)**
Revenue	52,526	18,706,980
Transfers In (from Other Funds)	-	132,726
Expenditures	(17,727)	(18,859,216)
Transfers Out (to Other Funds)	(1,800)	-
Subtotal	**32,999**	**(19,510)**
Fund Balance, Beginning of Year	281,402	136,203
Fund Balance, End of Year	**314,401**	**116,693**

REVENUES

HISTORY OF UNRESTRICTED GENERAL FUND REVENUES

The following chart summarizes the Unrestricted General Fund revenues received by the District, and provides a comparison of the last three years.

Noteworthy On-Going and One-Time Statewide funding increases:

Fiscal Year 2015-16
In 2015-16, the State provided 3% in Growth funding and 1.02% statutory COLA. Our District closed the year achieving 4.81% growth, and was fully funded for this "over-cap" growth because many other Districts were not growing.

Due to the improving economy, the State was also able to provide $266.7 million for a Base Increase to provide general relief from increasing costs, including STRS and PERS employer contributions, and a statewide allocation of $62.3 million to increase the number of full time faculty. The State also provided $632 million statewide for a one-time Mandated Cost allocation to pay down outstanding claims.

Fiscal Year 2016-17
In 2016-17, the State provided 2% in Growth funding and 0% statutory COLA. Our District closed the year achieving 2.72% growth, and was fully funded for this "over-cap" growth because many other Districts were not growing.

The State was also able to provide $75 million for a Base Increase to provide general relief from increasing costs, including STRS and PERS employer contributions. The State also provided $76 million statewide for a one-time Mandated Cost allocation to pay down outstanding claims.

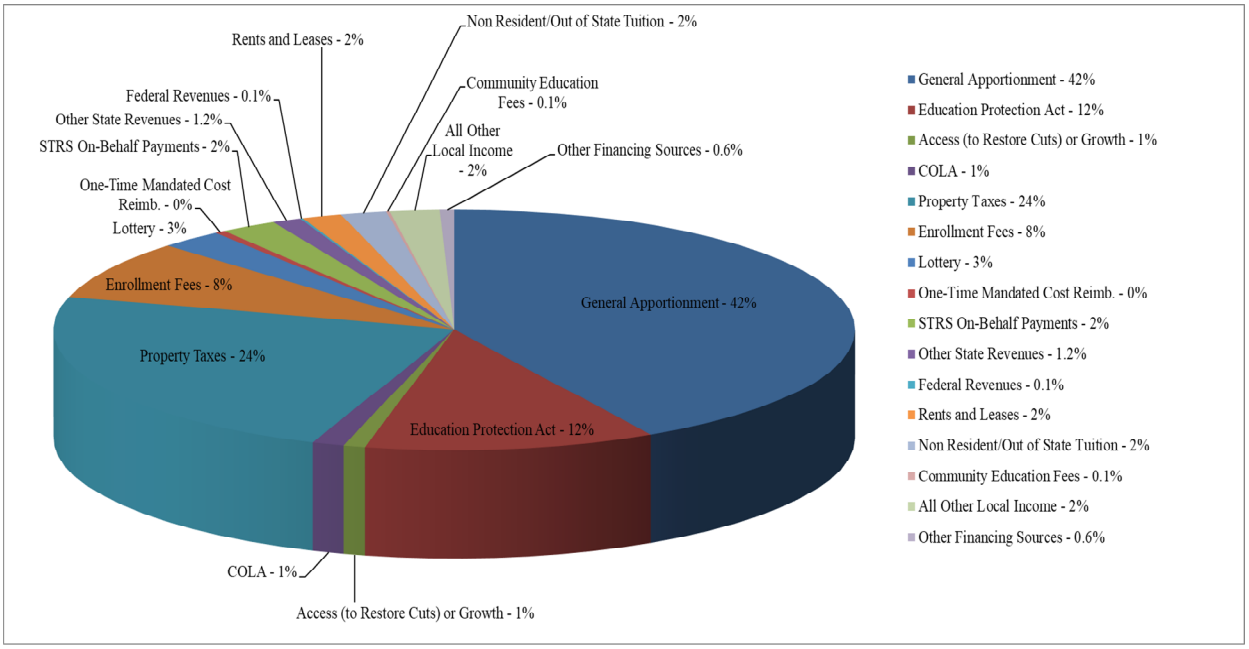
Fiscal Year 2017-18
In 2017-18, the State provided 1% in Growth funding and 1.56% statutory COLA. Our District closed the year achieving 1.12% growth, and was fully funded for this "over-cap" growth because many other Districts were not growing.

Unrestricted General Fund Revenues by Major Category – 3 Year History

	2015-16	2016-17	2017-18
General Apportionment (Includes Access and COLA funding from Prior Year)	$ 41,878,196	$ 43,065,691	$ 45,119,614
Education Protection Act	$ 12,569,724	$ 12,239,190	$ 12,620,789
Access (To Restore Cuts) or Growth	$ 3,030,078	$ 2,871,455	$ 944,057
COLA	$ 774,957	$ -	$ 1,388,963
Property Taxes	$ 18,573,893	$ 23,814,445	$ 25,532,298
Enrollment Fees	$ 7,893,711	$ 8,584,803	$ 8,483,380
Lottery	$ 2,308,018	$ 2,504,240	$ 2,736,034
One-Time Mandated Cost Reimb.	$ 8,499,273	$ 1,459,812	$ 458,875
STRS On-Behalf Payments	$ 1,719,841	$ 2,486,812	$ 2,440,674
Other State Revenues	$ 1,143,138	$ 957,905	$ 1,255,301
Federal Revenues	$ 189,220	$ 110,682	$ 131,262
Rents and Leases	$ 1,619,428	$ 1,564,599	$ 1,722,650
Non Resident/Out of State Tuition	$ 1,487,316	$ 1,736,549	$ 2,008,165
Community Education Fees	$ 171,301	$ 135,304	$ 149,146
All Other Local Income	$ 1,952,649	$ 2,195,488	$ 2,163,915
Other Financing Sources	$ 623,147	$ 790,684	$ 630,886
Total Revenue	**$ 104,433,890**	**$ 104,517,659**	**$ 107,786,009**
	23% Increase	**0% Increase**	**3% Increase**

The following chart provides a visual summary of the sources of revenue received by major category in 2017-18, and illustrates that State General Apportionment, Access/Growth funding, COLA, Property Taxes, and Student Enrollment Fees accounted for 76% of the District's Unrestricted General Fund Revenues. The Education Protection Act, which is temporary funding expiring in 2030, represents 12% of the District's Unrestricted General Fund Revenues. The remaining 12% includes the One-Time Mandate Cost Reimbursement allocation, Lottery Revenues, Rents Leases, Community Education Fees, Other State Revenue, Other Local Income, Non Resident/Out of State Tuition, Other Financing Sources and Federal Revenues.

Unrestricted General Fund Revenues by Major Category – 2017-18



Unrestricted General Fund Revenues for 2017-18 as Compared to 2016-17

Revenues and other financing sources in the Unrestricted General Fund totaled $107,786,009 in fiscal year 2017-18. **This is an increase of $3,268,350 over the prior year's revenues** or a 3% increase. The reason for the increase over prior year is due mainly to increases in General Apportionment from Base Increase, Growth and COLA offset by a reduction in Prior Year one-time adjustments when compared to 2016-17. The following factors make up this increase in unrestricted revenue:

- **Apportionment Funding from State General Apportionment, Education Protection Act, Growth, COLA, Property Taxes, and Enrollment Fees Increased by $3,513,517. The main factors contributing to this increase were:**

  - **$2,664,656 (Revenue Increase) – Base Increase**
    - The District received an on-going Base Apportionment increase of $2.7 million from the Statewide General Operating Base allocation of $75 million. As the State economy continued to rebound after the recession, the Proposition 98 Funding Formula provided

additional funding for K-12 Schools and Community Colleges. This Base allocation was provided to assist with on-going cost increases such as STRS and PERS employer contributions, and rising operational costs such as utilities.

- **$ 944,057 (Revenue Increase) – Growth**
  - The District grew by 1.12% in 2017-18, receiving growth funding above our District's growth allocation and the 1% statewide growth allocation.
  - Many other Districts were not able to grow, which led to the availability of "over-cap" growth funding.
  - This revenue increase represents an on-going increase to the District's base revenue.

- **$1,388,963 (Revenue Increase) – Cost of Living Adjustment (COLA)**
  - The State provided a 1.56% inflation adjustment on the District's base apportionment, which represents an on-going increase to the District's base revenue.

- **$(1,484,159) (Revenue Decrease) – Prior Year Apportionment Adjustments**
  - Each February, State funding for the past fiscal year is finalized and prior year apportionment and Education Protection Act (EPA) funding adjustments are made based on Recalc submitted during the previous November.
  - In 2017-18, these adjustments decreased by $(858,918) when compared to 2016-17 due to the fact we had a large adjustment at Recalc adding 143 FTES, increasing 2015-16 apportionment received in 2016-17.
  - In 2017-18 there was a decrease of $(625,241) from the recognition of prior year revenue due to an RDA Adjustment from 2014-15 that was recognized in 2016-17. This was a one-time adjustment in 2016-17, which did not occur in 2017-18.
  - Prior year apportionment adjustments are one-time funding and do not increase the District's base revenue.

- **Unrestricted Lottery Revenues Increased by $231,794:**

  - **$231,794 (Revenue Increase) - Lottery Allocation**
    - Lottery funding is based on the District's total number of students, including non-resident students, and is paid using a funding rate per FTES. The funding rate increased in 2017-18 due to additional FTES claimed and an increase in the rate per FTES, providing additional lottery funding.

- **One-Time Mandated Cost Reimbursement Funding Decreased by $(1,000,937):**

  - **$(1,000,973) (Revenue Decrease) - Mandated Cost Reimbursement**
    - Over the past four State Budget cycles (2014-15, 2015-16, 2016-17 and 2017-18) the Governor has provided one-time funding to reimburse Mandated Cost Claims.
    - In 2017-18, the District's allocation was $458,875 compared to $1,459,812 in 2016-17.
    - The Governor provides this one-time funding as a way to meet Proposition 98 funding requirements without committing to on-going funding.
    - Since State revenues such as capital gains tend to be quite variable, providing one-time funding is a conservative approach to provide funding

- **STRS On-Behalf Revenue and Payments Decreased by $(46,138):**

  - **$(46,138) (Revenue Decrease) – STRS On-Behalf Payments Made By State of CA**
    - The CalSTRS retirement system is funded from employer, employee, and State "On-Behalf" payments.
    - New accounting requirements issued by the State Chancellor's Office in response to GASB 68 require Districts to reflect the value of the State's "On-Behalf" payments to CalSTRS in their governmental funds.
    - Prior to 2015-16, the State's "On-Behalf" payments were reflected in the District's consolidated financials, but not in the various funds of the District.
    - Beginning in 2015-16, the Unrestricted General Fund has a new revenue and offsetting equal expense for the State's contribution to CalSTRS.

- **Other State Revenues Increased by $297,396:**

  - **$177,870 (Revenue Increase) – Prior Year One-Time Apportionment Allocation**
    - In February 2018, the State Chancellor's Office identified additional one-time funding from the 2015-16 fiscal year.
    - The funding was allocated on an FTES basis as a prior year one-time apportionment adjustment.

  - **$23,398 (Revenue Increase) – On-Going Mandated Cost Block Grant**
    - Mandated Costs are defined as costs incurred by Districts as a result of the passage of State Legislation, and are required to be reimbursed by the State.
    - In 2017-18 the District participated (for the sixth year) in the State Mandated Cost Block Grant program which provides $28 per FTES in funding in lieu of filing mandate claims. Due to higher FTES in 2017-18 as compared to 2016-17, the District's allocation increased from $443,859 to $467,257.

  - **$(614) (Revenue Decrease) – BOG Fee Waivers Administration**
    - Board of Governor (BOG) waivers for enrollment fees are available to students who meet certain income thresholds.
    - The State provides Districts with a 2% revenue adjustment for enrollment fees waived for BOG students. The allocation decreased slightly in 2017-18 due to the decreased number of students served.
  - **$13,995 (Revenue Increase) – Part-Time Faculty Salaries**
    - The District receives an annual allocation to provide on-going funding to support increases in part time faculty compensation put in place several years ago.
      It is important to note that this allocation only partially funded increases to adjunct faculty salaries to provide salary parity, and the District identified other funding sources for most of the increases.

  - **$82,747 (Revenue Increase) – Part-Time Faculty Office Hours**
    - The District receives an allocation from the State based on the number of claimed Part-Time Faculty Office Hours claimed by all Community College Districts in the State. In 2017-18, the District claimed $590,802 in Part-Time Faculty Office Hours paid and received about 14% of the claim.

- **Federal Revenues Increased by $20,580:**

  - **$13,939 (Revenue Increase) – Medical Administrative Allocation (MAA)**
    - The District participates in the MAA program where various departments, in partnership with the Student Health Center, receive Federal funding for informing students of different State health programs available to them. Over the past several years, the Federal Government suspended payments for this program due to a nationwide audit. In 2015-16, the audit concluded and the Federal Government had resumed making payments for this program. As a result of the audit, the District will be required to pay back $72,861, which will happen in FY 2018-19. However, the District still has positive revenue from MAA, over $800,000 received since 2007-08

  - **$3,429 (Revenue Increase) – Forest Revenues**
    - The District receives Federal Revenue for each student that has an address in a national forest area. The allocation varies from year to year based on the current student population and available Federal funding. The District's annual revenue from this program has fluctuated from approximately $5,000 to $30,000 a year since 2004-05 when the District began participating. The program is administered by the LA County Office of Education.

  - **$332 (Revenue Increase) – Veterans' Education**
    - The District Receives Federal Revenue for Veterans' Education and the allocation varies from year to year.

  - **$2,880 (Revenue Increase) - Financial Aid Administrative Allowances**
    - The District receives allowances for administering financial aid, and these allowances increase as the number of students receiving financial aid increase.

- **Rents and Leases Revenue Increased by $158,051:**

  - **$205,207 (Revenue Increase) - Facility Use Fees**
    - Facility Use revenue increased significantly as compared to a year ago. Filming activity and other campus rentals are variable and subject to outside user interest and demand. Whenever feasible, the District accepts opportunities to earn rental income from outside users as required by the Civic Center Act and recoup costs through user fees.

  - **$(47,156) (Revenue Decrease) - Bookstore Rental Income**
    - Bookstore sales commissions decreased as faculty adopt more "no cost" options such as Open Educational Resources as an alternative to traditional textbook sales and rentals.

- **Non Resident/Out of State Tuition Increased by $271,616:**

  - **$131,108 (Revenue Increase) - International Students**
    - International Students income increased as the International Services Program continued to expand recruiting efforts.

- **$140,508 (Revenue Increase) - Out of State Students**
  - This revenue stream fluctuates from year to year based on the number of students that fall into this fee category until they establish California residency.

- **Community Education Revenue Increased by $13,842:**

  - Community Education revenue is established on a fee for service basis for the types of programs offered.

- **All Other Local Revenue Decreased by $(31,573):**

  - The District's miscellaneous revenues decreased from the previous year. This decrease was due to a number of variances in revenue received vs. revenue budgeted:
    - Interest earned on the Unrestricted General Fund cash balance increased $7,432 as the County Treasury paid a slightly higher yield.
    - Support from the COC Foundation decreased $(78,494) from the previous year as less faculty and staff drew funds from Foundation resources.
    - Miscellaneous locally derived revenues such as refund processing fees increased $39,489.

- **Other Financing Sources Decreased by $(159,798):**

  - Other Financing Sources represent transfers from other District funds into the Unrestricted General Fund. This revenue source decreased in 2017-18 mainly due to the District receiving less indirect support revenue from grants such as the Institutional Effectiveness Partnership Initiative, NSF Manufacturing Grant, and other grants.

EXPENDITURES

HISTORY OF UNRESTRICTED GENERAL FUND EXPENDITURES

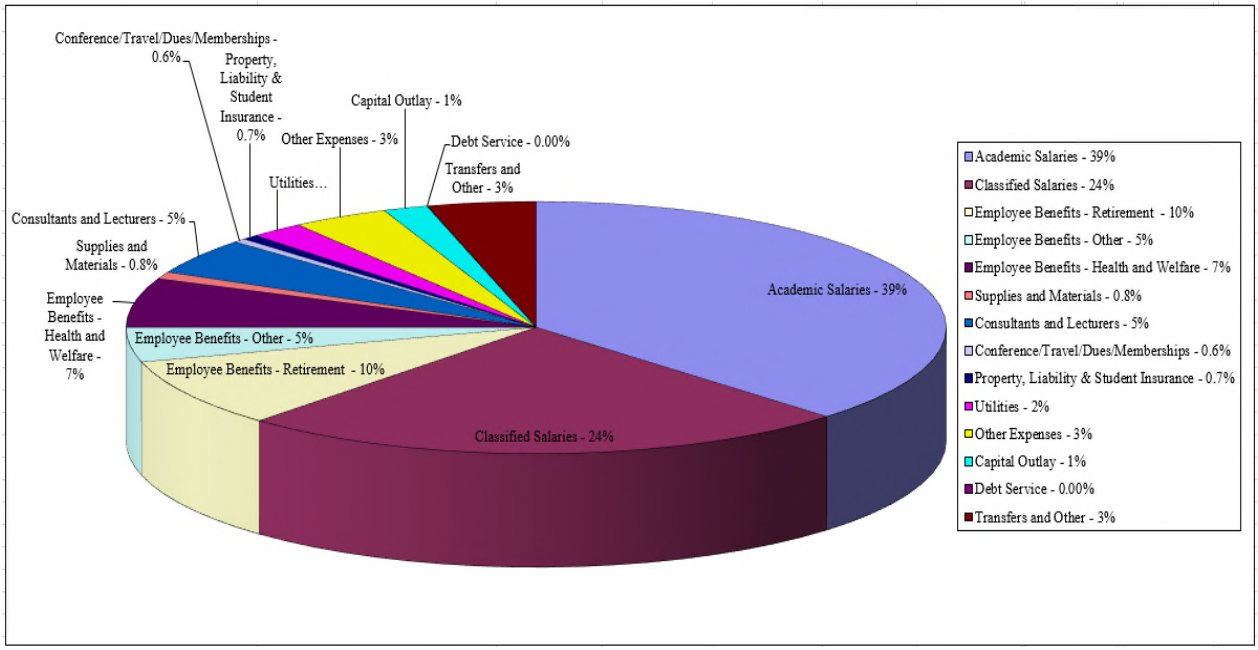
Expenditures associated with the instructional operations and related supporting activities of the District are recorded in the Unrestricted General Fund. In addition, expenditures resulting from Unrestricted General Fund resources being moved to other funds through interfund transfers are recorded here. The following chart summarizes the Unrestricted General Fund expenses by major category and provides a comparison of the last three years. It illustrates how the District's expenditures increased in 2016-17 and 2017-18 as the State provided additional on-going and one-time funding.

Unrestricted General Fund Expenditures by Major Category - 3 Year History

	2015-16	2016-17	2017-18
Academic Salaries	$ 37,233,324	$ 38,949,718	$ 42,400,074
Classified Salaries	$ 22,512,933	$ 25,224,070	$ 26,068,290
Employee Benefits - Retirement	$ 7,090,731	$ 9,140,527	$ 10,362,219
Employee Benefits - Other	$ 4,266,955	$ 4,599,768	$ 5,225,788
Employee Benefits - Health and Welfare	$ 5,834,207	$ 6,566,121	$ 7,034,255
Supplies and Materials	$ 962,715	$ 934,775	$ 808,176
Consultants and Lecturers	$ 4,305,253	$ 4,825,998	$ 5,067,096
Conference/Travel/Dues/Memberships	$ 532,542	$ 519,976	$ 641,169
Property, Liability & Student Insurance	$ 662,709	$ 658,174	$ 733,434
Utilities	$ 2,189,571	$ 2,212,848	$ 2,331,417
Other Expenses	$ 3,025,813	$ 3,964,163	$ 2,756,402
Capital Outlay	$ 2,202,896	$ 1,824,717	$ 1,140,286
Debt Service	$ 45,024	$ 37,520	$ -
Transfers and Other	$ 13,117,763	$ 4,435,867	$ 2,988,277
Total Expenses	**$ 103,982,436**	**$ 103,894,242**	**$ 107,556,883**
	23% Increase	**0% Increase**	**3.5% Increase**

The following chart provides a visual summary of the types of expenditures made in 2017-18, and shows that salaries and fringe benefits totaled 85% of all Unrestricted General Fund expenditures, which is average.

Unrestricted General Fund Expenditures by Major Category – 2017-18



Unrestricted General Fund Expenditures for 2017-18 as Compared to 2016-17

Expenditures and other financing uses in the Unrestricted General Fund totaled **$107,556,883** in fiscal year 2017-18. This is an **increase** of $3,662,641 over the prior year's expenditures. The following factors make up the increase in unrestricted expenditures:

- **Employee Salaries Increased by $4,294,576:**
  - Employee salaries increased due to several factors:
    - **Full Time Faculty and Staff** expenses increased as the District added new permanent positions. Twenty new full positions were added in 2017-18, with the Unrestricted General Fund providing funding for the majority of the positions.
    - **Adjunct and Full Time Faculty Overload and Intercession** expenses increased due to additional sections offered in 2017-18. The District added an additional 400+ sections throughout the year in order to meet our enrollment target. This increase in offerings resulted in a large increase in costs for Adjunct Faculty and Full Time Faculty Overload and Intercession expenses.
    - **Contractually obligated step and column increases** for faculty and staff, and **negotiated increases** for groups whose collective bargaining increases were confirmed before the 2017-18 books were closed also contributed to the increased expenses. Costs associated with 2017-18 negotiations not yet completed before the books were closed will be reflected in the 2018-19 fiscal year.

- **Employee Fringe Benefits Increased by $2,315,846:**

  - Employee fringe benefit costs increased due to several factors:
    - District contribution rates for STRS and PERS retirement plans increased.
      - Statutory increases to STRS rates were part of the 2014-15 State Budget Legislation, and impose increases to the District contribution rate through 2020-21.
      - PERS increases are determined by a statewide board and are based on an actuarial study and interest rate projections.
    - Beginning in 2015-16, the District was required by the State Chancellor's Office to include an entry for the State of California's STRS On-Behalf payments. The District is now required to include a revenue entry and an equal expense entry to show the amount the State of California contributed to STRS on behalf of District Faculty and Educational Administrators.
    - Increased salary costs associated with new positions, steps/columns, and negotiated increases led to increases in associated fringe benefit expenses.

- **Supplies/Materials and Operating Expenses Decreased by $(778,240):**

  - **$(126,599) (Expense Decrease) - Supplies and Materials**
    Supplies and materials expense decreased as a result of several factors:
    - In 2017-18 the District received additional Lottery funding for purchases of instructional supplies, reference books, media materials, and electronic resources. This allowed the District to purchase these materials with Lottery Funding instead of using the Unrestricted General Fund dollars.

  - **$241,098 (Expense Increase) - Consultants, Lecturers, and Instructional Contracts**
    Contracted services expenses increased mainly due to costs related to the District's Instructional Service Agreement (ISA) Public Safety classes, which exceeded original FTES and expense estimates and produced additional FTES which assisted the District in earning over-cap growth funding.

  - **$121,193 (Expense Increase) - Conference/Travel/Dues/Memberships**
    Conference, Field Trip, and Membership expenses increased slightly due to various departments attending more conferences and trainings, taking students on field trips, and exploring new professional memberships.

  - **$75,260 (Expense Increase) - Property, Liability, and Student Insurance**
    Insurance premiums increased for property and liability insurance coverage.

  - **$118,569 (Expense Increase) - Utilities**
    Utility costs increased as the District experienced higher costs for waste disposal, laundry and cleaning, water, and electricity, partially offset by lower natural gas costs due to the co-generation plant being offline part of the year.

- **$(1,207,761) (Expense Decrease) - Other Operating Expenses**
  Other expenses decreased mainly due to not having a Public Election expense in 2017-18. The District is required to pay costs for public elections every other year, this expense will occur in 2018-19. Also in 2016-17, the District accrued a one-time expense for a Financial Aid Settlement; there was no expense for this in 2017-18.

- **Capital Outlay Decreased by $(684,431):**

  - Capital outlay expenses decreased as in 2017-18 the District was able to use Lottery funds for Electronic Resources for the Library. Also other sources used in 2017-18 to make Capital Outlay purchases, such as the Instructional Block Grant, saving Unrestricted General Fund dollars.

- **Transfers and Other Disbursements Decreased by $(1,447,590):**

  - Interfund transfers are processed annually to move Unrestricted General Fund dollars to other designated funds for specific uses. Interfund transfers decreased in 2017-18 from 2016-17.
    - $(1.0) million decrease in one-time savings in 2017-18 transferred to the Retiree Benefit Fund for future OPEB liability.
    - $(1.1) million decrease in one-time savings in 2017-18 transferred to the STRS/PERS Fund for future liability.
    - $0.6 million increase was transferred to the Parking Fund for future Debt Service Liability.

OTHER EXPENDITURES – SELECTED FUNDS

In addition to Unrestricted General Fund expenditures, significant expenditures occurred in other District funds for Grant/Categorical Programs (Fund 12), Student Financial Aid (Fund 74), and Capital Outlay (Funds 41-49).

Federal Grant Program Expenditures

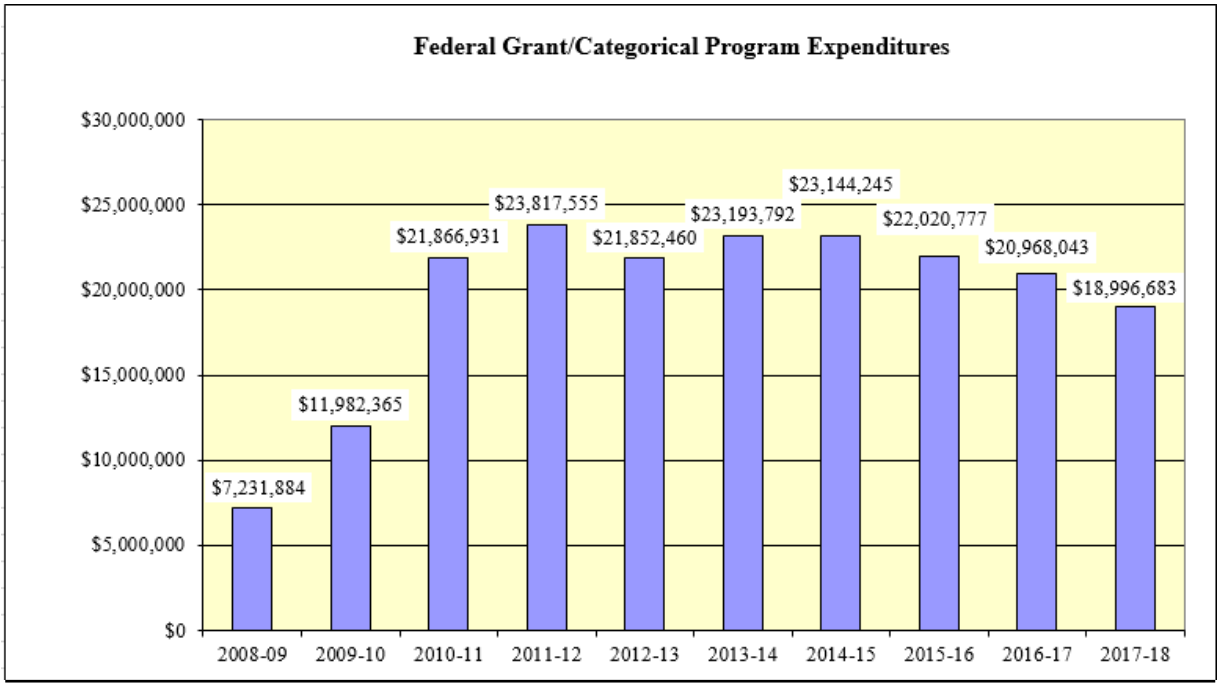
Federal funds provide substantial additional resources for the District and its students. Over the last ten years, Federal grant expenditures have increased 264%.

Federal grant program expenditures for fiscal year 2017-18 totaled $18,996,683. Compared to Federal grant/categorical expenditures for fiscal year 2016-17, this represents a **decrease of $(1,971,360)**, which is 9%. This decrease is attributable to a $(575,771) decrease in student financial aid due to fewer Direct Student Loans and a $(1,198,171) decrease in Federal grant activity.

In 2017-18, Federal grants provided diverse support to many significant initiatives:

- **Title V - Hispanic Serving Institutions Grant** provided enhanced student services to under-represented students.
- **Substance Abuse and Mental Health Service Administration – Campus Suicide Prevention Grant** provided mental health services and awareness.

- **Career and Technical Education – Perkins** funding provided support to emerging CTE programs.
- **U.S. Department of Health and Human Services – Medical Administrative Activities (MAA)** funding provided support for the Student Health and Wellness Centers at both campuses.



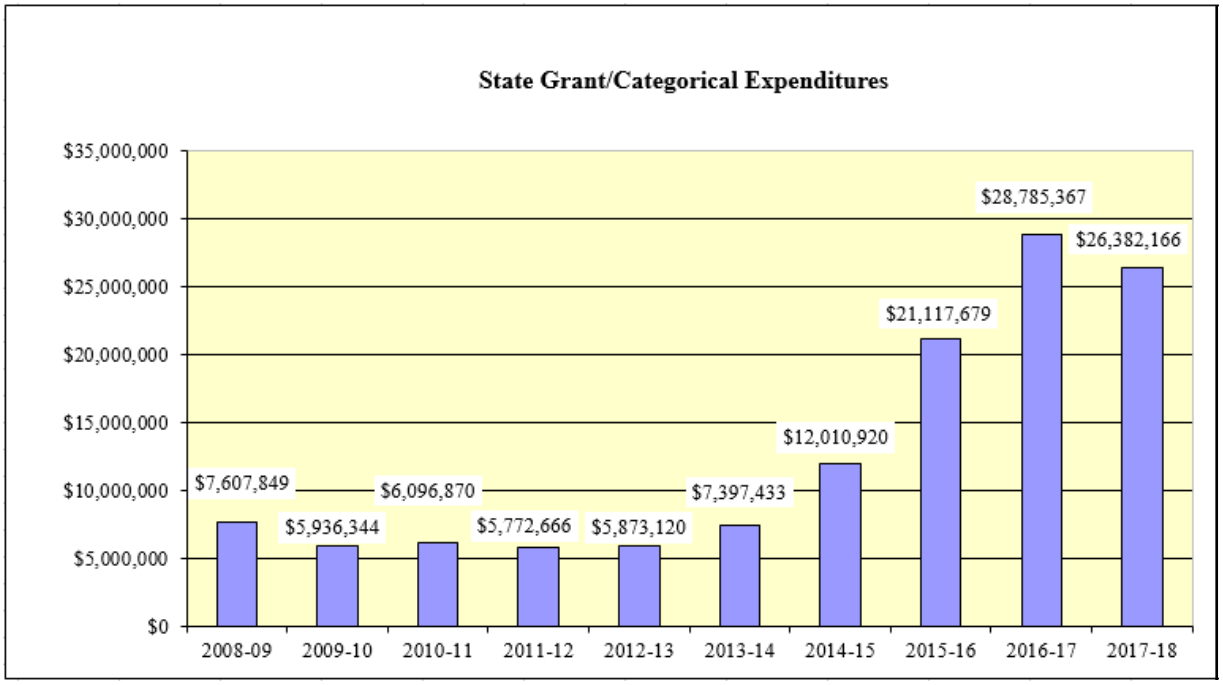
State Grant/Categorical Expenditures

The State of California provides grant and categorical funding to the District. Over the last ten years, State grant/categorical expenditures increased 348%. The chart below illustrates how the availability of State grant/categorical funding fluctuated widely over the last ten years in response to State Budget conditions.

In 2017-18, State Grant/Categorical expenditures totaled $26,382,166. Compared to State Grant/Categorical expenditures for fiscal year 2016-17, this represents a **decrease of $(2,403,201)**, which is 8%. The main reason for this decrease is that the State did not approve IEPI Year 3 carryforward until the end of 2017-18 so we could not make expenditures against the grant. This carryforward is now approved and will be expended in future years. Noteworthy State funding included the following grant and categorical initiatives:

- **Adult Education AB 86/104** grants provides support to expand and improve adult education through linkages between high schools and community colleges.
- **Basic Skills and Student Outcomes Transformation Grant** is a $1.5 million grant to expand existing programs and implement new initiatives that improve student success. This grant will fund efforts that help students successfully transition from high school to college, and move more quickly from remedial classes to college-level coursework and ultimately achieve their higher education goals.
- **California College Promise** is a $750,000 grant from the State Chancellor's Office, which provides a free year of college and extensive academic support services for up to 300 new full-time students enrolled for the 2017-18 academic year.
- **CA Department of Education - Career Pathways Trust** grant provides funding to align five career technical education pathways from local high schools to College of the Canyons. This program builds partnerships between employers, high schools, and community colleges to better prepare students for the 21st century workplace and improve student transition into postsecondary education training and employment.
- **Career Tech Education - SB1070 Career Pathways** grant provides South Central Regional Consortium support to develop and implement sustainable policies and infrastructure for measurable and successful transition of CTE students from high schools to postsecondary education and careers.
- **Statewide Closed Captioning – Distance Education** grant coordinates assistance to all California Community Colleges to facilitate and fund live and off-line captioning and transcription services.
- **Deputy Sector Navigator** grants provide regional support by building long-term relationships between Advanced Manufacturing, Health, and Information Communication Technologies employers and education providers in the South Central Region.
- **Economic Development Coordinator Services** grant provides support to the State Chancellor's Office Economic and Workforce Development Division to support the process, application, and integration of economic and workforce development and its tools into the community college system.
- **Full Time Student Success** grants are a new category of financial aid grants for students attending Community College full time.
- **Institutional Effectiveness and Technical Assistance** grant provides Statewide Technical Assistance Teams and Institutional Effectiveness grant awards to assist Districts with concerns such as accreditation or audit issues.

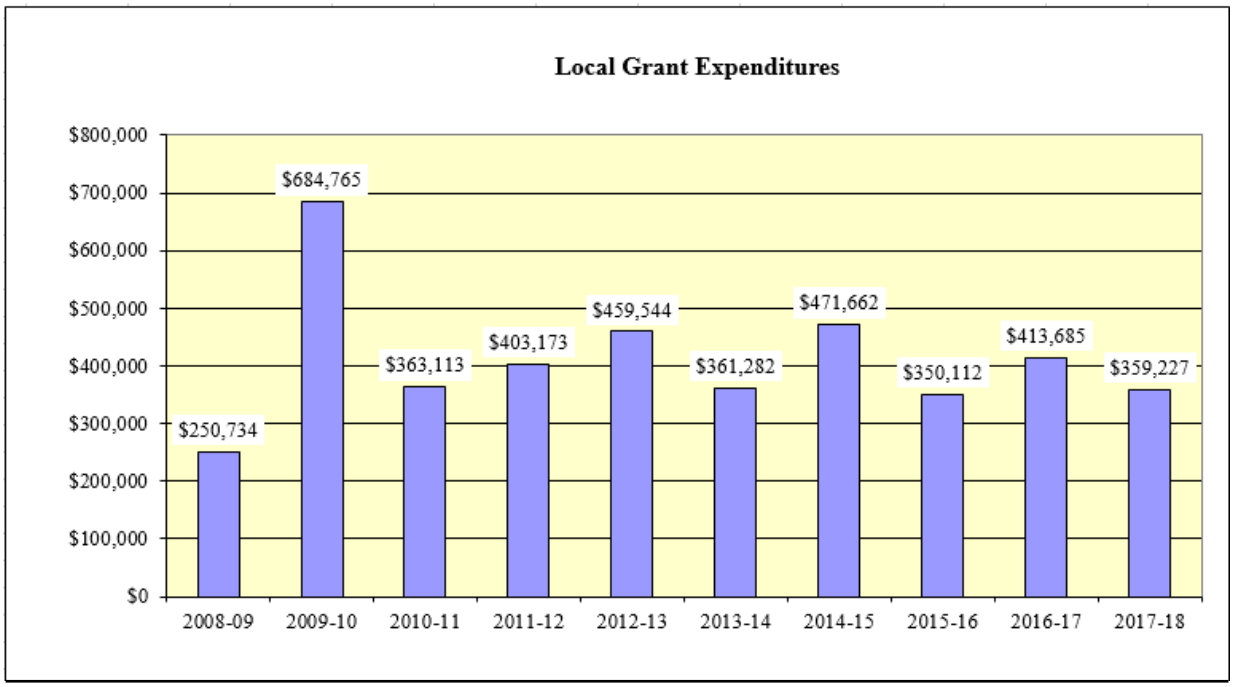
- **MakerSpace** grant provides a collaborative learning area that gives users free access to tools, materials, technological resources, skills training and a variety of entrepreneurial opportunities. Students and staff members interested in the science, technology, engineering, art and math (STEAM) fields now have a dedicated area designed to spark their creativity, spur collaboration, and fuel innovation. The new space is a unique learning environment that not only gives students an opportunity to bring their ideas to reality, but it also fosters the development of skills needed for successful 21st century careers.
- **Online Educational Resource** grants provides students with a more affordable college education by using Open Educational Resources (OER) instead of costly traditional textbooks. Open Educational Resources are teaching and learning materials that have been released in the public domain or under an intellectual property license as a no cost alternative to traditional textbooks. The grants Zero Textbook Cost Degree Technical Assistance Provider, Zero Textbook Cost Degree Grant and Textbook Affordability AB798 helps students who might otherwise be unable to attaining their educational goals due to financial constraints. College of the Canyons students save an estimated $1 million per year using OER materials.
- **Strong Workforce Local Share and Strong Workforce Regional Share** categorical funding increases the number of students enrolled in programs leading to high-demand, high wage jobs. The Strong Workforce programs are grouped into seven areas targeting student success, career pathways, workforce data and outcomes, curriculum, CTE faculty, regional coordination and funding.
- **Student Equity** categorical funding focuses on increasing access, course completion, ESL and basic skills completion, degrees, certificates and transfer for all students as measured by success indicators linked to the CCC Student Success Scorecard, and other measures developed in consultation with local colleges. "Success indicators" are used to identify and measure areas for which disadvantaged populations may be impacted by issues of equal opportunity. Title 5 regulations specify that colleges must review and address the following populations when looking at disproportionate impact: American Indians or Alaskan natives, Asians or Pacific Islanders, Blacks, Hispanics, Whites, men, women, and persons with disabilities. The State Budget Trailer Bill added requirements to address foster youth, veterans, and low-income students.
- **Student Success and Support** categorical funding is used to enhance student access and promote and sustain the efforts of credit students to be successful in their educational endeavors. The goals of the Student Success and Support program are to ensure that all students complete their college courses, persist to the next academic term, and achieve their educational objectives through the assistance of student-direct components of the student success and support program process: admissions, orientation, assessment and testing, counseling, and student follow-up.



Local Grant Expenditures
Grants received from sources other than Federal or State funding are referred to as Local Grants. Local Grants come from private foundations, cities, and for-profit companies, and have been an important way to augment Federal and State Grant/Categorical funding.

The chart below illustrates how local grant funding varies from year to year. These variations were caused by large awards received in certain years. For example, a large grant from the Bill and Melinda Gates Foundation for the Early College High School initiative was received in 2009-10 and large grants from the Henry Mayo Foundation to renovate the Medical Laboratory Technician classroom and from the Mark Taper Forum for EOPS textbook grants were received in 2014-15.

In 2017-18, local grant expenditures totaled $359,227, a $54,108 or 13% **decrease** over 2016-17. Local grant dollars received in 2017-18 benefited the Nursing Program, Center for Civic Engagement, K-12 Arts Education, Health and Information Communication Technology Deputy Sector Navigator Programs, Career Technical Education Welding program, and the Small Business Development Center.



Student Financial Aid Expenditures

In 2017-18, the District offered student financial aid in the form of PELL Grants, Cal Grants, Full Time Student Success Grants, and SEOG Grants totaling **$16,308,726**. Note that Financial Aid expenditures are also included in the Federal and State expenditures charts on the previous pages.

The PELL, Cal Grant, and Full Time Student Success Grants were funded **100%** from Federal and State allocations, and SEOG grants were funded 75% from Federal funds and 25% from a District match.

The District also disbursed Direct Student Loans to qualifying students based on legislation and provided paid Federal Work Study opportunities. The responsibility for disbursing Direct Student Loans was transferred from commercial banks to the District in 2010-11. Direct Student Loans were funded 100% from Federal funds, and Work Study was funded 75% from Federal funds and 25% from a District match. Students received **$2,394,528** in Direct Loans and earned **$338,249** in Federal Work Study wages from on-campus jobs. Providing students with opportunities to work on-campus improves student retention and success.

Student Financial Aid Expenditures

	2014-15	2015-16	2016-17	2017-18
Federal Pell Grants *	$ 16,001,751	$ 15,348,499	$ 14,849,480	$ 13,651,309
Cal Grants *	$ 1,093,088	$ 1,186,252	$ 1,303,573	$ 1,456,787
Full Time Student Success Grants*	n/a	$ 323,400	$ 335,435	$ 669,727
Federal SEOG Grants **	$ 431,561	$ 442,432	$ 407,167	$ 530,903
Subtotal-Grants	**$ 17,526,400**	**$ 17,300,583**	**$ 16,895,655**	**$ 16,308,726**
Direct Student Loans***	$ 4,151,266	$ 3,367,299	$ 2,970,029	$ 2,394,528
Federal Work Study Wages **	$ 268,033	$ 308,090	$ 343,177	$ 338,249
Total-Grants and Work Study	**$ 21,945,699**	**$ 20,975,972**	**$ 20,208,861**	**$ 19,041,503**

* Pell Grants, Cal Grants, and Full Time Student Success Grants are 100% funded from Federal and State sources.

** SEOG Grants and Federal Work Study Wages were funded 75% from Federal sources and require a 25% District match contribution.

*** Direct Student Loans were issued by Commercial Banks until Fall 2010, when the responsibility was transferred to community colleges.

Capital Outlay Expenditures

The District continued to plan, construct, and upgrade facilities in fiscal year 2017-18, through a combination of the funding sources highlighted below:

- **State Funding for Capital Projects**

  - The District expended **$426,796 in Prop 39 and Scheduled Maintenance Funding** in 2017-18.
    - Fume Hood Replacements for Aliso Hall and Boykin Hall

- **Measure M Funding for Capital Projects**

  Measure M General Obligation Bonds were authorized in an election held on November 7, 2006. The election approved the issuance of $160 million of general obligation bonds. Measure M passed with 62.65% voter approval, and passed in 147 of the 150 precincts with over 55% voter approval. Measure M funds were approved to build out the Valencia Campus and provide funding for the new Canyon Country Campus as well.

  - The first issuance of Measure M bonds occurred in May 2007 in the amount of $79,997,270.
  - The second issuance of Measure M bonds occurred in May 2012 in the amount of $35,000,000.
  - The third issuance of Measure M bonds occurred in September 2014 in the amount of $25,000,000.
  - The fourth issuance of Measure M bonds occurred in November 2016 in the amount of $20,000,000.

  - **During the 2017-18 fiscal year, Measure M proceeds in the amount of $11,587,212 were expended on approved projects and expenditures.**

  - **As of June 30, 2018, $164,784,052 of Measure M funds have been expended and the following projects have been completed:**
    - Dr. Dianne G. Van Hook University Center
    - Air Handler Replacement – Boykin and Bonelli
    - Applied Technology Building - Canyon Country Campus
    - Bonelli Hall Renovation
    - Canyon Country Campus site development, modulars, expanded scope
    - Canyon Country Campus Parking Lot #2
    - Canyon Country Campus Parking Lot Improvement
    - Culinary Arts Facility
    - Educational and Facilities Master Plan and Secondary Effects Master Plan
    - Fire Alarm Panel Replacement
    - Health and Safety
    - Library Expansion
    - Mentry Hall Expansion
    - Rebuild Chillers – Valencia Campus
    - Renovation of Laboratory Classrooms Boykin 207 & 208
    - Repairs and Modernization

- Secondary Effects Projects, including:
  - ✓ First Floor Bonelli Hall
  - ✓ First Floor Seco Hall
  - ✓ Mentry Hall
  - ✓ Second Floor Bonelli Hall
  - ✓ Student Support Center
  - ✓ Third Floor Bonelli Hall
- Site Upgrades
- Soccer Field Renovations/Improvements
- Student Services/Administration Building (Canyons Hall)
- Student Services/Administration Building Tenant Improvement
- Technology/Technology Infrastructure

o **Measure M funding will continue to fund the following projects in progress:**

- ADA Doors and Hardware
- Canyon Country Campus Science Building and Classroom Structure
- Canyon Country Campus Central Plant
- Repairs and Modernization
- Site Upgrades

- **Measure E Funding for Capital Projects**

Measure E General Obligation Bonds were authorized in an election held on June 7, 2016. The election approved the issuance of $230 million of general obligation bonds. Measure E passed with 58.46% voter approval. Measure E funds were approved to for addition and renovation of facilities at the Valencia and Canyon Country Campus.

o The first issuance of Measure E bonds occurred in May 2017 in the amount of $50 million.

o **Measure E will fund the following projects in progress:**

- Valencia Campus Parking Structure
- Canyon Country Campus Science Building and Classroom Structure
- Canyon Country Campus Student Services and Learning Resource Center

- **Local Funding for Capital Projects**

  - The District uses local funding to supplement State, Measure M and Measure E capital funding. Securing local dollars for capital construction provides one more revenue source for construction and maintenance projects on the two campuses in the District (Valencia and Canyon Country). State, Measure M and Measure E dollars go further towards completing the projects in the District's Educational and Facilities Master Plan when augmented by local funding.

  - Local funding includes transfers from the Unrestricted General Fund, Capital Campaign donations from the COC Foundation, Certificate of Participation funding from issuing debt, energy incentive funding, facilities fees paid by international students, money collected from joint use partnerships with the local high school district, and charges from the use of District facilities.

  - **In 2017-18, local funding totaling $602,672 was expended on projects such as**:
    - ADA Parking Changes
    - Baseball Field Renovation
    - Canyon Country Campus Shade Structure
    - Equipment for Various Instructional and Non-Instructional Departments:
      - Art
      - Campus wide Computer Replacement
      - Chemistry
      - Computer Support Services
      - Geology
      - Maker Space
      - Media/Audio Visual
      - Performing Arts Center
      - Veteran's Services
      - Workplace Safety
    - Scheduled Maintenance projects

FUND BALANCE AND FUND BALANCE CLASSIFICATIONS

UNRESTRICTED GENERAL FUND ENDING FUND BALANCE

	2013-14	2014-15	2015-16	2016-17	2017-18
Reserved/Assigned	$ 783,208	$ 277,702	$ 1,120,816	$ 1,237,961	$ 1,053,458
Unassigned	8,174,699	9,279,591	8,887,932	9,394,204	9,807,833
Ending Fund Balance	**$ 8,957,907**	**$ 9,557,293**	**$ 10,008,748**	**$ 10,632,165**	**$ 10,861,291**
Percentage of Unrestricted Expenses	**11.02%**	**11.31%**	**9.63%**	**10.23%**	**10.10%**

Ending Fund Balance Details

- The District's Unrestricted General Fund ending fund balance consistently meets the State Chancellor's Office guidelines for reserves of at least 5% of Unrestricted General Fund expenditures.
  - **The average ending fund balance over the last five years was 10.46%.**

- The ending fund balance for the Unrestricted General Fund as of June 30, 2018, was $10,861,291, which was 10.1% of Unrestricted General Fund expenditures.
  - The District **avoided deficit spending in 2017-18** and did not spend down reserves.

- The 2017-18 ending balance was further analyzed to determine if any of these funds were "reserved/assigned" due to a commitment made by the District's Governing Board prior to June 30, 2018.

  - The reserved portion of the ending fund balance was $1,053,458 and consists of three components:
    - The $104,000 Revolving Cash Account, which holds funds, which are reserved by Board action/approval for the purpose of emergency cash disbursements.

    - Board authorized pre-paid expenses totaling $921,729. The District pre-paid software licenses, insurance premiums, and memberships in the last few months of the 2017-18 fiscal year in order to comply with vendors' payment deadlines and to ensure uninterrupted service. These expenses will be deducted from 2018-19 budget funds.

    - Health and Welfare Pool Balances totaling $27,729 for COCFA, CSEA, and Confidential employee groups. These estimated pool balances at June 30, 2018, are reserved for future health and welfare expenses for these groups in accordance with their Board Approved bargaining agreements.

COLLEGE OF THE CANYONS CONTINUES TO INNOVATE - PROVIDING SERVICE TO OUR COMMUNITY, OUR REGION, AND THE STATE

NEW INITIATIVES, PARTNERSHIPS, AND INNOVATIVE PROJECTS

Innovation is a central core value for the College and the District. Faculty, staff, and students are welcomed to campus where they are not only challenged to take that next step into an unknown future, but to also create the very steps they wish to take. In the past year, there have been numerous projects and efforts that reflect this innovative spirit. The following is an overview of some of the many new initiatives and innovative projects, all in pursuit of a brighter tomorrow:

COC Begins Second Internship Program with City of Santa Clarita
Three COC building inspection students has the opportunity to work one-on-one with City building inspectors to experience building inspections, plan checks, and the practical side of building codes through excellent customer service. This internship program provided our students with invaluable hands-on experience from seasoned professions.

COC Leads the Way with Apprenticeships in California
In an effort to drive the expansion of apprenticeships in California, COC has formed a partnership with Goodwill Southern California to form the Strong Workforce Apprenticeship Group (SWAG). SWAG will provide COC students and employees of participating companies with skilled training and hands-on experience through apprenticeships at local businesses. COC will provide specific instruction to SWAG apprentices that align with the needs of the SWAG employers.

Selection of Zero Cost Non-Credit Courses Expanded
57 non-credit class sections were among the 2,000 class sections offered by COC during Fall 2017. This marks a 36% increase from Fall 2016. Non-Credit courses are designed to help students and community members improve their language and study skills and/or transition into a collegiate academic setting. Courses included English as a Second Language (ESL), GED preparation, basic skills, computer applications, and web technology, as well as citizen preparation classes.

Makerspace Selected for Large, New Grant
COC was among 24 community colleges that received funding to participate in the California Community Colleges Maker Initiative. This $311,432 grant will allow our Makerspaces to expand offerings and support innovation, and it is renewable. Our Makerspaces are open to the community and provide technology, manufacturing equipment and education opportunities to design, prototype, and create manufactured items. Makerspace community members collaborate and teach others, enabling students, faculty, and business owners to interact in ways that enrich the education of our students.

College Leaders Join Statewide Effort to Expand College Promise
On August 30, 2017, representatives from COC joined more than 400 education leaders as part of a statewide effort to improve and expand College Promise partnerships. During the conference, educational leaders heard from the heads of all public education systems in California and discussed the key elements of successful College Promise Programs. Currently, there are nearly 55 College Promise Programs in comminute colleges though out the state. Under the leadership of COC Foundation Board Chairman Steve Corn, COC is currently exploring fundraising opportunities to extend the benefits of the First Year Promise Program beyond the term of the grant.

The representatives from COC gained important information, including how to engage businesses in supporting the program and how to make it sustainable.

COC Partners with Lincoln Electric to Provide Training
COC became the first official Lincoln Electric Education Partner School (LEEPS) in the nation by providing certified robotic training to Lincoln Electric clients. This is a multi-tiered program that provides industry certification to welders who meet specific program requirements. Lincoln Electric is considered the world leader in the manufacture, development, and design of robotic arc welding systems, arc welding, as well as oxyfuel and plasma cutting equipment.

RISE Project Launched
COC recently launched the Resources for Individual Success in Education (RISE) Project to help improve access to higher education for current and former foster or homeless youth. The mission of this program is to increase retention, graduation, and transfer rates, as well as promote student learning and development. The RISE Project will provide students with counseling, priority registration, progress monitoring, and assistance with the purchase of textbooks, meals, and transportation. RISE Project students will have access to on-campus shower facilities, personal care supplies, workshops, snacks, and resources referrals.

New Zero Textbook Cost (ZTC) Grant Awarded to COC
The California Community College Chancellor's Office awarded COC a $150,000 grant to develop a ZTC Certificate in Early Childhood Education. The performance period is January 2018 through December 2018.

New World of Work
COC is proud to be a member of the initial group of partners in the systemwide roll out of the New World of Work 21st century employability skills. As a partner college, the skills lessons will be embedded across disciplines in both CTE and GE coursework. The first program incorporating the New World of Work will be the Uniquely Abled Program, in collaboration with the Economic Development Department.

COC Goes to Washington to Bring the Money Home
Ryan Theule and Theresa Zuzevich attended the CASE (Council for Advancement & Support of Education) Professionals Conference, which included multiple roundtables with funding agency representatives, sessions on grants development strategies and best practices, and thematic presentations by achieving the Dream, Aspen, Gates Foundation, et al. Jim Temple attended the Title V Developing Hispanic-Serving Institutions Conference where they discussed resources available to Title V institutions, best practices for administering your grant, and pitfalls to watch out for.

2018 Deans Symposium
COC and the California Community Colleges Chancellor's Office Division of Workforce and Economic Development held the 2018 Deans Symposium at COC on January 12th. The event focused on a variety of leadership skills that align workforce needs and the statewide "Vision for Success" goals.

SCV Chamber Institute
Dr. Van Hook became the Founding Chair of The Chamber Institute, which will be comprised of Leadership SCV, a training program being designed in conjunction with COC, and a new think tank that will bring local business executives together to strategically target the top issues facing the business community.

Nursing Program Accreditation
COC was recognized by the National League for Nursing for accreditation of its Associate Degree Nursing Program. COC is the first program in the State of California to receive this accreditation.

Paralegal Studies Program Compliant
The American Bar Association (ABA) site team found the Paralegal Studies Program to be compliant and will recommend to the ABA that the approval of our program continue.

Exciting Special Recognition of Career Ed Programs
18 of COC's programs have been named "Strong Workforce Stars" by the California Community Colleges Chancellor's Office. To receive the recognition, programs must have demonstrated an increase in earnings in one or more of the following metrics: by 50% or more, based on a match to the state wage file, for students who were last enrolled in 2015-16; attainment of the regional living wage by 70% or more, based on a match to the state wage file, for students who were last enrolled in 2015-16; and 90% or more are employed in a job similar to their field of study, according to the CTE Outcomes Survey, for student who were last enrolled in 2014-15.

COC's Civic and Community Engagement Initiative Receives a Mini-Grant
COC's Civic and Community Engagement Initiative has been awarded a mini-grant from the Association of American Colleges and Universities. The grant was one of 24 awarded to institutions nationwide from a pool of 134 applications. The award is designed to help advance civic learning and social responsibility.

Commencement 2018 Sets a New Record
COC's 2018 Commencement shattered all records with 2,232 students graduating, a 9.1% increase over 2017 – which was also a record. The class of 2018 earned 3,118 degrees (a 32% increase from 2017), representing 111 majors. 590 students graduated with honors (3.5 GPA or higher); 50 students graduated with a perfect 4.0 GPA; and the average GPA of the class of 2018 was 3.14.

Grants Update
Over the last 10 years COC has received $90,518,970 in grant funding. Over $14 million was received during 2017-18.

STUDENT INVOLVEMENT, ACHIEVEMENT, AND SUCCESS

Four COC Programs Named "Strong Workforce Stars"
This new annual commendation for career education programs is awarded to programs whose students meet one or more of the following: 70% or more of students attain a regional living wage; 50% or more increase in student earnings; 90% or more of students report that their current job is close to their field of study. 100 programs in 65 colleges made the list. COC's Emergency Medical Technician, Administration of Justice, and Fire Technology programs earned a spot on the Public & Protective Services Sector list. Our Water Technology Program earned a spot on the Agriculture, Water, and Environmental Technologies Sector list.

Model United Nations Team Excels
On September 30th, 2017, our Model United Nations (COCMUN) team participated in the first conference of the 2017-18 season. The Southern California MUN Conference included 140 delegates from eight colleges. While the COCMUN team accounted for less than 14% of the delegates, we won 35% of the awards.

COC Model United Nations Team Named in Top 50
"Best Delegate," the foremost website on Model UN, released their rankings for Fall 2017 semester and COC, who competes against mostly four-year institutions during Model UN competitions, was ranked in the top 50 delegations in the country. Other schools ranked in the Top 50 include Princeton, John Hopkins, Tufts, UC Davis, and UC San Diego.

Great News from the Astronomy Physics Club
Two teams of students working on proposals and designs for two different NASA student payloads (science experiments) were accepted to participate. One of the projects will be manifested on NASA's RockSatX rocket. The second project was accepted for the NASA High Altitude Student Platform (HASP) – COC has been selected three years in a row (no other community college has ever achieved this).

Soroptimist Scholarship
On March 8th, 2018 COC CalWORKs student Lupe Izguirre received the "Live Your Dream" $2,000 Soroptimist Scholarship.

COC FBLA Students Excel
COC's Future Business Leaders of America – Phi Beta Lambda (FBLA-PBL) came away with a variety of medals at the 2018 Spring California State Business Leadership Conference in San Diego. Nine members of the team combined to win two second place medals, three third place medals, two fourth place medals, and three fifth place medals. The COC chapter was also recognized for having the second largest increase in membership over the previous year statewide.

2017 State Championship Golf Team Earns another Honor
COC's 2017 State Championship Men's Golf Team was named a CCCAA Scholar Team Award Winner. This is the highest academic team achievement given annually by the California Community College Athletic Association (CCCAA). It emphasizes the academic achievement of all members of one specific team, with only one team selected from each CCCAA sport in the state. To be eligible, all team members must have excelled academically with a total GPA of 3.0 or higher and have demonstrated better than average accomplishments in intercollegiate athletic competition. Our team had a combined GPA of 3.66.

Model U.N. Continues to Excel
The COC Model U.N. Program which ranked among the Top 50 programs in the nation, the only community college to do so. 15 veteran Model U.N. team members graduated this year and will be attending UC Berkeley, UCLA, UC San Diego, Ohio State, and CSUN. COC's team excelled at competitions held at Santiago Canyons College, USC, US Santa Barbara, UC Berkeley, CSU Long Beach, and UCLA.

COMMUNITY PARTNERSHIPS

California Acceleration Project Summer Institute
COC was pleased to host the California Acceleration Project Summer Institute on July 7th through July 9th, 2017 in the University Center. 200 English and Math community college faculty form around Southern California came to learn about high leverage strategies to dramatically increase student success.

ECE Celebrates 35 Years
The Center for Early Childhood Education marked its 35th anniversary with a celebration on August 19th, 2017. The event was attended by current and former students, some who now have children attending the Center, as well as teachers and community members. The highlight of the event was the dedication of the outdoor classroom to Diane Stewart, who was recognized for her amazing contributions over the last 35 years.

Happy 10th Anniversary to our Canyon Country Campus
The Fall 2017 semester marked the 10-year anniversary of the Canyon Country Campus. Over the past 10 years, the 70-acre campus has offered more than 5,000 classes and served more than 50,000 students. The Fall 2017 semester the Canyon Country Campus offered one of its largest class schedules with more than 260 class sections. Nearly 73% of the 2017 COC graduating class completed at least one course at the Canyon Country Campus.

Groundbreaking Ceremony at CCC
The official groundbreaking ceremony of the Canyon Country Campus Science Center was held on January 24th, 2018. The 55,000 square foot building will bring in-demand science laboratory and classroom space to the heart of the campus and effectively double the existing building space on campus. These new, state-of-the-art learning spaces will enable the college to meet the growing enrollment at the Canyon Country Campus, which has exceeded projections every year since it opened in 2007.

Sand Canyon Country Club Support FYP
Tech entrepreneur and General Manager of the Sand Canyon Country Club, Steve Kim, presented donated $50,000 to COC on February 22nd, 2018 – a two-year commitment (designated as the Sand Canyon Country Club Scholars contribution) that will support 50 First-Year Promise students.

8th Annual Walk for Kids
The Michael Hoefflin Foundation held their 9th annual Walk for Kinds in Cougar Stadium at COC on March 17th, 2018. Nearly a thousand people walked and raised funds for this local non-profit that assists children diagnosed with cancer and their families.

"Making the Most of Your Life" – Women's Conference
The 2018 COC Women's Conference, presented by Boston Scientific Neuromodulation, drew a record on March 17th, 2018. The conference featured an exciting lineup of presenters and breakout sessions centered around the interests of women in our community.

It's Star Party Time Again
Approximately 500 people joined us for a stellar lineup at the Star Party on April 27th, 2018 at the Canyon Country Campus. "Detwinkling the Stars to Study Exoplanetary Systems" was the topic of guest speaker Dr. Vanessa Bailey, Staff Scientist at JPL. Interactive demonstrations and activity tables were provided by COC's students, faculty, and staff. High-powered telescopes, provided by astronomy clubs, gave guests spectacular views of the night sky.

Makerspace Festival Inspires Next Gen of Innovators
The 1st annual Makerspace Festival was held on the Valencia campus on April 28th and was a smashing success. Approximately 2,500 participants from 35 schools and organizations participated. 53 booths provided hands-on activities, demonstrations, and displays.

We Have Broken Ground
On April 26th, 2018, students, community members, dignitaries, and staff gathered together in Lot 7 to break ground on the new 1,650 space parking structure. The new structure is scheduled to open in time for the spring 2019 semester. We are extremely appreciative to the community for the passage of Measure E, which will fund this structure that will help support the growth of the college and provide better access for our students.

Shine a Light on Suicide Prevention and Awareness
On May 8th & 9th, 2018, the Student Health and Wellness Center hosted the 6th annual "*Shine a Light on Suicide Prevention and Awareness Event."* 1,100 lanterns were displayed in the Honor Grove representing the vibrant lives of college students lost to suicide each year. Resource tables staffed with community providers and the Student Health and Wellness Center staff provided students with information and resources. As part of this event, community therapist Priscilla Benites facilitated a "*Suicide Prevention, Response and Intervention Training."*

AWARDS

Chef Otto Named Best Chef in Town
Chef Daniel Otto was named "Best Chef in Santa Clarita" by Elite Magazine. The honor was presented to Chef Otto on July 6th, 2017. COC is proud to have Chef Otto as one of our very talented instructors in the Institute tor Culinary Education (iCue).

Chef Herve Guillard Receives Culinary Award
Culinary Arts instructor Herve Guillard has been awarded a 2017 Idaho Potato Commission (IPC) Innovation Award. The award for "Effective Use of Social Media in the Classroom," recognized Chef Guillard for integrating various forms of social media into his Safety and Sanitation class. Using social media to poll users regarding food safety issues allowed students to make educated guesses about which food safety principles were violated.

COC Honored as "Education Partner of the Year"
The Archdiocesan Youth Employment Services (AYE) names COC "Education Partner of the Year" for providing job training for participants of the "This Way Ahead – Los Angeles," which provides students with the necessary customer service skills that enable them to deliver exceptional, high-quality customer service in a variety of positions.

L.A. Paralegal Association Pro Bono Award for 2017
Nicole Faudree, the Department Chair of the Paralegal Studies Program at COC, received the L.A. Paralegal Association 2017 Pro Bono Award. Since Fall 2012, COC's paralegal students have given more than 14,750 hours of unpaid time through internships in the Cooperative Work Experience program, including internships at Neighborhood Legal Services.

Band of Brothers & Sisters Excellence Award
Jasmine Gabriel, Gilbert Sanchez, and Christian Sullano received awards from the "Fall 2017 Band of Brothers & Sisters Excellence Awards" – a partnership between Student Veterans of America, COC Foundation, and donors to offer awards designed to support our military veterans and active duty reservists.

COC Selected as the 2018 Employer & Service Provider
On February 22nd, the Center for Applied and Competitive Technologies (CACT) was selected as the "Employer and Service Provider for 2018" by the SCV Mayor's Committee.

SCVI Founders Family Vision Honoree
Congratulations to Wendy Ruiz and her family on receiving the Founders Family Vision Award from SCVi on March 10th, 2018. Wendy and her husband, Robert, are extremely active at SCVi. Wendy was the driving force in the creation of Little iLeaders, their preschool program, and continues to coach and mentor the program. Additionally, Wendy is a member of their Board of Directors and has served in a variety of capabilities, including in her new role as part of the LEAD Schools Development Board.

Technology Awards
On March 19th, 2018, COC accepted two Chancellor's Office Technology Awards. COC received the Chancellor's Office Technology Focus Award, which recognizes a college that has identified and solved significant problems to the benefit of students, staff, and/or faculty, for its Amazon Project that streamlined and improved the registration process and financial aid application process for its students. In addition, Jim Temple received the Chancellor's Office Technology Leadership Award, which recognizes individuals who have demonstrated extraordinary effectiveness, influence, diplomacy, and career achievement within the field of higher educational technology management.

COC Graduate Wins Global Award for Promoting OER at COC
Natalie Miller, who graduated from COC in 2017 with AS degrees in Computer Science, Mathematics, and Physics, as well as a Certificate in Web Design, received the first ever Student Award for the Open Education Consortium conferred at the Open Education Global Conference in Delft, Netherlands. Natalie's contributions to OER at COC include designing and creating a marketing campaign for OER at COC, designing a logo for the statewide ZTC degree program, and facilitating sessions for faculty from across the state at our OER summits.

Tim Baber – American Welding Society Plummer Lecturer Award
Welding Technology Department Chair and Professor, Tim Baber, was selected by his peers for the 2018 Plummer Memorial Education Award. This award, sponsored by the American Welding Society, recognizes outstanding contributions.

SUMMARY

This Annual Financial Report for the Period Ending June 30, 2018, affirms the District's commitment to fiscal responsibility. The Financial Statements were found to be materially correct, with no audit findings or adjustments. For the fiscal year 2017-18, the District again received unmodified opinions on the Financial Statements, Federal Awards and State Awards, which is the best opinion an auditor can issue. There were no findings for the General Obligation Bond audit or for the COC Foundation audit, for which the District also has oversight. These opinions will position the District in a positive way in the future with the Accrediting Commission and Bond Rating Agencies.

In the past 17 years, the District has only had 11 audit findings in 76 audits (District, General Obligation Bonds and Foundation). These exceptional audits reflect the dedication of the District to providing fiscal oversight for daily operations and compliance with District policies and procedures as well as the regulations that govern community colleges. With the focus of audits moving from financial information to compliance with Federal and State regulations, it is commendable that hundreds of departments, programs and grant funded activities reflect such a high level of fiscal integrity. These positive audit results are the outcome of strategic planning and strong fiscal management, which is a testimony to the tone set at the top by the District Chancellor and Administrators who have ultimate responsibility for positive fiscal outcomes.

In 2017-18, the District provided oversight for the expenditure of $192.6 million for all funds, including $107.6 million in Operating Funds and $49.2 million in highly regulated Federal and State Financial Aid, State Competitive Grants and State Categorical Program funds. The District received $29.2 million in grant and categorical funding for over 100 programs that augment and complement District instructional programs. Additionally there were expenditures in Capital Outlay funds of $18.9 million to continue the expansion of both campuses as we near completion of a new parking structure in Valencia and new Science and Lecture building in Canyon Country. One-time State Block grant funding provided $1.0 million in instructional equipment funds that the District used to purchase instructional equipment with the latest technology to support new and existing programs.

To address the legislatively mandated increases to District contribution rates for STRS and the actuarially estimated increases to PERS Pension Plans, the District continues to strategically set aside some of the one-time savings for future STRS/PERS costs until ongoing funding can be identified with $6.2 million set aside in a separate fund. In 2017-18, GASB 75 established a new approach of how to record the District's full Post Employment Benefit liability on the Statement of Net Position to be in alignment with GASB 68 from 2015 which requires the District proportionate share of the CalPERS and CalSTRS unfunded pension liabilities to be included on the Total net Position in the financial statements. This new GASB requirement caused the District's liabilities to increase between 2016-17 and 2017-18.

The District is also providing leadership to the Community College system via a legislatively supported, grant funded program, IEPI – Institutional Effectiveness Partnership Initiative, to assist community colleges with assessment and improvement. In partnership with the State Chancellor's Office, College of the Canyons Administration has worked collaboratively with the Academic Senate and other Community College representatives who serve on the IEPI Advisory Committee, to establish a framework of fiscal and student success indicators that serve as a foundation for on-going improvement through technical assistance team visits and seed grants that provide funding for new initiatives. After four years, College of the Canyons has been recognized for moving the initiative forward quickly and successfully with accolades from the 72 Community College Districts

that have benefited from Partnership Resource Team (PRT) visits. These PRT teams cover topics that include Enrollment Management, Non-Credit Programs and Budget/Program Reviews.

With a nationwide focus on workforce training and preparing the next generation of workers who will require some college or college degrees, the District has established a presence at the State level with the District Chancellor serving on the Community College "Doing What Matters" Regional Board. Funding allocations through regional initiatives will benefit local businesses and communities through a connected effort that reaches statewide and produces trained workers to fuel the State economy.

Unlike its community college counterparts, College of the Canyons continues to experience a high demand for programs that meet the needs of students planning to transfer to four-year colleges seeking jobs in the current economy. These programs result in growth funding that allows the District to hire faculty and support new and existing programs to sustain long-term growth. The District's ability to be innovative and responsive to labor market trends and to take advantage of new funding sources has expanded the options for our students. Comprehensive planning through collaborative processes allowed the District to be well positioned for additional funding not able to be utilized by other districts. The result has been an exponential leap forward to serve our students, community and local business partners.

The District is fiscally stable and operationally sound, with a solid foundation and potential for continued growth. Strong and consistent leadership is the basis for the long-term success of College of the Canyons. The District has operated under the leadership of Dr. Dianne Van Hook for the last 30 years, with key Vice President positions occupied by the same individuals for 15 to 20 years and four of the five Board members with 15 to 30+ years of experience serving the district with two previously serving as president of the COC Foundation.

Dr. Van Hook is the longest seated Chancellor in the same District in the history of the Community College System. Her visionary leadership has made the Santa Clarita Community College District one of the leading, most innovative, and widely respected community colleges in the nation. Through the establishment of local and regional collaborative and professional development, she has won the respect of her peers and created a framework to achieve success through synergies that come from shared knowledge and experience. This past year she was asked to serve on the Bipartisan Policy Center's Higher Education Task Force, in Washington, D.C. This task force consists of 18 former policy makers and high-profile individuals, including senators, governors, congress people and a few higher education leaders who are tasked to make recommendations towards reforming financial aid, accreditation and certification standards and other issues that are affecting higher education at the national level. She has a clear vision, unparalleled leadership skills, strong technical knowledge, an astute ability to assess risk, and has established lasting relationships with local, State and Federal Officials that will allow College of the Canyons to continue to pursue innovative solutions that meet the needs of our students, community and business partners in the achievement of excellence.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the District at: Santa Clarita Community College District, 26455 Rockwell Canyon Road, Santa Clarita, California 91355.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents - unrestricted	$ 483,795
Cash and cash equivalents - restricted	13,205
Investments - unrestricted	27,742,123
Investments - restricted	91,270,755
Accounts receivable	7,137,299
Student loans receivable	1,085,719
Due from fiduciary funds	142,052
Prepaid expenses	1,208,364
Total Current Assets	129,083,312
NONCURRENT ASSETS	
Nondepreciable capital assets	30,920,057
Depreciable capital assets, net of accumulated depreciation	242,535,190
Total Noncurrent Assets	273,455,247
TOTAL ASSETS	402,538,559
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	5,484,849
Deferred outflows of resources related to pensions	33,271,052
Total Deferred Outflows of Resources	38,755,901
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	18,827,412
Accrued interest payable	4,351,447
Unearned revenue	6,794,712
Current portion of long-term obligations other than pensions	12,870,121
Total Current Liabilities	42,843,692
NONCURRENT LIABILITIES	
Noncurrent portion of long-term obligations other than pensions	309,929,031
Aggregate net pension obligation	108,390,155
Total Noncurrent Liabilities	418,319,186
TOTAL LIABILITIES	461,162,878
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	4,926,504
NET POSITION	
Net investment in capital assets	47,810,704
Restricted for:	
Debt service	13,449,667
Capital projects	4,623,257
Educational programs	2,676,696
Other activities	605,556
Unrestricted	(93,960,802)
TOTAL NET POSITION	$ (24,794,922)

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

OPERATING REVENUES	
Student Tuition and Fees	$ 22,398,811
Less: Scholarship discounts and allowances	(8,785,178)
Net tuition and fees	13,613,633
Grants and Contracts, Noncapital	
Federal	2,553,494
State	22,388,669
Local	2,588,473
Total grants and contracts, noncapital	27,530,636
TOTAL OPERATING REVENUES	41,144,269
OPERATING EXPENSES	
Salaries	81,514,342
Employee benefits	33,371,018
Supplies, materials, and other operating expenses and services	25,077,244
Student financial aid	18,859,216
Equipment, maintenance, and repairs	5,744,002
Depreciation	8,986,444
TOTAL OPERATING EXPENSES	173,552,266
OPERATING LOSS	(132,407,997)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	61,200,763
Local property taxes, levied for general purposes	26,299,236
Taxes levied for other specific purposes	16,959,961
Federal financial aid grants, noncapital	16,443,744
State financial aid grants, noncapital	2,253,376
State taxes and other revenues	4,821,280
Investment income	1,541,310
Interest expense on capital related debt	(10,596,499)
Interest income on capital asset-related debt	164,523
Transfer to fiduciary fund	(991,196)
Transfer from fiduciary fund	1,800
Other nonoperating revenues	2,764,985
TOTAL NONOPERATING REVENUES (EXPENSES)	120,863,283
LOSS BEFORE OTHER REVENUES AND (LOSSES)	(11,544,714)
OTHER REVENUES AND (LOSSES)	
State revenues, capital	5,214,039
Local revenues, capital	207,231
Loss on disposal of capital assets	(297,814)
TOTAL OTHER REVENUES AND (LOSSES)	5,123,456
CHANGE IN NET POSITION	(6,421,258)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	(18,373,664)
NET POSITION, END OF YEAR	$ (24,794,922)

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 12,651,990
Federal and State grants and contracts	29,963,065
Payments to or on behalf of employees	(107,504,756)
Payments to vendors for supplies and services	(34,483,450)
Payments to students for scholarships and grants	(18,859,216)
Net Cash Flows From Operating Activities	(118,232,367)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	61,200,763
Federal and State financial aid grants	18,697,120
Property taxes - nondebt related	26,299,236
State taxes and other revenue	4,821,280
Other nonoperating	1,751,082
Net Cash Flows From Noncapital Financing Activities	112,769,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State apportionments, capital projects	5,214,039
Local revenue, capital projects	207,231
Proceeds from capital debt	1,285,053
Acquisition and construction of capital assets	(14,916,208)
Property taxes - related to capital debt	16,959,961
Principal paid on capital debt	(4,710,643)
Interest received on capital debt	164,523
Interest paid on capital debt	(10,135,348)
Net Cash Flows From Capital and Related Financing Activities	(5,931,392)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,541,310
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,852,968)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	129,362,846
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 119,509,878

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (132,407,997)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation	8,986,444
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	2,100,653
Prepaid expenses	(35,867)
Accounts payable and accrued liabilities	(2,227,741)
Unearned revenue	(629,867)
Deferred outflows of resources related to pensions	(11,570,268)
Deferred inflows of resources related to pensions	2,205,459
Aggregate net pension obligation	14,894,984
Aggregate net OPEB liability	478,657
Compensated absences and Early Retirement	(26,824)
Total Adjustments	14,175,630
Net Cash Flows From Operating Activities	$ (118,232,367)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 497,000
Cash with county treasury	119,012,878
Total Cash and Cash Equivalents	$ 119,509,878
NONCASH TRANSACTIONS	
On behalf payments for benefits	$ 2,741,931

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Trust Funds
ASSETS	
Cash and cash equivalents	$ 1,423,148
Investments	7,777,749
Accounts receivable	46,677
Prepaid expenses	37,765
Total Assets	9,285,339
LIABILITIES	
Accounts payable	15,455
Due to primary government	142,052
Unearned revenue	109,258
Due to student groups	585,820
Total Liabilities	852,585
NET POSITION	
Unrestricted	8,432,754
Total Net Position	$ 8,432,754

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

	Trust Funds
ADDITIONS	
Local revenues	$ 831,842
DEDUCTIONS	
Employee benefits	350,806
Services and operating expenditures	694,155
Capital outlay	355
Total Deductions	1,045,316
OTHER FINANCING SOURCES (USES)	
Transfer from primary government	991,196
Transfer to primary government	(1,800)
Total Other Financing Sources (Uses)	989,396
Change in Net Position	775,922
Net Position - Beginning of Year	7,656,832
Net Position - End of Year	$ 8,432,754

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

NOTE 1 - ORGANIZATION

The Santa Clarita Community College District (the District) was established in 1967 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one community college and one center located in Santa Clarita, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This statement amends 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. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government and the District.

The following entity met the criterion for inclusion as a "blended" component unit and is consolidated within the financial statements of the District:

- **Public Property Financing Corporation**

  The Public Property Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements as the District as if the activity was the District's. Within the other supplementary information section of the report, the activity is included as the Capital Outlay Projects Fund and the Other Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities of the District. Individually-prepared financial statements are not prepared for the Public Property Financing Corporation. Condensed component unit information for the Corporation, the District's blended component unit, for the year ended June 30, 2018, is as follows:

Condensed Statement of Net Position

ASSETS	
Investments	$ 700,583
Accounts receivable	1,863
Total Assets	$ 702,446
NET POSITION	
Restricted for:	
Debt service	$ 702,446

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

NONOPERATING REVENUES (EXPENSES)	
Interest expense on capital related debt	$ (286,727)
Investment income	20,781
TOTAL NONOPERATING EXPENSES	(265,946)
LOSS BEFORE TRANSFERS	(265,946)
Transfers in	804,832
CHANGE IN NET POSITION	538,886
NET POSITION, BEGINNING OF YEAR	163,560
NET POSITION, END OF YEAR	$ 702,446

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid 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 financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows.

Investments

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in County and State investment pools are determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments 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 auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. Management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenses

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

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 25 years; equipment, 3 to 15 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-Term Obligations

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

Debt Issuance Costs, Premiums, and Discounts

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

Deferred Charges on Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

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 refunding of general obligation bonds and for pension related items.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .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 general obligation bonds, compensated absences, early retirement programs, aggregate net OPEB liability, and the aggregate net pension obligation with maturities greater than one year.

Net Position

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $21,355,176 of restricted net position.

Operating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in November 2001 and November 2006 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, Supplemental Educational Opportunity Grants (SEOG) Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

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

Change in Accounting Principles

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

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

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

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

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

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

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, consist of the following:

Primary government	$119,509,878
Fiduciary funds	9,200,897
Total Deposits and Investments	$128,710,775

Cash on hand and in banks	$ 1,423,148
Cash in revolving	105,000
Cash collections awaiting deposit	392,000
Investments	126,790,627
Total Deposits and Investments	$128,710,775

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Los Angeles County Investment pool.

Specific Identification

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

Investment Type	Book Value	Fair Value	Weighted Average Days/Date to Maturity
Los Angeles County Investment Pool	$126,475,145	$124,780,938	609
Certificate of Deposit - Bank of America	315,482	315,482	12/8/2018
Total	$126,790,627	$125,096,420	

Credit Risk

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance was insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2018:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Los Angeles County Investment Pool	$ 124,780,938	$ -	$ 124,780,938
Certificate of Deposit - Bank of America	315,482	315,482	-
Total	$ 125,096,420	$ 315,482	$ 124,780,938

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	Primary Government
Federal Government	
Categorical aid	$ 1,896,011
State Government	
Categorical aid	2,681,816
Lottery	717,566
Apportionment	377,390
Other State	251,163
Local Sources	
Interest	551,613
Foundation	12,595
Other local	649,145
Total	$ 7,137,299
Student receivables	$ 1,085,719

	Fiduciary Funds
Other local	$ 46,677

NOTE 6 - CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	$ 14,309,904	$ -	$ -	$ 14,309,904
Construction in progress	4,068,101	15,602,495	3,060,443	16,610,153
Total Capital Assets Not Being Depreciated	18,378,005	15,602,495	3,060,443	30,920,057
Capital Assets Being Depreciated				
Site improvements	22,405,475	463,247	-	22,868,722
Buildings and improvements	287,341,269	2,597,196	253,767	289,684,698
Equipment	19,328,385	1,029,459	202,218	20,155,626
Total Capital Assets Being Depreciated	329,075,129	4,089,902	455,985	332,709,046
Total Capital Assets	347,453,134	19,692,397	3,516,428	363,629,103
Less Accumulated Depreciation				
Site improvements	11,388,296	1,058,806	-	12,447,102
Buildings and improvements	58,095,995	6,545,877	-	64,641,872
Equipment	11,861,292	1,381,761	158,171	13,084,882
Total Accumulated Depreciation	81,345,583	8,986,444	158,171	90,173,856
Net Capital Assets	$ 266,107,551	$10,705,953	$ 3,358,257	$ 273,455,247

Depreciation expense for the year was $8,986,444.

NOTE 7 - PREPAID EXPENSES

Prepaid expenses at June 30, 2018, consisted of the following:

	Primary Government
IT system database maintenance	$ 448,021
Student insurance	146,145
Other	614,198
Total	$ 1,208,364

	Fiduciary Funds
Other	$ 37,765

NOTE 8 - ACCOUNTS PAYABLE

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

	Primary Government
Accrued payroll and benefits	$ 11,502,571
Instructional service agreements	1,475,964
Construction	2,624,393
Federal categorical	798
State categorical	10,449
Insurance liability	872,861
Other liabilities	2,340,376
Total	$ 18,827,412

	Fiduciary Funds
Other liabilities	$ 15,455

NOTE 9 - UNEARNED REVENUE

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

	Primary Government
Federal categorical	$ 63,147
State categorical	4,672,376
Student tuition and fees	1,449,572
Other local	609,617
Total	$ 6,794,712

	Fiduciary Funds
Student tuition and fees	$ 109,258

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2018, the amounts owed between the primary government and fiduciary funds were $142,052 and $0, respectively.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2018 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to $1,800. The amount transferred to the fiduciary funds from the primary government amounted to $991,196.

NOTE 11 - LONG-TERM OBLIGATIONS

Summary

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

	(as restated) Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
Bonds Payable					
General obligation bonds, Series 2003	$ 16,043,625	$ 848,477	$ 1,350,000	$ 15,542,102	$ 1,415,000
General obligation bonds, Series 2005	7,115,469	436,576	-	7,552,045	-
General obligation bonds, Series 2012	33,065,000	-	-	33,065,000	-
Unamortized premium	2,147,605	-	85,904	2,061,701	-
General Obligation bonds, Refunding Bonds 2013	32,550,000	-	935,000	31,615,000	1,005,000
Unamortized premium	3,812,858	-	341,450	3,471,408	-
General obligation bonds, Series 2014	24,000,000	-	55,000	23,945,000	135,000
Unamortized premium	1,069,098	-	47,515	1,021,583	-
General Obligation bonds, Refunding Bonds 2016	91,755,000	-	1,335,000	90,420,000	1,415,000
Unamortized premium	9,086,214	-	312,420	8,773,794	-
General obligation bonds, Series 2016	20,000,000	-	-	20,000,000	685,000
Unamortized premium	1,536,022	-	52,815	1,483,207	-
General obligation bonds, Series 2017	50,000,000	-	-	50,000,000	6,160,000
Unamortized premium	3,470,726	-	120,286	3,350,440	-
Certificate of participation Refunding 2017	9,580,000	-	-	9,580,000	745,000
Unamortized premium	1,059,817	-	75,253	984,564	-
Total Bonds Payable	306,291,434	1,285,053	4,710,643	302,865,844	11,560,000
Other Liabilities					
Early retirement plan	3,282,079	26,616	690,953	2,617,742	690,954
Aggregate net OPEB liability	12,886,533	884,807	406,150	13,365,190	-
Aggregate net pension obligation	93,495,171	14,894,984	-	108,390,155	-
Compensated absences (net)	3,312,863	637,513	-	3,950,376	619,167
Total Other Liabilities	112,976,646	16,443,920	1,097,103	128,323,463	1,310,121
Total Long-Term Obligations	$ 419,268,080	$ 17,728,973	$ 5,807,746	$ 431,189,307	$ 12,870,121

Description of Debt

Payments of the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. Payments for the certificates of participation (COPs) is made by the Other Debt Service Fund. The compensated absences and early retirement plan will be paid by the fund for which the employee worked. Pension expense related to the aggregate net pension obligation will be paid by the fund for which the employee worked. See Note 14 for further details of the aggregate net pension obligation. Payments for the aggregate net other postemployment liability will be made by the Unrestricted General Fund.

In November 2001, voters authorized a total of $82,110,000 in general obligation bonds. In July 2003, the District issued Election of 2001 Series 2003 General Obligation Bonds in the amount of $17,498,982. The bonds were issued as capital appreciation bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 1.05 to 5.60 percent. At June 30, 2018, the principal balance outstanding was $15,542,102.

In October 2005, the District issued Election of 2001 Series 2005 General Obligation Bonds in the amount of $42,981,087. The bonds were issued as current interest bonds in the aggregate principal amount of $39,310,000 and as capital appreciation bonds in the principal amount of $3,671,087. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 3.00 to 5.00 percent. At June 30, 2018, the principal balance outstanding was $7,552,045.

In May 2012, the District issued Election of 2006 Series 2012 General Obligation Bonds in the amount of $35,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00 percent. At June 30, 2018, the principal balance outstanding was $33,065,000. Unamortized premium received on issuance of the bonds amounted to $2,061,701 as of June 30, 2018.

In February 2013, the District issued the $33,765,000 2013 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2028, with interest rates from 2.00 to 5.00 percent. The net proceeds of $39,057,475 (representing the principal amount of $33,765,000 plus premium on issuance of $5,292,475) from the issuance were used to advance refund the District's outstanding 2001 General Obligation Bonds, Series 2005 maturing on August 1, 2016 through and including August 1, 2028, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of $4,520,284 over the life of the new debt and an economic gain of $3,730,822 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.403 percent. At June 30, 2018, the principal balance outstanding was $31,615,000. Unamortized premium received on issuance of the bonds amounted to $3,471,408 as of June 30, 2018.

In September 2014, the District issued Election of 2006 Series 2014 General Obligation Bonds in the amount of $25,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00 percent. At June 30, 2018, the principal balance outstanding was $23,945,000. Unamortized premium received on issuance of the bonds amounted to $1,021,583 as of June 30, 2018.

In May 2016, the District issued the $94,050,000 2016 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2046, with interest rates from 2.00 to 5.00 percent. The net proceeds of $103,474,669 (representing the principal amount of $94,050,000 plus premium on issuance of $9,424,669) from the issuance were used to currently refund the District's outstanding 2005 General Obligation Refunding Bonds, maturing on August 1, 2016 through and including August 1, 2021, and to advance refund a portion of the District's outstanding General Obligation Bonds, Series 2007 maturing on August 1, 2016 and including August 1, 2018 through August 1, 2046, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of $35,068,066 over the life of the new debt and an economic gain of $22,824,480 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.682 percent. At June 30, 2018, the principal balance outstanding was $90,420,000. Unamortized premium received on issuance of the bonds amounted to $8,773,794 as of June 30, 2018.

In November 2016, the District issued Election of 2006 Series 2016 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, modernization, and renovation of District facilities, to refund the 2009 certificates of participation, and to pay the cost of the issuance associated with the issuance of the bonds. The bonds bear interest rates of 3.00 to 5.00 percent. At June 30, 2018, the principal balance outstanding was $20,000,000. Unamortized premium received on issuance of the bonds amounted to $1,483,207 as of June 30, 2018.

In June 2016, voters authorized a total of $230,000,000 in general obligation bonds. In April 2017, the District issued Election of 2016 Series 2017 General Obligation Bonds in the amount of $50,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00 percent. At June 30, 2018, the principal balance outstanding was $50,000,000. Unamortized premium received on issuance of the bonds amounted to $3,350,440 as of June 30, 2018.

In April, 2017, the District issued the $9,580,000 2017 Refunding Certificates of Participation. The certificates have a final maturity to occur on August 1, 2031, with interest rates from 2.00 to 5.00 percent. The net proceeds of the certificates were used to currently refund the outstanding 2006 Certificates of Participation and to pay the cost of issuance associated with the refunding certificates. At June 30, 2018, the principal balance outstanding was $9,580,000. Unamortized premium received on issuance of the certificates amounted to $984,564 as of June 30, 2018.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding End of Year
2003	08/01/28	1.05%-5.60%	$ 17,498,982	$ 16,043,625	$ -	$ 848,477	$ 1,350,000	$ 15,542,102
2005	08/01/30	3.00%-5.00%	42,981,087	7,115,469	-	436,576	-	7,552,045
2012	08/01/42	2.00%-5.00%	35,000,000	33,065,000	-	-	-	33,065,000
2013	08/01/28	2.00%-5.00%	33,765,000	32,550,000	-	-	935,000	31,615,000
2014	08/01/39	2.00%-5.00%	25,000,000	24,000,000	-	-	55,000	23,945,000
2016	08/01/46	2.00%-5.00%	94,050,000	91,755,000	-	-	1,335,000	90,420,000
2016	08/01/46	3.00%-5.00%	20,000,000	20,000,000	-	-	-	20,000,000
2017	08/01/47	2.00%-5.00%	50,000,000	50,000,000	-	-	-	50,000,000
				$ 274,529,094	$ -	$ 1,285,053	$ 3,675,000	$ 272,139,147

The General Obligation Bonds, Series 2003, mature through 2029 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2019	$ 1,379,668	$ 35,332	$ 1,415,000
2020	1,379,157	110,843	1,490,000
2021	1,368,089	191,911	1,560,000
2022	1,360,971	279,029	1,640,000
2023	1,347,965	372,035	1,720,000
2024-2028	6,998,436	3,676,564	10,675,000
2029	1,707,816	1,342,184	3,050,000
Total	$ 15,542,102	$ 6,007,898	$ 21,550,000

The General Obligation Bonds, Series 2005, mature through 2031 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2029-2031	$ 7,552,045	$ 8,112,955	$ 15,665,000

The General Obligation Bonds, Series 2012, mature through 2043 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ -	$ 1,518,050	$ 1,518,050
2020	-	1,518,050	1,518,050
2021	135,000	1,514,675	1,649,675
2022	210,000	1,506,050	1,716,050
2023	285,000	1,493,675	1,778,675
2024-2028	2,715,000	7,194,325	9,909,325
2029-2033	5,450,000	6,325,750	11,775,750
2034-2038	9,460,000	4,488,250	13,948,250
2039-2043	14,810,000	1,703,400	16,513,400
Total	$ 33,065,000	$ 27,262,225	$ 60,327,225

The 2013 General Obligation Refunding Bonds mature through 2029 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 1,005,000	$ 1,317,875	$ 2,322,875
2020	1,065,000	1,281,500	2,346,500
2021	1,140,000	1,237,400	2,377,400
2022	1,210,000	1,190,400	2,400,400
2023	3,365,000	1,098,900	4,463,900
2024-2028	19,760,000	2,789,500	22,549,500
2029	4,070,000	61,050	4,131,050
Total	$ 31,615,000	$ 8,976,625	$ 40,591,625

The General Obligation Bonds, Series 2014, mature through 2040 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 135,000	$ 962,000	$ 1,097,000
2020	240,000	955,175	1,195,175
2021	220,000	945,975	1,165,975
2022	275,000	936,075	1,211,075
2023	345,000	921,950	1,266,950
2024-2028	2,945,000	4,243,500	7,188,500
2029-2033	5,650,000	3,279,016	8,929,016
2034-2038	9,155,000	1,960,553	11,115,553
2039-2040	4,980,000	203,400	5,183,400
Total	$ 23,945,000	$ 14,407,644	$ 38,352,644

The 2016 General Obligation Refunding Bonds mature through 2047 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 1,415,000	$ 3,506,925	$ 4,921,925
2020	1,495,000	3,455,800	4,950,800
2021	1,605,000	3,385,775	4,990,775
2022	1,725,000	3,302,525	5,027,525
2023	-	3,259,400	3,259,400
2024-2028	1,520,000	16,225,050	17,745,050
2029-2033	7,430,000	15,305,050	22,735,050
2034-2038	15,560,000	13,391,675	28,951,675
2039-2043	26,910,000	9,460,400	36,370,400
2044-2047	32,760,000	2,764,400	35,524,400
Total	$ 90,420,000	$ 74,057,000	$164,477,000

The General Obligation Bonds, Series 2016, mature through 2047 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 685,000	$ 780,793	$ 1,465,793
2020	-	770,518	770,518
2021	-	770,519	770,519
2022	-	770,519	770,519
2023	30,000	770,069	800,069
2024-2028	695,000	3,794,020	4,489,020
2029-2033	1,960,000	3,477,945	5,437,945
2034-2038	3,665,000	2,938,778	6,603,778
2039-2043	5,955,000	2,040,900	7,995,900
2044-2047	7,010,000	589,200	7,599,200
Total	$ 20,000,000	$ 16,703,261	$ 36,703,261

The General Obligation Bonds, Series 2017, mature through 2048 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	$ 6,160,000	$ 1,862,475	$ 8,022,475
2020	5,290,000	1,721,525	7,011,525
2021	240,000	1,637,375	1,877,375
2022	290,000	1,626,775	1,916,775
2023	335,000	1,612,600	1,947,600
2024-2028	2,605,000	7,728,000	10,333,000
2029-2033	4,495,000	6,879,962	11,374,962
2034-2038	6,855,000	5,651,625	12,506,625
2039-2043	9,995,000	3,799,500	13,794,500
2044-2048	13,735,000	1,440,500	15,175,500
Total	$ 50,000,000	$ 33,960,337	$ 83,960,337

Certificates of Participation

The certificates mature through 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 745,000	$ 377,707	$ 1,122,707
2020	745,000	359,082	1,104,082
2021	760,000	332,707	1,092,707
2022	785,000	301,807	1,086,807
2023	805,000	270,006	1,075,006
2024-2028	3,740,000	818,880	4,558,880
2029-2032	2,000,000	97,921	2,097,921
Total	$ 9,580,000	$ 2,558,110	$ 12,138,110

Early Retirement Plan

The District has entered into an agreement to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a total of $2,617,742 on behalf of the retirees over the next four years in accordance with the following schedule:

Year Ending June 30,	
2019	$ 690,954
2020	690,954
2021	690,954
2022	544,880
Total	$ 2,617,742

Aggregate Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Aggregate Net OPEB Liability	OPEB Expense
District Plan	$ 12,923,836	$ 538,214
Medicare Premium Payment (MPP) Program	441,354	(59,557)
Total	$ 13,365,190	$ 478,657

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the Plan is vested in the District management.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	182
Active employees	616
	798

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's governing board. For fiscal year 2017-2018, the District contributed $346,593 to the Plan, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $12,923,836 was measured as of June 30, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	3.80 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 12,385,622
Service cost	413,136
Interest	471,671
Benefit payments	(346,593)
Net change in total OPEB liability	538,214
Balance at June 30, 2018	$ 12,923,836

There were no changes in benefit terms since the previous valuation.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.50 percent to 3.80 percent since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.80%)	$ 14,871,146
Current discount rate (3.80%)	12,923,836
1% increase (4.80%)	11,340,746

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	$ 12,101,868
Current healthcare cost trend rate (4.00%)	12,923,836
1% increase (5.00%)	13,860,504

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

Contributions

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

OPEB Liabilities and OPEB Expense Related to the OPEB

At June 30, 2018, the District reported a liability of $441,354 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating community college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.1049 percent and 0.1070, respectively, resulting in a net decrease in the proportionate share of 0.0021 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(59,557).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 488,610
Current discount rate (3.58%)	441,354
1% increase (4.58%)	395,388

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 398,831
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	441,354
1% increase (4.7% Part A and 5.1% Part B)	483,453

Aggregate Net Pension Obligation

At June 30, 2018, the liability for the aggregate net pension obligation amounted to $108,390,155. See Note 14 for additional information.

Compensated Absences

At June 30, 2018, the total unpaid compensated absences was $3,950,376.

NOTE 12 - LEASE REVENUES

The District has property held for lease with an estimated cost of $2,852,725 and accumulated depreciation of $1,437,893. Lease agreements have been entered into with various lessors for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	
2019	$ 860,007
2020	863,950
2021	867,944
2022	871,988
2023	876,085
Total	$ 4,339,974

NOTE 13 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of $250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $5,000,000 per occurrence, all subject to various deductibles.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2018, the District contracted with the Statewide Association of Community Colleges (SWACC)/Schools Association for Excess Risk (SAFER) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

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

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2018, 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	$ 56,994,059	$ 16,830,093	$ 4,314,550	$ 5,669,664
CalPERS	51,396,096	16,440,959	611,954	9,672,271
Total	$ 108,390,155	$ 33,271,052	$ 4,926,504	$ 15,341,935

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the District's total contributions were $5,288,934

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	56,994,059
State's proportionate share of net pension liability associated with the District		33,717,204
Total	$	90,711,263

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.0616 percent and 0.0643 percent, respectively, resulting in a net decrease in the proportionate share of 0.0027 percent.

For the year ended June 30, 2018, the District recognized pension expense of $5,669,664. In addition, the District recognized pension expense and revenue of $3,393,960 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,288,934	$ -
Net change in proportionate share of net pension liability	771,574	1,802,571
Differences between projected and actual earnings on the pension plan investments	-	1,517,911
Differences between expected and actual experience in the measurement of the total pension liability	210,770	994,068
Changes in assumptions	10,558,815	-
Total	$ 16,830,093	$ 4,314,550

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (1,261,895)
2020	954,883
2021	137,688
2022	(1,348,587)
Total	$ (1,517,911)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 1,463,753
2020	1,463,753
2021	1,463,753
2022	1,463,757
2023	1,386,414
Thereafter	1,503,090
Total	$ 8,744,520

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 83,685,373
Current discount rate (7.10%)	56,994,059
1% increase (8.10%)	35,332,249

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the total District contributions were $4,522,826.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $51,396,096. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.2153 percent and 0.2101 percent, respectively, resulting in a net increase in the proportionate share of 0.0052 percent.

For the year ended June 30, 2018, the District recognized pension expense of $9,672,271. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,522,826	$ -
Net change in proportionate share of net pension liability	791,662	6,828
Differences between projected and actual earnings on the pension plan investments	1,777,953	-
Differences between expected and actual experience in the measurement of the total pension liability	1,841,310	-
Changes of assumptions	7,507,208	605,126
Total	$ 16,440,959	$ 611,954

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (48,176)
2020	2,051,372
2021	748,363
2022	(973,606)
Total	$ 1,777,953

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 3,432,788
2020	3,300,752
2021	2,794,686
Total	$ 9,528,226

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 75,620,127
Current discount rate (7.15%)	51,396,096
1% increase (8.15%)	31,300,234

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2018, which amounted to $2,741,931 (9.328 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2018. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 403(b). The plans, available to all District employees with the exception of College Assistants, permit them to defer a portion of their salary until future years. Depending on the plan, the deferred compensation is not available to employees until termination, retirement, death, disability, hardship, or unforeseeable emergency.

All assets of the 457 plans are held in trusts for the exclusive benefit of participants. All assets of the 403(b) plan are individually owned by participants.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its plan for all employees, as well as the CalSTRS Cash Balance Benefit Program (an alternative plan) for adjunct faculty. Contributions made by the District and an employee vest immediately. The District contributes 6.20 percent of an employee's gross earnings (four percent for CalSTRS Cash Balance Benefit Program participants). An employee is required to contribute 6.20 percent of his or her gross earnings to the pension plan (four percent for CalSTRS Cash Benefit Program participants).

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

The District is a member of the Protected Insurance Program for Schools (PIPS), the Statewide Association of Community College (SWACC)/Schools Association for Excess Risk (SAFER), Alameda County Schools Insurance Group/Educational Dental Group Enterprise (ACSIG/Edge), Self-Insured Schools of California (SISC), and Alameda County Schools Insurance Group (ACSIG) JPAs. The District pays premiums for its workers' compensation and property liability coverage, as well as monthly premiums for employee Delta Dental and Vision Service Plan coverage. The relationships between the District and the JPAs are such that they 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.

During the year ended June 30, 2018, the District made payments of $1,850,651, $480,352, $960,666, $201,592, and $4,850,651 to PIPS, SWACC/SAFER, ACSIG/Edge, ACSIG, and SISC JPAs, respectively.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

Operating Leases

The District has entered into various operating leases for classrooms/office facilities and equipment. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a six month written notice to lessors. It is expected that, in the normal course of business, most of these leases will be replaced by similar leases. Expenditures for rent under leases for the year ended June 30, 2018, amounted to $21,000.

Construction Commitments

As of June 30, 2018, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECTS	Remaining Construction Commitments	Expected Dates of Completion
CCC - Central Plant	$ 5,286,198	June 1, 2019
CCC - Science-Lecture Bldg.	28,202,607	October 1, 2019
CCC - Student Services Learning Resources	1,568,000	December 1, 2020
Parking Structure Valencia	18,395,233	February 1, 2019
Ada Transition Plan - Phase 1	2,591,072	January 1, 2019
Boykin 105 Remodel	31,989	February 1, 2019
Cogen Plant Controls	7,217	December 31, 2018
Door and Lock Replacement Project	100,000	June 30, 2019
Pe West Modernization	112,747	December 1, 2019
Remodel X-6 Valencia	23,779	October 31, 2018
Educational Native Plant Garden	300	October 31, 2018
Parking Lot 7 Utilities	193,537	October 31, 2018
	$ 56,512,679	

The projects are funded through a combination of general obligation bonds, certificates of participation, and capital project apportionments from the California State Chancellor's Office.

NOTE 17 - RESTATEMENT OF PRIOR YEAR NET POSITION

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

	Primary Government
Net Position - Beginning	$ (8,862,901)
Inclusion of the aggregate net OPEB liability from the adoption of GASB Statement No. 75	(9,510,763)
Net Position - Beginning, as Restated	$ (18,373,664)

REQUIRED SUPPLEMENTARY INFORMATION

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

	2018
Total OPEB Liability	
Service cost	$ 413,136
Interest	471,671
Benefit payments	(346,593)
Net change in total OPEB liability	538,214
Total OPEB liability - beginning	12,385,622
Total OPEB liability - ending	$ 12,923,836
Covered payroll	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]

[1] The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

See accompanying note to required supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

	2018
Year ended June 30,	
District's proportion of the net OPEB liability	0.1049%
District's proportionate share of the net OPEB liability	$ 441,354
District's covered-employee payroll	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

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

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

See accompanying note to required supplementary information.

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SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.0616%	0.0643%
District's proportionate share of the net pension liability	$ 56,994,059	$ 52,007,869
State's proportionate share of the net pension liability associated with the District	33,717,204	29,607,152
Total	$ 90,711,263	$ 81,615,021
District's covered-employee payroll	$ 32,921,367	$ 31,151,911
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.12%	166.95%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.2153%	0.2101%
District's proportionate share of the net pension liability	$ 51,396,096	$ 41,487,302
District's covered-employee payroll	$ 28,198,934	$ 24,896,193
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.26%	166.64%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

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

See accompanying note to required supplementary information.

2016	2015
0.0644%	0.0625%
$ 43,356,157	$ 36,549,539
22,930,627	22,070,189
$ 66,286,784	$ 58,619,728
$ 25,442,973	$ 27,811,867
170.41%	131.42%
74%	77%
0.2102%	0.2058%
$ 30,976,787	$ 23,365,441
$ 21,783,893	$ 21,565,373
142.20%	108.35%
79%	83%

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

	2018	2017
CalSTRS		
Contractually required contribution	$ 5,288,934	$ 4,141,508
Contributions in relation to the contractually required contribution	5,288,934	4,141,508
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 36,652,349	$ 32,921,367
Contributions as a percentage of covered-employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 4,522,826	$ 3,916,268
Contributions in relation to the contractually required contribution	4,522,826	3,916,268
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 29,121,280	$ 28,198,934
Contributions as a percentage of covered-employee payroll	15.531%	13.888%

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

See accompanying note to required supplementary information.

2016	2015
$ 3,342,600	$ 2,259,336
3,342,600	2,259,336
$ -	$ -
$ 31,151,911	$ 25,442,973
10.73%	8.88%
$ 2,949,452	$ 2,564,182
2,949,452	2,564,182
$ -	$ -
$ 24,896,193	$ 21,783,893
11.847%	11.771%

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

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

Changes of Assumptions **-** Changes of assumptions and other inputs reflect a change in the discount rate from 4.50 percent to 3.80 percent since the previous valuation.

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

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

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

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

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

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

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

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

Schedule of District Contributions for Pensions

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

SUPPLEMENTARY INFORMATION

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2018

The Santa Clarita Community College District is a single college district established in November 1967 with two campuses: Valencia and Canyon Country. The Valencia Campus is comprised of an area of approximately 153 acres, and the Canyon Country Campus is comprised of an area of approximately 70 acres. Both campuses are located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Steve D. Zimmer	President	2020
Michael D. Berger	Vice President	2018
Michele R. Jenkins	Clerk	2020
Joan W. MacGregor	Member	2018
Edel Alonso	Member	2020

ADMINISTRATION

Dianne G. Van Hook, Ed.D.	Chancellor/Secretary/Parliamentarian to the Governing Board
Barry Gribbons, Ph.D.	Deputy Chancellor
Michael Wilding, Ph.D.	Assistant Superintendent/Vice President, Student Services
Jerry Buckley, Ed.D.	Assistant Superintendent/Vice President, Instruction
Sharlene L. Coleal	Assistant Superintendent/Vice President, Business Services
Diane Fiero, Ed.D.	Assistant Superintendent/Vice President, Human Resources
Jim Schrage	Assistant Superintendent/Vice President, Facilities Planning, Operations, and Construction
Eric Harnish	Vice President, Public Information, Advocacy, and External Relations
Jason Hinkle	Associate Vice President, Business Services

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	04362-CACFP-19-CC-CS	$ 33,229
Passed through Los Angeles County Office of Education			
Forest Reserve	10.665	[1]	22,179
Total U.S. Department of Agriculture			55,408
NATIONAL SCIENCE FOUNDATION			
Research and Development Cluster			
California Regional Consortium for Engineering Advances in Technical Education (CREATE)			
Advanced, Automated Manufacturing and Processing Technicians Program	47.076		17,419
CREATE ATE Center Longitudinal Targeted Research Study	47.076		61,411
Passed through Madison Area Technical College			
Center for Renewable Energy Advanced Technological Education Support Center (CREATE-SC)	47.076	1600934	104,280
Passed through Mathematical Association of America			
Professional Development Emphasizing Data-Centered Resources and Pedagogies for Instructors of Undergraduate Introductory Statistics (StatPREP)	47.076	3-8-711-889	17,040
Total Research and Development Cluster			200,150
Total National Science Foundation			200,150
SMALL BUSINESS ADMINISTRATION			
Passed through Long Beach City Community College District			
Small Business Development Center	59.037	CN 99744.9	156,150
Small Business Development Center	59.037	CN 99753.3	183,013
Total Small Business Administration			339,163
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Outreach Program - Administration	64.117		3,542
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		13,651,309
Federal Pell Grant Program Administration Allowance	84.063		21,440
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		398,177
Federal Work-Study Program	84.033		253,687
Federal Work-Study Program Administration Allowance	84.033		43,458
Federal Direct Student Loans	84.268		2,394,258
Total Student Financial Assistance Cluster			16,762,329

[1] Pass-Through Entity Identifying Number is unavailable.

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
CAREER AND TECHNICAL EDUCATION ACT			
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part C	84.048A	17-C01-054	$ 450,475
CTE Transitions	84.048A	17-C01-054	41,592
HIGHER EDUCATION ACT			
TRIO - Upward Bound Program	84.047A		98,466
Title V - Hispanic Servicing Institutions	84.031S		520,420
Passed through University Corporation (CSUN)			
Hispanic-Servicing Institutions - Science, Technology, Engineering, and Mathematics Initiative (HSI-STEM)	84.031C	F-11-2910COC	36,788
Bridging the Gap: Enhancing AIMS2 for Student Success	84.031C	A17-0013-S001	67,408
Developing California's Workforce: Creating Pathways for Latino Transfer Students in High Demand Careers	84.031S	A17-0033-S002	95,475
Total U.S. Department of Education			18,072,953
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Substance Abuse and Mental Health Services Administration			
Campus Suicide Prevention Grant	93.243		55,320
Passed through Los Angeles County Office of Education			
Medical Administrative Activities (MAA)	93.778	[1]	40,643
Passed through California Community Colleges Chancellor's Office			
Foster and Kinship Care Education (FKCE)	93.658	[1]	43,515
Child Care and Development Fund (CCDF) Cluster			
Passed through Yosemite Community College			
Child Development Training Consortium	93.575	17-18-3155	7,500
Passed through Chabot-Las Positas Community College District			
Child Development - Mentor Teacher	93.575	CN170146	1,584
Passed through California Department of Education			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	39,030
Child Care and Development Block Grant	93.575	15136	17,941
Total Child Care and Development (CCDF) Cluster			66,055

[1] Pass-Through Entity Identifying Number is unavailable.

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
TANF Cluster			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	$ 70,445
Passed through Los Angeles County Department of Public Social Services			
Temporary Assistance for Needy Families (TANF)	93.558	CCCP15011	49,489
Total TANF Cluster			119,934
Total U.S. Department of Health and Human Services			325,467
Total Expenditures of Federal Awards			$ 18,996,683

[1] Pass-Through Entity Identifying Number is unavailable.

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Program	Program Entitlements		
	Current Year	Prior Year Carryforward	Total Entitlement
Adult Education Grant - Data Accountability	$ -	$ 19,995	$ 19,995
Adult Education Block Grant - AB104 (Yr 3)	-	378,701	378,701
Adult Education Block Grant - AB104 (Yr 4)	386,508	-	386,508
Basic Skills and Student Outcomes Transformation	713,226	-	713,226
Basic Skills Reappropriation FY 16-17 Funds	4,399	80,924	85,323
Basic Skills Reappropriation FY 17-18 Funds	678,694	-	678,694
Board Financial Assistance Program (BFAP)	511,496	-	511,496
CA Apprenticeship Initiative	-	251,933	251,933
CA College Promise	-	750,000	750,000
CA Pre-Apprenticeship Initiative	352,046	-	352,046
CA Work Opportunities and Responsibilities	393,455	-	393,455
Cal Grant	1,456,160	627	1,456,787
California Arts Council - Artists in School	11,905	-	11,905
California Career Pathways Trust Implementation	2,197,921	-	2,197,921
Campus Safety and Sexual Assault	29,489	-	29,489
CCC Completion Grant	217,500	-	217,500
Dreamer Emergency Grant	73,360	-	73,360
Career Tech Educ - SB1070 Career Pathway	250,000	-	250,000
Career Tech Educ - SB1070 Career Pathway (Yr 3)	-	120,199	120,199
Career Tech Educ - Teacher Prep Pipeline	-	66,733	66,733
Career Tech Educ - Data Unlocked	-	50,000	50,000
Career Tech Educ - Teacher Prep Pipeline - El Camino CCD	-	5,997	5,997
Career Tech Educ - Teacher Prep Pipeline Seed Grant	5,000	-	5,000
CCC eTranscript Mini Grant	-	3,882	3,882
Child and Adult Care Food Program	1,912	-	1,912
Child Development - Foster Parent-CSEC	4,250	-	4,250
California State Preschool Program	309,333	-	309,333
General Childcare and Development	107,413	-	107,413
Closed Caption Grant - Distance Ed - Butte	-	119,853	119,853
Closed Caption Grant - Distance Ed - FY 16-17	-	550,414	550,414
Closed Caption Grant - Distance Ed - FY 17-18	1,000,000	-	1,000,000
Cooperative Agency Res for Education (CARE)	80,709	-	80,709
Deputy Sector Navigator-Advanced Manufacturing	235,000	-	235,000
Deputy Sector Navigator-Advanced Manufacturing (SB858)	-	86,625	86,625
Deputy Sector Navigator-Health	235,000	-	235,000
Deputy Sector Navigator-Health (SB858)	-	64,636	64,636
Deputy Sector Navigator-Info Comm Tech	235,000	-	235,000
Deputy Sector Navigator-Info Comm Tech (SB858)	-	76,972	76,972
Deputy Sector Navigator-Water Project	-	44	44
Disabled Student Programs and Services	1,285,612	-	1,285,612
Economic Development - Econ Dev Center Coord Svcs (FY 17-18) #190	1,200,000	-	1,200,000
Economic Development - Econ Dev Center Coord Svcs (FY 16-17)	-	267,204	267,204
Education Futures	130,000	-	130,000
Extended Opportunity Program and Services	590,211	-	590,211

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
$ 19,995	$ -	$ -	$ 8,581	$ 11,414	$ 11,414
378,701	-	-	110,243	268,458	268,458
386,508	-	-	386,508	-	-
313,932	166,160	-	-	480,092	480,092
4,399	-	-	-	4,399	85,323
678,694	-	-	-	678,694	-
511,496	-	-	-	511,496	511,496
95,933	114	-	-	96,047	96,047
730,203	-	-	407,700	322,503	322,503
140,818	-	-	123,164	17,654	17,654
393,455	-	3,690	-	389,765	389,765
1,350,824	105,963	-	-	1,456,787	1,456,787
10,715	1,191	-	-	11,906	11,906
2,543,930	-	-	1,349,819	1,194,111	1,194,111
29,489	-	-	29,489	-	-
217,500	-	-	163,998	53,502	53,502
73,360	-	-	-	73,360	73,360
225,000	-	-	97,844	127,156	127,156
120,199	-	-	-	120,199	120,199
-	66,733	-	-	66,733	66,733
50,000	-	-	44,363	5,637	5,637
5,997	-	-	-	5,997	5,997
5,000	-	-	-	5,000	5,000
3,882	-	-	1,742	2,140	2,140
978	622	-	-	1,600	1,600
2,550	1,700	-	-	4,250	4,250
277,949	-	1,002	-	276,947	276,947
75,178	20,261	-	-	95,439	95,439
119,853	-	-	119,853	-	-
550,414	-	-	-	550,414	550,414
400,000	79,910	-	-	479,910	479,910
80,709	-	-	-	80,709	80,709
80,000	121,999	-	-	201,999	201,999
26,625	60,000	-	-	86,625	86,625
80,000	123,395	-	-	203,395	203,395
64,636	-	-	-	64,636	64,636
80,000	121,525	-	-	201,525	201,525
16,972	60,000	-	-	76,972	76,972
44	-	-	44	-	-
1,285,612	-	-	-	1,285,612	1,285,612
480,000	157,621	-	-	637,621	637,621
191,254	75,950	-	-	267,204	267,204
97,500	-	-	44,276	53,224	53,224
590,211	-	5,757	-	584,454	584,454

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Program	Program Entitlements		
	Current Year	Prior Year Carryforward	Total Entitlement
Foster Kinship Care Education (FKCE)	$ 53,717	$ -	$ 53,717
Full Time Student Success Grant	759,500	68,900	828,400
GIG Economy - Solano CCD	-	53,000	53,000
Guided Pathways (Yr 1 of 5)	376,829	-	376,829
Hunger Free Campus	34,686	-	34,686
Institutional Effectiveness and Technical Assistance (Yr 4)	7,500,000	-	7,500,000
Institutional Effectiveness and Technical Assistance Carry Forward (Yr 3)	-	1,379,079	1,379,079
Institutional Effectiveness and Technical Assistance Mini Grant (PRT Non-Credit)	200,000	-	200,000
Institutional Equipment Support (Block Grant) FY 16-17	-	979,207	979,207
Institutional Equipment Support (Block Grant) FY 17-18	1,011,406	-	1,011,406
Institutional Support Services	287,832	-	287,832
Makerspace Implementation Grant Yr 1	311,432	-	311,432
OER Textbook Affordability AB798	-	45,105	45,105
OER Zero Textbook Cost Degree Grant	-	99,631	99,631
OER Zero Textbook Cost Degree Grant - ECE	150,000	-	150,000
OER Zero Textbook Cost Degree Technical Assistance	-	206,392	206,392
Proposition 39 - Kern County	20,995	-	20,995
Quality Start (QRIS)	30,914	-	30,914
SBDC - GO Biz (CN 99750.8)	136,000	-	136,000
Song Brown	68,501	-	68,501
Staff Diversity	50,000	-	50,000
Staff Diversity Carry Forward	-	21,205	21,205
Strong Workforce Carry Forward	-	433,303	433,303
Strong Workforce Local Share	1,440,424	-	1,440,424
Strong Workforce Regional Share FY 16-17 Allocation	-	852,137	852,137
Strong Workforce Regional Share FY 17-18 Allocation	1,562,826	-	1,562,826
Student Equity	1,352,853	-	1,352,853
Student Equity Carry Forward	-	340,708	340,708
Student Success - Mesa Grant	74,515	-	74,515
Student Success - Middle College HS (AOC)	100,000	-	100,000
Student Success and Support Programs - Credit	3,216,289	-	3,216,289
Student Success and Support Programs - Credit Carry Forward	-	449,522	449,522
Student Success and Support Programs - Non-Credit	68,167	-	68,167
Student Success and Support Programs - Non-Credit Carry Forward	-	51,675	51,675
Veterans' Resource Center	67,391	-	67,391
Total State Programs	$ 31,569,876	$ 7,874,603	$ 39,444,479

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
$ 53,717	$ -	$ -	$ -	$ 53,717	$ 53,717
828,400	-	-	158,673	669,727	669,727
49,840	-	-	23,643	26,197	26,197
376,830	-	-	372,631	4,199	4,199
34,686	-	-	29,619	5,067	5,067
4,712,842	864,047	-	-	5,576,889	5,576,889
-	-	-	-	-	-
200,000	-	-	144,708	55,292	55,292
-	-	-	-	-	979,207
1,011,406	-	-	-	1,011,406	698,957
287,832	-	-	-	287,832	287,832
98,645	181,875	-	-	280,520	280,504
40,105	-	-	33,144	6,961	6,961
26,573	73,058	-	-	99,631	99,631
-	22,221	-	-	22,221	22,221
-	101,087	-	-	101,087	101,087
-	19,041	-	-	19,041	19,041
30,914	-	-	18,810	12,104	12,104
77,626	58,374	-	-	136,000	136,000
-	42,794	-	-	42,794	42,794
50,000	-	-	-	50,000	42,256
-	-	-	-	-	21,205
433,303	-	-	-	433,303	433,303
1,440,425	-	-	719,328	721,097	721,097
833,009	-	-	284,196	548,813	548,813
-	21,660	-	-	21,660	21,660
1,352,853	-	-	-	1,352,853	1,200,987
-	-	-	-	-	340,708
-	74,515	-	-	74,515	74,515
40,000	60,000	-	-	100,000	100,000
3,216,289	-	-	-	3,216,289	2,775,704
-	-	-	-	-	449,522
68,167	-	-	-	68,167	27,317
-	-	-	-	-	51,675
67,391	-	-	-	67,391	38,161
$ 28,121,368	$ 2,681,816	$ 10,449	$ 4,672,376	$ 26,120,359	$ 26,382,166

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

	**Revised Reported Data	Audit Adjustments	Audited Data
CATEGORIES			
A. Summer Intersession (Summer 2017 only)			
1. Noncredit*	28.36	-	28.36
2. Credit	840.69	-	840.69
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit*	5.02	-	5.02
2. Credit	1,643.76	-	1,643.76
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	8,434.09	-	8,434.09
(b) Daily Census Contact Hours	960.77	-	960.77
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	369.27	-	369.27
(b) Credit	1,652.36	-	1,652.36
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,260.72	-	1,260.72
(b) Daily Census Contact Hours	1,517.50	-	1,517.50
(c) Noncredit Independent Study/Distance Education Courses	2.09	-	2.09
D. Total FTES	16,714.63	-	16,714.63
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	1,652.58	-	1,652.58
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	161.36	-	161.36
2. Credit	735.15	-	735.15
CCFS-320 Addendum			
CDCP Noncredit FTES	167.00	-	167.00
Centers FTES			
1. Noncredit*	29.64	-	29.64
2. Credit	1,787.63	-	1,787.63

* Including Career Development and College Preparation (CDCP) FTES.
** Revised October 1, 2018.

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 16,647,452	$ -	$ 16,647,452	$ 16,753,036	$ -	$ 16,753,036
Other	1300	17,022,846	-	17,022,846	17,028,114	-	17,028,114
Total Instructional Salaries		33,670,298	-	33,670,298	33,781,150	-	33,781,150
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	5,499,142	-	5,499,142
Other	1400	-	-	-	1,281,267	-	1,281,267
Total Noninstructional Salaries		-	-	-	6,780,409	-	6,780,409
Total Academic Salaries		33,670,298	-	33,670,298	40,561,559	-	40,561,559
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	15,644,006	-	15,644,006
Other	2300	-	-	-	1,256,067	-	1,256,067
Total Noninstructional Salaries		-	-	-	16,900,073	-	16,900,073
Instructional Aides							
Regular Status	2200	1,213,038	-	1,213,038	1,213,038	-	1,213,038
Other	2400	1,143,282	-	1,143,282	1,173,261	-	1,173,261
Total Instructional Aides		2,356,320	-	2,356,320	2,386,299	-	2,386,299
Total Classified Salaries		2,356,320	-	2,356,320	19,286,372	-	19,286,372
Employee Benefits	3000	10,694,213	-	10,694,213	19,433,455	-	19,433,455
Supplies and Material	4000	-	-	-	718,480	-	718,480
Other Operating Expenses	5000	1,697,007	-	1,697,007	11,038,336	-	11,038,336
Equipment Replacement	6420	-	-	-	1,083,135	-	1,083,135
Total Expenditures Prior to Exclusions		48,417,838	-	48,417,838	92,121,337	-	92,121,337

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 323,917	$ -	$ 323,917	$ 323,917	$ -	$ 323,917
Student Health Services Above Amount Collected	6441	-	-	-	41,818	-	41,818
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	367,036	-	367,036
Objects to Exclude							
Rents and Leases	5060	-	-	-	350,840	-	350,840
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.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 2,736,034	$ -	$ 2,736,034
Capital Outlay	6000						
Library Books	6300	-	-	-	11,782	-	11,782
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	1,071,353	-	1,071,353
Equipment - Replacement	6420	-	-	-		-	-
Total Equipment		-	-	-	1,071,353	-	1,071,353
Total Capital Outlay					1,083,135	-	1,083,135
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		323,917	-	323,917	4,902,780	-	4,902,780
Total for ECS 84362, 50 Percent Law		$ 48,093,921	$ -	$ 48,093,921	$ 87,218,557	$ -	$ 87,218,557
Percent of CEE (Instructional Salary Cost/Total CEE)		55.14%		55.14%	100.00%		100.00%
50% of Current Expense of Education					$ 43,609,278		$ 43,609,278

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

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

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 12,620,789
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 12,620,789	$ -	$ -	$ 12,620,789
Total Expenditures for EPA		$ 12,620,789	$ -	$ -	$ 12,620,789
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION
JUNE 30, 2018

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balances and Due to Student Groups:		
General Fund - unrestricted	$ 10,861,291	
General Fund - restricted	2,676,696	
Special Revenue Funds	832,481	
Capital Projects Funds	64,057,102	
Debt Service Funds	17,801,114	
Enterprise Fund	340,041	
Internal Service Fund	6,156,604	
Fiduciary Funds and due to student clubs	9,135,266	
		$ 111,860,595
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	363,629,103	
Accumulated depreciation is	(90,173,856)	273,455,247
Amounts held in trust on behalf of others (Trust and Agency Funds)		(9,018,574)
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		5,484,849
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(4,351,447)
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	9,811,760	
Net change in proportionate share of net pension liability	1,563,236	
Differences between projected and actual earnings on pension plan investments	1,777,953	
Differences between expected and actual experience in the measurement of the total pension liability	2,052,080	
Changes of assumptions	18,066,023	
Total Deferred Outflows of Resources Related to Pensions		33,271,052

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION, CONTINUED
JUNE 30, 2018

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	$ (1,809,399)	
Differences between projected and actual earnings on pension plan investments	(1,517,911)	
Differences between expected and actual experience in the measurement of the total pension liability	(994,068)	
Changes of assumptions	(605,126)	
Total Deferred Inflows of Resources Related to Pensions		$ (4,926,504)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
General obligation bond payable	259,836,540	
Unamortized premium - Bonds	20,162,133	
Certificate of participation	9,580,000	
Unamortized premium- Certificates of participation	984,564	
Early retirement plan	2,617,742	
Aggregate net OPEB liability	13,365,190	
Compensated absences (less amount set up in Governmental Funds)	3,331,209	
Aggregate net pension obligation	108,390,155	
In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is:	12,302,607	(430,570,140)
Total Net Position		$ (24,794,922)

See accompanying note to supplementary information.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

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

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

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		$ 18,997,238
Developing California's Workforce: Creating Pathways for Latino Transfer Students in High Demand Careers	84.031S	(555)
Total Expenditures of Federal Awards		$ 18,996,683

Schedule of Expenditures of State Awards

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

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

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statements of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

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

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

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Santa Clarita Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 17 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 18, 2018.

Purpose of This Report

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

Rancho Cucamonga, California
December 18, 2018

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

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on Compliance for Each Major Federal Program

We have audited Santa Clarita Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2018. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2018.

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Report on Internal Control Over Compliance

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

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

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 18, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

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

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP) Funds
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 440	Intersession Extension Programs
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

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

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

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

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

Rancho Cucamonga, California
December 18, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, and 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

None reported.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

None reported.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

None reported.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

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

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

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

2017-001 SECTION 475 - DISABLED STUDENT PROGRAMS & SERVICES (DSPS)

Criteria or Specific Requirement

California Code of Regulations (CCR) Title 5, *Education Code* Section 56062 outlines the criteria which students must meet in order to be counted as students with disabilities who are receiving services or instruction funded through the DSPS program.

California Code of Regulations (CCR) Title 5, *Education Code* Section 56022 requires each college to generate an Academic Accommodation Plan (AAP) and maintain a record of the interactive process between each DSPS student and a DSPS certificated staff member regarding the academic adjustments, auxiliary aids, services and/or instruction necessary to provide the student equal access to the educational process, given the educational limitations resulting from the student's disabilities. In addition, when a student is enrolled in educational assistance classes the AAP shall define measurable progress toward the goals of each class.

Condition

Three of 25 students selected for testing were counted as receiving service contacts. These contacts being claimed were for emails initiated by DSPS personnel, however, lacked substance or outcome-oriented contact, due to no student response. In addition, the same three students lacked evidence of updates to their Academic Accommodation Plan.

Questioned Costs

To be determined by the State Chancellor's Office and the DSPS program.

Context

The District served a total of 2,293 students during the 2016-2017 year. Based on the calculated error rate, 275 student files are at risk of not retaining sufficient documentation of outcome-oriented contact, and lack of evidence of updates to the student Academic Accommodation Plan.

Effect

By not following program guidelines, the special funding for the DSPS program could be jeopardized.

Cause

The DSPS department lacked the appropriate procedures to ensure compliance with Title 5 requirements.

Recommendation

The District should implement a control procedure for monitoring compliance issues related to this program to ensure that compliance requirements are met.

Current Status

Implemented.

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

August 29, 2019

Board of Trustees
Santa Clarita Community College District

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $85,000,000 Santa Clarita Community College District (Los Angeles County, California) General Obligation Bonds, Election of 2016, Series 2019 (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the Santa Clarita Community College District (the "District") voting at an election held on June 7, 2016, and a resolution adopted by the Board of Trustees of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal

alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Santa Clarita Community College District (the "District") in connection with the issuance of $85,000,000 of the District's General Obligation Bonds, Election of 2016, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on July 10, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of August 7, 2019, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) FTES of the District for the last completed fiscal year;

(C) outstanding District indebtedness;

(D) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(E) assessed valuation of taxable property in the District for the current fiscal year;

(F) twenty largest local taxpayers in the District in terms of their secured assessed valuations for the current fiscal year; and

(G) secured tax levy collections and delinquencies within the District for the last completed fiscal year, except to the extent the Teeter Plan, if adopted by Los Angeles County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties; and

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

4. unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional paying agent with respect to the Bonds or the change of name of such paying agent.

8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file

any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the

financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: August 29, 2019

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

By _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SANTA CLARITA COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: General Obligation Bonds, Election of 2016, Series 2019

Date of Issuance: August 29, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated:_____

SANTA CLARITA COMMUNITY COLLEGE DISTRICT

By _____[form only; no signature required]_____

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA CLARITA AND LOS ANGELES COUNTY

The District encompasses the City of Santa Clarita (the "City") and Los Angeles County (the "County"). The following economic data for the City and County are presented for information purposes only. The Bonds are not a debt or obligation of the City or County.

General

City of Santa Clarita. The City is the fourth largest city in the County and twenty-fourth largest in the state of California. The City is famously the home of Six Flags Magic Mountain and the California Institute of the Arts. Incorporated in 1987, City has a council-manager form of government from an elected five-member City Council, which in turn appoints a City Manager to carry out its policies and serve as the administrative head of the city organization. The title of Mayor is largely a ceremonial position that is changed each year within the council.

Los Angeles County. The County encompasses an area of approximately 4,081 miles in southwestern California. The 88 cities within the County encompass about 35% of the County, while more than 65% of the County remains unincorporated. The County has the largest population of any county in the nation with over 10 million inhabitants as of 2016. The County is bordered on the east and the south by Orange and San Bernardino Counties, on the north by Kern County, and on the west by Ventura County and the Pacific Ocean. The five-member Board of Supervisors, created by the state Legislature in 1852, is the governing body of the County of Los Angeles.

Population

The following table shows historical population figures for the Cities, the County and the State of California from 2010 through 2019.

POPULATION ESTIMATES
City of Santa Clarita, Los Angeles County and State of California
2010 through 2019

Year[(1)]	City of Santa Clarita	Los Angeles County	California
2010[(2)]	176,320	9,818,605	37,253,956
2011	177,613	9,885,948	37,594,781
2012	179,487	9,972,649	37,971,427
2013	206,801	10,040,960	38,321,459
2014	207,232	10,098,952	38,622,301
2015	207,948	10,155,753	38,952,462
2016	208,550	10,185,851	39,214,803
2017	212,375	10,226,920	39,504,609
2018	212,378	10,254,658	39,740,508
2019	218,103	10,253,716	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2011-19 (2010 Census Benchmark): California Department of Finance for January 1.

Personal Income

The following table shows per capita personal income for the County, State and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2008 through 2017
Los Angeles County, State of California, and the United States

Year	Los Angeles County	State of California	United States
2008	$43,431	$43,895	$40,904
2009	41,869	42,050	39,284
2010	43,569	43,609	40,545
2011	46,439	46,145	42,727
2012	49,459	48,751	44,582
2013	49,010	49,173	44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables show the principal employers in the City and County by number of employees.

PRINCIPAL EMPLOYERS
City of Santa Clarita
2018

Company		Employees
Six Flags Magic Mountain	Services: Amusement and Recreational	3,200
Princess Cruises	Services: Transportation Services	2,096
Henry Mayo Newhall Memorial Hospital	Services: Health Services	2,052
Boston Scientific	Wholesale Trade: Medical Supplies	1,000
The Master's College	Services: Educational Services	760
WalMart	Services: Retail	730
Cal Arts	Services: Educational Services	700
Woodward HRT (formerly HR Textron)	Manufacturing: Navigation, Guidance, Aeronautical, and Nautical Systems	680
Quest Diagnostics (formerly Specialty Laboratories)	Services: Medical Laboratories	648
Aerospace Dynamics	Manufacturing: Navigation, Guidance, Aeronautical, and Nautical Systems	617

Source: City of Santa Clarita 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2017
County of Los Angeles

Employer	Industry	Employees
Los Angeles County	Government	108,995
Los Angeles Unified School District	Education	60,015
University of California, Los Angeles	Education	47,596
U.S. Government- Federal Executive Board	Government	47,000
Kaiser Permanente	Non-profit health plan	36,468
City of Los Angeles	Government	32,987
State of California	Government	28,700
University of Southern California	Private university	20,163
Northrop Grumman Corp.	Defense contractor	16,600
Providence Health & Services So. California	Health care	15,255
Target Corp.	Retailer	15,000
Ralphs/Food 4 Less (Kroger Co. division)	Retail grocer	14,970
Walt Disney Co.	Entertainment	13,000
Albertsons/Vons/Pavilions	Retail grocer	13,000
Bank of America Corp.	Banking and financial services	12,500
Cedars-Sinai Medical Center	Medical center	12,242
NBC Universal	Entertainment	12,000
AT&T Inc.	Telecommunications	11,500
Home Depot	Home improvement specialty retailer	11,200
Los Angeles County MTA	Transportation	10,433
UPS	Transportation and freight	10,131
Los Angeles Department of Water & Power	Energy	9,438
Wells Fargo	Diversified financial services	9,001
Boeing Co.	Aerospace and defense systems	9,000
California Institute of Technology	Private university	8,702
Allied Universal	Electronic security systems	8,384
ABM Industries Inc.	Facility services, commercial cleaning	8,000
Los Angeles Community College District	Education	7,084
FedEx Corp.	Shipping and logistics	7,000
Long Beach Unified School District	Education	6,607
California State University, Northridge	Education	6,540
Dignity Health	Health care	6,274
Costco	Retailer	6,000
Amgen Inc.	Biotechnology	5,616
SoCal Gas	Natural Gas Utility	5,600
Raytheon	Aerospace and defense	5,500

Note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several additional companies may have qualified for this list, but failed to submit information or do not break out local employment data.
Source: "2018 Book of Lists," Los Angeles Business Journal, August 28, 2018.

Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years for the City, County, State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018[1]
City of Santa Clarita, Los Angeles County, the State of California, and the United States

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2014				
City of Santa Clarita	95,100	87,900	7,200	7.6
Los Angeles County	4,992,600	4,580,300	412,300	8.3
California	18,714,700	17,310,900	1,403,800	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Santa Clarita	95,100	89,300	5,800	6.0
Los Angeles County	4,989,800	4,659,700	330,100	6.6
California	18,851,100	17,681,800	1,169,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Santa Clarita	96,200	91,700	4,500	4.7
Los Angeles County	5,041,400	4,776,700	264,800	5.3
California	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Santa Clarita	112,300	107,700	4,600	4.1
Los Angeles County	5,096,500	4,853,800	242,700	4.8
California	19,205,300	18,285,500	919,800	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Santa Clarita	113,600	108,600	4,900	4.3
Los Angeles County	5,136,300	4,896,500	239,800	4.7
California	19,398,200	18,582,800	815,400	4.2
United States	162,075,000	155,761,000	6,314,000	3.9

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

The City and County are included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "MD"). The distribution of employment in the MD is presented in the following table for the past five calendar years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Los Angeles-Long Beach-Glendale MD

Category	2014	2015	2016	2017	2018
Total Farm	5,200	5,000	5,300	5,700	4,800
Total Nonfarm	4,192,600	4,285,800	4,394,600	4,448,300	4,510,100
Total Private	3,636,500	3,717,300	3,817,900	3,862,200	3,920,500
Goods Producing	493,100	497,300	497,100	490,300	491,600
Natural Resources and Mining	3,100	2,900	2,400	2,000	1,900
Construction	118,500	126,100	133,900	138,400	146,000
Manufacturing	371,500	368,200	360,800	349,900	343,700
Durable Goods	208,800	208,200	203,400	202,100	202,900
Nondurable Goods	162,700	160,000	157,400	147,700	140,800
Service Providing	3,699,500	3,788,500	3,897,400	3,958,000	4,018,500
Private Service Providing	3,143,300	3,222,000	3,320,800	3,371,900	3,428,900
Trade, Transportation and Utilities	804,500	822,200	835,600	845,700	850,900
Wholesale Trade	219,600	222,400	222,100	221,500	222,800
Retail Trade	415,700	422,200	424,600	426,100	425,300
Transportation, Warehousing and Utilities	169,300	177,600	188,900	198,200	202,800
Information	198,900	207,600	229,400	214,900	217,400
Financial Activities	211,200	215,600	219,800	221,600	223,000
Professional and Business Services	589,100	591,000	600,100	608,800	620,000
Educational and Health Services	725,000	745,900	772,700	800,600	823,600
Leisure and Hospitality	464,100	486,600	510,000	524,600	534,300
Other Services	150,500	151,000	153,300	155,700	159,700
Government	556,200	568,500	576,700	586,100	589,600
Total, All Industries	4,197,800	4,290,700	4,399,900	4,454,000	4,514,900

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles County (Los Angeles-Long Beach-Glendale MD) Annual Average Labor Force and Industry Employment, March 2018 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2013 through 2017 are shown in the following tables.

ANNUAL TAXABLE SALES
2013 through 2017
City of Santa Clarita
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	4,248	$2,397,544	6,012	$2,896,147
2014	4,447	2,475,198	6,232	3,004,553
2015	--	2,530,272	--	3,096,583
2016	--	2,533,678	--	3,151,492
2017	--	2,647,224	--	3,238,132

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2013 through 2017
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	179,370	$99,641,174	263,792	$140,079,708
2014	187,408	104,189,819	272,733	147,446,927
2015	--	108,147,021	--	151,033,781
2016	--	109,997,043	--	154,208,333
2017	--	113,280,347	--	159,259,356

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and County are shown in the following tables.

BUILDING PERMIT VALUATIONS
2014 through 2018
City of Santa Clarita
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$100,055	$142,103	$152,958	$174,908	$156,052
Non-Residential	46,472	60,775	85,177	104,325	80,277
Total	$146,527	$202,878	$238,135	$279,233	$236,329
Units					
Single Family	290	320	401	413	339
Multiple Family	31	111	52	139	68
Total	321	431	453	552	407

Note: Totals may not add to sum because of rounding. Data for 2019 is not yet available.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Los Angeles County
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$5,509,418	$6,383,036	$6,575,607	$7,368,352	$7,441,001
Non-Residential	6,657,571	5,645,372	5,287,623	6,037,503	6,694,097
Total	$12,166,989	$12,028,408	$11,863,230	$13,405,855	$14,135,098
Units					
Single Family	4,358	4,487	4,780	5,456	6,070
Multiple Family	14,349	18,405	15,589	17,023	17,152
Total	18,707	22,892	20,369	22,479	23,222

Note: Totals may not add to sum because of rounding. Data for 2019 is not yet available.
Source: Construction Industry Research Board.

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APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at https://ttc.lacounty.gov/monthly-reports/*, however, the information presented on such website is not incorporated herein by any reference.*

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of June 30, 2019, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$12.323
Schools and Community Colleges	16.492
Discretionary Participants	2.829
Total	$31.644

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	91.05%
Discretionary Participants:	
Independent Public Agencies	8.52%
County Bond Proceeds and Repayment Funds	0.43%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to

the Investment Report dated July 31, 2019, the June 30, 2019, book value of the Treasury Pool was approximately $31.644 billion and the corresponding market value was approximately $31.613 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of June 30, 2019:

Type of Investment	**% of Pool**
Certificates of Deposit	6.01
U.S. Government and Agency Obligations	64.00
Bankers Acceptances	0.00
Commercial Paper	29.51
Municipal Obligations	0.16
Corporate Notes & Deposit Notes	0.32
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of June 30, 2019, approximately 38% of the investments mature within 60 days, with an average of 547 days to maturity for the entire portfolio.