NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: "Aa2"
S&P: "AA"
(See "RATINGS" herein.)

Interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel is of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
$84,615,000
GENERAL OBLIGATION REFUNDING BONDS
2021 SERIES I (FEDERALLY TAXABLE)

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

The general obligation refunding bonds captioned above and designated as 2021 Series I (the "Bonds") offered hereunder by Long Beach Community College District (the "District") are issued for the purpose of refunding certain outstanding general obligation bonds approved at elections conducted in 2002 and 2008, at which more than 55% of the qualified voters in each election approved the issuance of general obligation bonds of the District and paying the costs of issuance of the Bonds. See the caption "PLAN OF REFUNDING" herein. The Bonds will be issued in denominations of $5,000 principal amount or integral multiples thereof and are payable as to principal amount or redemption price at the office of U.S. Bank National Association, Los Angeles, California, as agent of the Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent for the Bonds. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing on May 1, 2021.

The Bonds are issued in fully registered form and, when delivered, will be 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 for the Bonds as described herein under the caption "THE BONDS – Book-Entry Only System."

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

The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable. The Bonds are dated their date of delivery.

MATURITY SCHEDULE
On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN 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.

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel, and certain other conditions. Nixon Peabody LLP is also acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Bonds will be available through the facilities of DTC in New York, New York, on or about March 25, 2021.

RBC Capital Markets PIPER | SANDLER

Dated: March 4, 2021.

MATURITY SCHEDULE

$84,615,000
LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION REFUNDING BONDS
2021 SERIES I (FEDERALLY TAXABLE)

Maturity (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (542411)
2021	$ 1,375,000	2.000%	0.147%	100.185	NV1
2022	1,395,000	2.000	0.197	101.980	NW9
2023	1,420,000	2.000	0.267	103.626	NX7
2024	1,445,000	2.000	0.509	104.579	NY5
2025	1,480,000	2.000	0.853	104.611	NZ2
2026	9,465,000	2.000	1.113	104.385	PA5
2027	9,720,000	1.442	1.442	100.000	PB3
2028	11,235,000	1.642	1.642	100.000	PC1
2029	11,520,000	1.878	1.878	100.000	PD9
2030	10,900,000	1.998	1.998	100.000	PE7
2031	11,510,000	2.098	2.098	100.000	PF4
2032	13,150,000	2.198	2.198	100.000	PG2

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the registered owners of the Bonds. Neither the District nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance 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.

No dealer, broker, salesperson or other person has been authorized by the District to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation 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 described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but 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 opinion 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. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

The Underwriters have provided the following sentence for inclusion in the Official Statement:

"The Underwriters have 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 Underwriters do not guarantee the accuracy or completeness of such information."

The Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in reliance upon exemptions contained in Section 3(a)2 of the Securities Act and Section 3(a)12 of the Exchange Act, and have not been registered or qualified under the securities laws of any state.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER 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 UNDERWRITERS.

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.

Statements included or incorporated by reference in the following information constitute "forward looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "estimate," "budget" or other similar words. The achievement of results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Actual results may differ from the District's forecasts. The District is not obligated to issue any updates or revisions to the forward looking statements in any event.

The District maintains a website and certain social media accounts. However, the information presented on such website or through such social media accounts is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement are also not incorporated herein by such references.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Los Angeles County, State of California

District Administrators

Dr. Mike Muñoz, Interim Superintendent-President*
Dr. Kathleen Scott, Executive Vice President, Academic Affairs
Marlene P. Drinkwine, Vice President, Business Services
Gene Durand, Vice President, Human Resources
Dr. Nohel Corral, Interim Vice President, Student Support Services*

SPECIAL SERVICES

Underwriters

RBC Capital Markets, LLC
Los Angeles, California

Piper Sandler & Co.
El Segundo, California

Bond Counsel and Disclosure Counsel

Nixon Peabody LLP
San Francisco, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Paying Agent

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

Escrow Agent

U. S. Bank National Association,
Los Angeles, California

Verification Agent

Causey Demgen & Moore PC
Denver, Colorado

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* On March 2, 2021, the Long Beach Community College District held a special board meeting at which Dr. Mike Muñoz was appointed as Interim Superintendent-President beginning March 14, 2021 through June 30, 2022. Additionally, Dr. Nohel Corral was appointed as Interim Vice President, Student Support Services.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)

$84,615,000
GENERAL OBLIGATION REFUNDING BONDS
2021 SERIES I (FEDERALLY TAXABLE)

INTRODUCTION

General

The Long Beach Community College District (the "District") proposes to issue $84,615,000 aggregate principal amount of its General Obligation Refunding Bonds, 2021 Series I (Federally Taxable) (the "Bonds") pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Refunding Law") and other applicable laws of the State of California (the "State"), and pursuant to a resolution adopted by the Board of Trustees of the District on February 24, 2021 (the "Resolution"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Resolution.

Plan of Refunding

The Bonds are being issued to refund certain outstanding maturities of the District's General Obligation Refunding Bonds, 2002 Election, 2012 Series A, the District's General Obligation Bonds, 2008 Election, 2012 Series B, the District's General Obligation Refunding Bonds, 2014 Series E, and the District's General Obligation Refunding Bonds, 2015 Series F (collectively, the "Prior Bonds") and to pay the costs of issuance of the Bonds. The proceeds of the Prior Bonds were expended to finance certain qualified capital projects of the District approved by the voters at the respective elections. The Prior Bonds to be refunded with the proceeds of the Bonds are referred to herein as the "Refunded Bonds." Net proceeds of the Bonds will be deposited and invested under an escrow agreement, as further described under "PLAN OF REFUNDING" herein.

See "DEBT SERVICE SCHEDULE" for a summary of the District's outstanding general obligation bonds.

The District

The District, a community college district of the State in the County of Los Angeles (the "County"), was founded in 1927. The District operates two separate college campuses: the Liberal Arts Campus located at 4901 East Carson Street, Long Beach, California (the "Liberal Arts Campus") and the Pacific Coast Campus located at 1305 East Pacific Coast Highway, Long Beach, California (the "Pacific Coast Campus"). The District's boundaries include a majority of the City of Long Beach, the Cities of Signal Hill and Avalon, and most of Lakewood.

The District's funded full-time equivalent students ("FTES") were 19,517 in fiscal year 2018-19, 19,836 in fiscal year 2019-20 and are projected to be 19,043 in fiscal year 2020-21. The District's total assessed valuation for fiscal year 2019-20 was $69,681,180,789 and $73,631,307,252 in fiscal year 2020-21. The District has certain existing lease financing obligations as set forth in APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – THE DISTRICT – Operating Leases" and the District has direct and overlapping bonded indebtedness as set forth under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct and Overlapping Debt." The District's audited financial statements for fiscal year 2019-20 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT."

Description of the Bonds

Form and Registration. The Bonds will be issued in the form of current interest bonds, in fully registered form only, and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – Book-Entry-Only System" herein and APPENDIX E – "BOOK-ENTRY-ONLY SYSTEM" hereto. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners," or "Holders" of the Bonds (other than under the caption "TAX MATTERS" will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. The Bonds will be issued in initial denominations of $5,000 or any integral multiple thereof.

Redemption. The Bonds may be subject to redemption prior to their stated maturity as further described herein. See "THE BONDS –Redemption" herein.

Payments. The Bonds will be dated as of their initial date of delivery (the "Date of Delivery"), and interest on the Bonds will accrue from the Date of Delivery, and is payable semiannually on each May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing May 1, 2021. The principal amount of the Bonds is payable at maturity or at the earlier redemption upon surrender of the applicable Bond for payment. Payments of the principal of and interest on the Bonds will be made by wire transfer by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent") to DTC for subsequent distribution through DTC Participants (the "DTC Participants") to the Beneficial Owners of the Bonds. "Principal" or "Principal Amount" means, as of any date of calculation, with respect to any Bond, the principal amount thereof.

Bond Owner's Risks

The Bonds are general obligations of the District only, payable from *ad valorem* property taxes which may be levied upon 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 taxation of property within the District, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The outbreak of a strain of coronavirus ("COVID-19"), a respiratory tract illness first identified in Wuhan, China in late 2019, has spread to numerous countries across the globe, including the U.S. The District cannot predict the extent or duration of the outbreak or what overall impact it may have on the financial condition or operations of the District, or if there will be any impact on the assessed values of property within the District or collections or delinquencies of the *ad valorem* property tax securing the Bonds. Any financial information, including projections, forecasts and budgets presented herein do not account for the potential or any unknown effects of COVID-19, unless specifically referenced. For further information concerning the potential effects of the COVID-19 outbreak (i) on the security and source of payment for the Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Appeals of Assessed Value; Proposition 8 Reductions" and "– *Ad Valorem* Property Taxes, Tax Rates, Levies, Collections and Delinquencies," and (ii) on the District's operations and finances, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – THE DISTRICT – Risks Related to COVID-19."

In addition, on June 29, 2020, the State adopted its budget for fiscal year 2020-21 (the "2020-21 State Budget") which acknowledged the substantial impact of the COVID-19 pandemic and subsequent economic disruption on the State's general fund, and corresponding impacts on funding of school districts and community college districts. On January 8, 2021, Governor Gavin Newsom released the proposed State budget for the 2021-22 Fiscal Year (the "2021-22 Proposed State Budget"), which also addressed the ongoing impact of the COVID-19 pandemic. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Fiscal Year 2020-21 State Budget" and "– Fiscal Year 2021-22 Proposed State Budget" for additional information on the effect of COVID-19 pandemic on the State and its funding of community college districts.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Undertaking (defined herein) relating to the Bonds, 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 compliance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission. The specific nature of the information to be made available and of the notices of listed events is summarized under "LEGAL MATTERS – Continuing Disclosure" herein and in APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" attached hereto.

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," "intend," "expect," "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 FROM 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.

PLAN OF REFUNDING

The proceeds of the Prior Bonds were applied to the construction, improvement, equipping and furnishing certain facilities of the District described in the separate project lists approved by the voters of the District at the elections conducted on March 5, 2002, and February 5, 2008, respectively, and to pay all qualified costs of issuance in connection therewith.

The net proceeds of the Bonds will be deposited into an escrow fund (the "Escrow Fund") established under the terms of that certain Escrow and Deposit Agreement, dated as of March 1, 2021 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, in its capacity as escrow agent (the "Escrow Agent"). The Escrow Agreement provides for the investment of the proceeds of the Bonds deposited thereunder, including in noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America. Causey Demgen & Moore P.C., certified public accountants (the "Verification Agent") will verify the sufficiency of amounts so deposited and invested to provide for such payments. See "VERIFICATION" herein. Amounts in the Escrow Fund will be applied to the refunding of the Refunded Bonds on the dates indicated below:

Long Beach Community College District
General Obligation Refunding Bonds, 2002 Election, 2012 Series A

Maturity Date (May 1)	Principal Amount[(1)]	CUSIP Number (542411)
2026	$3,325,000	FC2
2027	3,495,000	FG3
2028	3,685,000	FD0
2029	3,875,000	FE8
2030	4,075,000	FF5

(1) To be refunded on May 1, 2022.

Long Beach Community College District
General Obligation Bonds, 2008 Election, 2012 Series B

Maturity Date (August 1)	Principal Amount[(1)]	CUSIP Number (542411)
2032	$12,655,000	GA5

(1) To be refunded on August 1, 2022.

Long Beach Community College District
General Obligation Refunding Bonds, 2014 Series E

Maturity Date (May 1)	Principal Amount[(1)]	CUSIP Number (542411)
2026	$5,120,000	JQ7
2027	5,375,000	JR5
2028	5,790,000	JS3
2029	6,080,000	JT1
2030	5,385,000	JU8
2031	5,680,000	JV6
2032	2,695,000	JW4
2032	4,305,000	JZ7

(1) To be refunded on November 1, 2024.

Long Beach Community College District
General Obligation Refunding Bonds, 2015 Series F

Maturity Date (June 1)	Principal Amount[(1)]	CUSIP Number (542411)
2028	$1,205,000	KP7
2029	1,290,000	KQ5
2030[(2)]	1,390,000	KA0

(1) To be refunded on June 1, 2025.
(2) May 1 maturity.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds	
Principal Amount	$84,615,000.00
Original Issue Premium	631,103.55
Total Sources	$85,246,103.55
Uses of Funds	
Deposit to Escrow Fund	$84,674,537.42
Costs of Issuance[(1)]	571,566.13
Total Uses	$85,246,103.55

(1) Costs of Issuance include, but are not limited to, Underwriters' discount, printing and rating costs, fees and expenses of the Escrow Agent, Paying Agent, Municipal Advisor, Bond and Disclosure Counsel, Verification Agent and other costs of issuance.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds will be issued pursuant to certain provisions of the Refunding Law and the Resolution. The Bonds are general obligations of the District and are secured by and payable from the levy of an *ad valorem* property tax sufficient to pay principal and interest as due on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in initial denominations of $5,000 or integral multiples thereof. The Bonds will be issued as current interest bonds with principal payable at the maturity dates of the Bonds or their earlier redemption. Interest on the Bonds is payable on each Interest Payment Date, commencing on May 1, 2021. Interest on each Bond shall accrue from its dated date. Each Bond will bear interest from the Interest Payment Date to which interest has been paid or duly provided for next preceding its date of authentication, unless such date of authentication will be (i) prior to the close of business on April 15, 2021, in which case such Bond will bear interest from its dated date, or (ii) subsequent to the close of business on the 15th day of the month preceding any Interest

Payment Date (each, a "Record Date") to and including the related Interest Payment Date, in which case such Bond will bear interest from such Interest Payment Date. Principal shall be payable in the years and amounts set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal amount of and interest or premium, if any, on the Bonds are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" herein.

Permitted Investments

Monies held in the Debt Service Fund established under the Resolution may be invested in any investment permitted by law. It is anticipated that monies in the Debt Service Fund will be invested in the Los Angeles County Treasury Pool (the "Treasury Pool"). All funds held by the Treasurer in the Debt Service Fund are expected to be invested at the sole discretion of the Treasurer, on behalf of the District, in investment pools of the County into which the District may lawfully invest its funds or in any other investment authorized pursuant to the State Government Code, all in accordance with the investment policy of the County, as such statutes and investment policy may be amended or supplemented from time to time. See APPENDIX F – "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" herein.

Redemption

The Bonds maturing on or before May 1, 2031, are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on May 1, 2032, are subject to redemption on or after May 1, 2031, at the option of the District, from any source of available funds, in whole or in part on any date, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus interest accrued thereon to the date fixed for redemption, without premium.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds of that series are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Bonds for redemption in such manner as the District shall direct. With respect to any Bonds designated for redemption, the Paying Agent will select such Bonds for redemption as directed by the District, or, in the absence of such direction, by lot. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District, or in the absence of such direction, by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; *provided, however,* that the portion of any Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof.

If the Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Bonds, if less than all of such Bonds of a series and maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as such Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Paying Agent pursuant to DTC operational arrangements. If the Paying Agent does not provide the necessary information and identify the redemption as on a "Pro Rata Pass Through Distribution of Principal" basis, such Bonds will be selected for redemption in accordance with DTC procedures by lot.

Notice of Redemption

When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, prior to the date designated for such redemption, shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed 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 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. Such Redemption Notice shall further state (A) that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and (B) that from and after such date, interest on such Bonds shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to each Redemption Notice: (i) at least 20 days but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective registered owner ("Owners") of the Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register and to the MSRB; and (ii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 20 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission, or (3) overnight delivery service, to each of the Securities Depositories and to the MSRB.

"Securities Depositories" means DTC and, in accordance with then-current guideline of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

Conditional Notice of Redemption

Any Redemption Notice may be made conditional upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Paying Agent, who shall notify the Owners of affected Bonds and the MSRB in the event such conditions are not met or are not expected to be met and/or such funds are not received or are not expected to be received, in the same manner in which the Redemption Notice was originally given. In the event that a Redemption Notice contains such a condition and such moneys are not so received and/or such conditions are not met, the redemption shall not be made and the Paying Agent will, within a reasonable time thereafter 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 and/or such condition was not met.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall 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 shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds

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

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund or deposited with a duly appointed escrow agent, in trust, for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent or deposited with a duly appointed escrow agent, in trust, so as to be available therefor on such redemption date, and any conditions to such redemptions described in the Redemption Notice will be met, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

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

No transfer or exchange of any Bond shall be required during the period from the 15th day of the month preceding each Interest Payment Date or after the 15th day next preceding a date for which such Bond has been selected for redemption in whole or in part.

Discharge and Defeasance

If all or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds, and when the same become due and payable;

(b) by depositing with the Paying Agent or an appointed escrow agent, in trust, at or before maturity, cash which together with amounts transferred from or then on deposit in the Debt Service Fund (and the accounts therein other than amounts that are not available to pay debt service) together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity or earlier redemption thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing in escrow with an institution that meets the requirements of serving as successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful moneys or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America or “prerefunded” municipal obligations rated in the highest category by Moody’s or S&P, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, as fully verified by the report of an independent certified public accountant licensed to practice in the State, to pay and discharge such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent or escrow agent to pay or cause to be paid to the Owners of such Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the Resolution.

Book Entry-Only System

The Bonds will be issued in denominations of $5,000 or any integral multiple thereof and will mature on the dates and in the principal amounts and bear interest at the rates per annum, all as set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” hereto.

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DEBT SERVICE SCHEDULE

The following table summarizes the debt service requirements of the District for all of its outstanding general obligation bonds (the "Outstanding Bonds") and the Bonds, assuming no further optional redemption:

Period Ending (May 1)	Outstanding Bonds Debt Service[(1)(2)]	The Bonds		Aggregate Debt Service
		Principal	Interest	
2021	$ 51,443,686	$ 1,375,000	$ 162,089	$ 52,980,774
2022	50,545,537	1,395,000	1,593,386	53,533,923
2023	34,712,326	1,420,000	1,565,486	37,697,812
2024	35,788,445	1,445,000	1,537,086	38,770,531
2025	37,088,185	1,480,000	1,508,186	40,076,371
2026	24,963,851	9,465,000	1,478,586	35,907,437
2027	22,630,502	9,720,000	1,289,286	33,639,788
2028	21,639,084	11,235,000	1,149,123	34,023,207
2029	22,773,797	11,520,000	964,644	35,258,441
2030	24,930,952	10,900,000	748,299	36,579,250
2031	18,583,626	11,510,000	530,517	30,624,143
2032	16,483,431	13,150,000	289,037	29,922,468
2033	27,545,163	-	-	27,545,163
`2034	26,232,538	-	-	26,232,538
2035	14,016,906	-	-	14,016,906
2036	14,103,200	-	-	14,103,200
2037	14,356,325	-	-	14,356,325
2038	14,671,425	-	-	14,671,425
2039	15,005,675	-	-	15,005,675
2040	15,347,900	-	-	15,347,900
2041	15,781,850	-	-	15,781,850
2042	24,650,500	-	-	24,650,500
2043	32,050,625	-	-	32,050,625
2044	32,369,138	-	-	32,369,138
2045	32,793,200	-	-	32,793,200
2046	33,224,006	-	-	33,224,006
2047	29,258,294	-	-	29,258,294
2048	29,553,681	-	-	29,553,681
2049	29,858,469	-	-	29,858,469
2050	21,304,238		-	21,304,238
Total[(2)]	$ 783,706,556	$ 84,615,000	$ 12,815,722	$ 881,137,277

(1) Figures may not sum to totals due to rounding.
(2) Excludes the Refunded Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District only and are not obligations of the County, the State or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of principal of and interest on the Bonds. It is expected that the County Board of Supervisors will approve a resolution authorizing the levy and collection of *ad valorem* property taxes for the payment of the Bonds following the pricing of the Bonds.

Assessed Valuations - Constitutional and Statutory Initiatives

Article XIIIA of the California Constitution. Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness or 55% of voters voting on the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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 one percent property tax is automatically levied by the 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 two percent annual adjustment 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 is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the $1 per $100 of taxable value.

Assessed Valuations in the District

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution.

The State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, sea level rise, fire or wildfire, flood, toxic dumping, pandemic or outbreak of infectious disease (including the current COVID-19 outbreak), etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District's outstanding general obligation bonds, including the Bonds. See "– Effect of Natural Disasters on Assessed Valuations" herein.

For fiscal year 2020-21, the District's total assessed valuation is $73,631,307,252, and for fiscal year 2019-20 the District's total assessed valuation was $69,681,180,789. Shown in the following tables are the assessed valuations of property in the District during the past six fiscal years, the assessed valuation by jurisdiction for fiscal year 2020-21, the assessed valuation and parcels by land use in the District for fiscal year 2020-21, the per parcel assessed valuation of single-family homes in the District for fiscal year 2020-21, and the twenty largest secured taxpayers in the District for fiscal year 2020-21.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Summary of Assessed Valuations
Fiscal Years 2015-16 through 2020-21

	Local Secured	Utility	Unsecured	Total
2015-16	$ 54,296,306,938	$ 820,628,889	$ 3,072,997,621	$ 58,189,933,448
2016-17	55,954,745,958	750,876,130	2,988,833,795	59,694,455,883
2017-18	58,767,900,340	574,920,768	3,174,548,806	62,517,369,914
2018-19	62,096,333,080	557,702,111	3,243,933,145	65,897,968,336
2019-20	65,380,490,747	854,086,933	3,446,603,109	69,681,180,789
2020-21	68,831,899,359	1,113,321,524	3,686,086,369	73,631,307,252

Source: California Municipal Statistics, Inc.

LONG BEACH COMMUNITY COLLEGE DISTRICT
2020-21 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Avalon	$ 999,419,586	1.36%	$ 999,419,586	100.00%
City of Hawaiian Gardens	307,247	0.00	1,017,812,136	0.03
City of Lakewood	6,155,311,993	8.36	10,618,540,771	57.97
City of Long Beach	63,329,944,636	86.01	64,588,432,740	98.05
City of Signal Hill	2,841,195,017	3.86	2,841,195,017	100.00
Unincorporated Los Angeles County	305,128,773	0.41	117,499,724,109	0.26
Total District	$73,631,307,252	100.00%		
Los Angeles County	$73,631,307,252	100.00%	$1,708,923,809,032	4.31%

Source: California Municipal Statistics, Inc.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Assessed Valuation and Parcels by Land Use

Non-Residential:	2020-21 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 1,762,469	0.00%	5	0.00%
Commercial	7,442,186,721	10.81	5,222	4.01
Vacant Commercial	158,760,184	0.23	631	0.48
Industrial	2,736,469,958	3.98	2,177	1.67
Vacant Industrial	197,202,199	0.29	709	0.54
Recreational	158,102,940	0.23	470	0.36
Government/Social/Institutional	643,298,157	0.93	699	0.54
Possessory/Mineral Rights	4,758,591,942	6.91	2,659	2.04
Miscellaneous	18,539,578	0.03	30	0.02
Other Vacant	251,479,457	0.37	650	0.50
Subtotal Non-Residential	$16,366,393,605	23.78%	13,252	10.17%
Residential:				
Single Family Residence	$32,585,644,710	47.34%	77,271	59.29%
Condominium/Townhouse	6,625,974,339	9.63	20,160	15.47
Mobile Home Park	56,000,168	0.08	12	0.01
2-4 Residential Units	6,344,034,282	9.22	12,945	9.93
5+ Residential Units/Apartments	6,629,921,202	9.63	4,918	3.77
Vacant Residential	223,931,053	0.33	1,770	1.36
Subtotal Residential	$52,465,505,754	76.22%	117,076	89.83%
Total	$68,831,899,359	100.00%	130,328	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Per Parcel 2020-21 Assessed Valuation of Single-Family Homes

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	77,271	$32,585,644,710	$421,706	$361,653

2020-21 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	942	1.219%	1.219%	$33,867,369	0.104%	0.104%
$50,000 - $99,999	6,966	9.015	10.234	539,521,408	1.656	1.760
$100,000 - $149,999	4,511	5.838	16.072	562,179,786	1.725	3.485
$150,000 - $199,999	5,164	6.683	22.755	908,542,429	2.788	6.273
$200,000 - $249,999	6,490	8.399	31.154	1,466,147,233	4.499	10.772
$250,000 - $299,999	7,057	9.133	40.287	1,938,329,993	5.948	16.721
$300,000 - $349,999	6,164	7.977	48.264	1,998,399,260	6.133	22.854
$350,000 - $399,999	5,478	7.089	55.353	2,049,242,527	6.289	29.142
$400,000 - $449,999	4,981	6.446	61.799	2,114,975,693	6.491	35.633
$450,000 - $499,999	4,877	6.312	68.111	2,316,514,091	7.109	42.742
$500,000 - $549,999	4,323	5.595	73.706	2,266,490,400	6.955	49.697
$550,000 - $599,999	4,029	5.214	78.920	2,316,346,106	7.108	56.806
$600,000 - $649,999	3,557	4.603	83.523	2,220,547,022	6.814	63.620
$650,000 - $699,999	2,804	3.629	87.152	1,889,434,022	5.798	69.419
$700,000 - $749,999	2,273	2.942	90.093	1,644,152,332	5.046	74.464
$750,000 - $799,999	1,564	2.024	92.117	1,209,805,005	3.713	78.177
$800,000 - $849,999	1,155	1.495	93.612	951,183,205	2.919	81.096
$850,000 - $899,999	856	1.108	94.720	747,693,810	2.295	83.391
$900,000 - $949,999	619	0.801	95.521	572,166,977	1.756	85.147
$950,000 - $999,999	539	0.698	96.219	525,281,465	1.612	86.759
$1,000,000 and greater	2,922	3.781	100.000	4,314,824,577	13.241	100.000
Total	77,271	100.000%		$32,585,644,710	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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Largest Taxpayers

The twenty largest local secured taxpayers in the District and their assessed valuations for 2020-21 are shown in the following table.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Largest 2020-21 Local Secured Taxpayers

	Property Owner	Primary Land Use	2020-21 Assessed Valuation	% of Total(1)
1.	Participants in Long Beach Unit	Industrial – Petroleum	$ 628,714,895	0.91%
2.	Terminal Investment Limited Sàrl	Industrial – Terminal Operations	408,835,000	0.59
3.	Pacific Maritime Services LLC	Industrial – Terminal Operations	405,088,384	0.59
4.	Macerich Lakewood LLC	Shopping Center	387,506,761	0.56
5.	Tidelands Oil Production Co.	Industrial – Petroleum	380,052,602	0.55
6.	CF Alpha And Golf Propco LLC	Office Building	252,452,000	0.37
7.	OOCL LLC	Industrial – Terminal Operations	248,766,094	0.36
8.	GCC Long Beach LLC	Industrial	234,600,000	0.34
9.	Internatonal Trans Serv	Industrial – Terminal Operations	214,566,000	0.31
10.	Massachusetts Mutual Life Insurance	Shopping Center	180,593,431	0.26
11.	Signal Hill Petroleum	Industrial – Petroleum	179,154,276	0.26
12.	TABC Inc.	Industrial	172,939,746	0.25
13.	Kilroy Realty LP	Office Building	168,043,782	0.24
14.	2009 CUSA Community Owner LLC	Apartments	162,025,004	0.24
15.	SSA Terminals LLC	Industrial – Terminal Operations	154,152,562	0.22
16.	John Hancock Life Insurance	Office Building	151,881,410	0.22
17.	Tesoro Logistics Operations LLC	Industrial – Petroleum	144,149,627	0.21
18.	Studio Management Services Inc.	Commercial	134,003,601	0.19
19.	Urban Commons Queensway LLC	Hotel	132,316,505	0.19
20.	IMT Capital IV Gallery LLC	Commercial	127,732,212	0.19
			$4,867,573,892	7.07%

(1) 2020-21 Local Secured Assessed Valuation: $68,831,899,359
Source: California Municipal Statistics, Inc.

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 in such a taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed above is a name listed on the tax rolls. The District cannot make any representation 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 above.

Effect of Natural Disasters on Assessed Valuations

As discussed above under "– Assessed Valuations in the District," assessed valuations are subject to change in each year, and such changes may result from a variety of factors, including natural disasters.

In recent years, there have been several notable natural disasters throughout the State. These include drought conditions, which led to a State-wide drought State of Emergency issued in January, 2014, and certain executive orders issued in 2015 and 2016, aimed at reducing water usage in local communities.

The District is located in a seismically active region. Active earthquake faults include the San Andreas Fault, Wilmington Blind-Thrust Fault and the Newport-Inglewood Fault, amongst others.

Although no significant earthquake activity has occurred in the District within the last 20 years, an earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the region's economy and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds.

The District is located in a coastal area of Southern California. The City of Long Beach, in which a substantial portion of the District is located, has projected sea levels will rise approximately 11 inches by 2030 and 24 inches by 2050, and could lead to increased flooding inland. Certain types of critical infrastructure, such as roads, emergency facilities, wastewater treatment plants, airports, schools, hospitals, and power plants can be vulnerable to rises in sea level and its impacts. Development in areas that are vulnerable to the impacts of sea level rise can put the assets in those areas at risk of damage and raise mitigation costs. The District cannot predict whether sea level rise or other related impacts of climate change or flooding will occur or if they would have a material adverse effect on the finances of the District or the surrounding economy.

In addition, major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020. The District did not sustain any property losses as a result of these recent fires. However, serious and significant property damage has resulted in other areas of the State due to fire damage. The Governor of the State (the "Governor") has previously signed a number of measures into law addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

The California Natural Resources Agency released its Fourth Climate Change Assessment in 2018, which included as key findings that the frequency of drought and the amount of acres burned by wildfire in the State would both increase in the future, and estimated substantial erosion in Southern California due to rising sea levels. This report detailed significant economic impact to the State as a result of these and other natural disasters. The report is publicly available at http://www.climateassessment.ca.gov/. The reference to this website is shown merely for reference and convenience; the information contained therein may not be current, has not been reviewed by the District and is not incorporated herein by this reference.

The District cannot predict or make any representations regarding the effects that natural disasters, such as fire, drought or extended drought conditions, flooding or rises in sea level, earthquakes or other related natural or man-made conditions, have or may have on the value of taxable property within the District, or to what extent the effects said natural disasters or conditions may have on economic activity in the District or throughout the State. See below under the heading "—Appeals of Assessed Valuation; Proposition 8 Reductions."

Ad Valorem Property Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). 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 property and real property having a tax secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer and Tax Collector of the County (the “Treasurer”).

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the Clerk of the County specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

On May 6, 2020, Governor Newsom issued Executive Order N-61-20 (“Executive Order N-61-20”), suspending penalties, costs or interest for the failure to pay taxes on property on the secured or unsecured roll, or to pay a supplemental bill, before the date and time such taxes became delinquent, and cancelling penalties, costs, and interest, through May 6, 2021. Executive Order N-61-20 applies to residential real property occupied by the taxpayer, or real property owned and operated by certain qualified small business, and requires that taxes owed on the property in question not be delinquent prior to March 4, 2020 and the taxpayer demonstrate economic hardship or that the failure to pay taxes was due to the COVID-19 pandemic.

The District cannot predict the level of delinquent property tax payments due to the COVID-19 pandemic or the effect that Executive Order N-61-20 will have on such level of delinquencies, or whether any further action will be taken by the State with respect to property tax payment or deadlines or delinquent payment of property taxes. The District cannot anticipate how the County will proceed with requests to cancel penalties on late property tax payments or any potential future adjustments to property tax payments related to COVID-19. The District cannot predict whether future property tax deadlines will remain in effect, the extent of delinquencies and delayed tax collections, or the impact of any such delay or delinquencies on the District’s financial conditions or operations. The County has not adopted the Teeter Plan, and therefore, 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. See “–Unavailability of Teeter Plan” herein. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due. If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

Tax Charges and Delinquencies

The District is a member of the California Statewide Delinquent Tax Financing Authority (the "Authority"). The Authority 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 State Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies in Los Angeles County. The Authority is a pass-through entity and financial information is not available.

The following tables set forth the County secured roll tax charges and corresponding delinquencies levied in the District for fiscal years 2015-16 through 2019-20.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

General Fund Apportionment

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2015-16	$14,810,484	$209,058	1.41%
2016-17	15,167,166	179,267	1.18
2017-18	15,988,514	197,695	1.24
2018-19	16,827,444	228,832	1.36
2019-20	17,871,030	401,179	2.24

Debt Service Levy Only

	Secured Tax Charge[2]	Amt. Del. June 30	% Del. June 30
2015-16	$20,956,879	$184,756	0.88%
2016-17	38,357,123	337,138	0.88
2017-18	39,960,820	391,005	0.98
2018-19	39,261,640	391,084	1.00
2019-20	41,356,162	617,526	1.49

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.
(2) District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Unavailability of the 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.

Tax Rates

The following table sets forth the typical tax rates per $100 of assessed valuation levied in Tax Rate Area 5500 for fiscal years 2017-18 through 2020-21.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Typical Tax Rates per $100 of Assessed Valuation (TRA 5500)[(1)]

	2017-18	2018-19	2019-20	2020-21
General	1.000000%	1.000000%	1.000000%	1.000000%
Long Beach Unified School District	.147323	.140534	.143341	.133634
Long Beach Community College District	.067598	.063192	.063085	.063272
Metropolitan Water District	.003500	.003500	.003500	.003500
Total Tax Rate	1.218421%	1.207226%	1.209926%	1.200406%

(1) 2020-21 assessed valuation of TRA 5500 is $23,814,229,231.
Source: California Municipal Statistics, Inc.

Appeals of Assessed Value; Proposition 8 Reductions

A property owner may appeal a county assessor's determination of assessed value based on Proposition 8, passed by the voters in November 1978 ("Proposition 8"), or based on a challenge to the base year value.

Proposition 8 requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Property owners may apply for a Proposition 8 reduction of their property tax assessment with the County board of equalization or assessment appeals board. In most cases, an appeal is based on the property owner's belief that market conditions cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the county assessor.

Any reduction in the assessed value granted as a result of a Proposition 8 appeal, or unilateral reassessment by the county assessor, applies to the year for which the application or reassessment is made. These reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it becomes subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and 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 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, sea level rise, fire, wildfire, pandemic, drought or other toxic contamination pursuant to relevant provisions of the State Constitution. 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 the State Constitution.

The COVID-19 pandemic has resulted in substantial economic disruption and may result in future disruption that causes a general market decline in property values therefore affecting the assessed value of property in the District. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – THE DISTRICT – Risks Related to COVID-19".

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate assessed valuation of property within the District due to appeals, as with any reduction in assessed valuation due to other causes, will result in an increase of the tax rate levied upon all property subject to taxation within the District for the payment of principal of and interest on the Bonds, when due.

California Senate Bill 222

On July 13, 2015, the Governor signed Senate Bill 222 ("SB 222") into law, effective January 1, 2016, to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance. See "LEGAL MATTERS – Limitations on Remedies; Amounts Held in the County Treasury Pool," "– California Senate Bill SB 222," and "– Special Revenues" herein for more information on SB 222.

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% 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% 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% 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% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Direct and Overlapping Debt

The following table is a statement of the District's direct and estimated overlapping bonded debt as of December 1, 2020. 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 below 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.

Column 1 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. Column 2 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 Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Direct and Overlapping Bonded Indebtedness

2020-21 Assessed Valuation: $73,631,307,252

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/20
Metropolitan Water District	2.224%	$ 716,795
Long Beach Community College District	**100.**	**506,475,714[(1)]**
Long Beach Unified School District	100.	1,410,589,702
Paramount Unified School District	0.131	187,208
City of Long Beach Community Facilities Districts	100.	44,045,000
City of Long Beach 1915 Act Bonds	100.	650,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,962,664,419
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	4.309%	$ 97,841,349
Los Angeles County Superintendent of Schools Certificates of Participation	4.309	196,722
Paramount Unified School District Certificates of Participation	0.131	35,999
City of Long Beach General Fund Obligations	98.052	97,841,188
City of Long Beach Pension Obligation Bonds	98.052	6,633,218
City of Signal Hill General Fund Obligations	100.	8,325,000
Los Angeles County Sanitation District No. 3 Authority	94.545	1,801,727
Other Los Angeles County Sanitation District Authorities	Various	188,586
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$ 212,863,789
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$ 234,934,288
COMBINED TOTAL DEBT		$2,410,462,496[(2)]

Ratios to 2020-21 Assessed Valuation:
Direct Debt ($506,475,714)..0.69%
Total Direct and Overlapping Tax and Assessment Debt......................2.67%
Combined Total Debt 3.27%

Ratio to Successor Agency Redevelopment Incremental Valuation ($20,419,626,859):
Total Overlapping Tax Increment Debt...1.15%

(1) Excludes general obligation bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Bonds. The summary is based upon the provisions of The Internal Revenue Code of 1986, as amended, (the "Code"), the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Bonds.

The District has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders

As used herein, the term ‘‘U.S. Holder’’ means a beneficial owner of Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Bonds.

Taxation of Interest Generally

Interest on the Bonds is <u>not</u> excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Bonds. In general, interest paid on the Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, the IRS issued proposed regulations which provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential applicability of these rules and their impact on the timing of the recognition of income related to the Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Bonds issued with original issue discount ("Discount Bonds"). A Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Bond's "stated redemption price at maturity" is the total of all payments provided by the Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Bond for each day during the taxable year in which such holder held such Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. Holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under "Recognition of Income Generally" above. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

Market Discount

Any owner who purchases a Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a Bond who acquires such Bond at a market discount also may be required to defer, until the maturity date of such Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Bond for the days during the taxable year on which the owner held the Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

Holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under "Recognition of Income Generally" above. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

Bond Premium

A holder of a Bond who purchases such Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Bonds held by the holder on the first day of the taxable year to which the election applies and to all Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Bonds who acquire such Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Bonds.

Surtax on Unearned Income

Section 1411 of the Code generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

Sale or Redemption of Bonds

A bondholder's adjusted tax basis for a Bond is the price such owner pays for the Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Bond is held as a capital asset (except in the case of Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued", or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Bond under the defeasance provisions of the Resolution could result in a deemed sale or exchange of such Bond.

EACH POTENTIAL HOLDER OF BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE BONDS, AND (2) THE CIRCUMSTANCES IN WHICH BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the District or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10-percent or more of the voting equity interests of the District, (2) is not a controlled foreign corporation for United States tax purposes that is related to the District (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS FormW-8 (series) (or successor form) to the District, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Bonds must certify to the District or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the District or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Bonds , FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Bonds shall have no recourse against the District, nor will the District be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of "withholdable payment" for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Bonds are outstanding, the District, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the District, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the District, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under "—Non-U.S. Holders" above), or has otherwise established an exemption (provided that neither the District nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes

Bond Counsel is of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other State, city, or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any jurisdiction other than California.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law ("Similar Laws") which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the District were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of the District would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an "equity interest" in the District and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Bonds, including the reasonable expectation of purchasers of Bonds that the Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the District or the Issuing and Paying Agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the District, the Underwriter or any of their respective affiliates may receive certain benefits in connection with the sale of the Bonds, the purchase of the Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Bonds using plan assets of a Benefit Plan should consult with its counsel if the District or the Underwriter or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

LEGAL OPINION

The legal opinion of Nixon Peabody LLP, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds will be supplied to the Underwriters of the Bonds without charge. The form of legal opinion is attached hereto as APPENDIX B. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

LEGALITY FOR INVESTMENT

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

VERIFICATION

The sufficiency of amounts and investment earnings on deposit under the Escrow Agreement and to be paid with respect to the Refunded Bonds will be verified by the Verification Agent. The Verification Agent will deliver a report to that effect on the date of delivery of the Bonds. The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that it has no obligation to update its report because of events occurring, or data or information coming to their attention, subsequent to the date of its report.

RATINGS

S&P Global Ratings ("S&P") and Moody's Investors Service ("Moody's" and, together with S&P, the "Rating Agencies") have assigned their municipal bond ratings of "AA" and "Aa2" to the Bonds, respectively. The District has furnished to the Rating Agencies certain materials and information with respect to itself and the Bonds, including information not included in this Official Statement, about the District and the Bonds. Generally, a rating agency bases its rating on such information and materials and on its own investigations, studies and assumptions. Such ratings reflect only the view of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained as follows: S&P, 55 Water Street, New York, New York 10041, tel. (212) 438-2000 and Moody's, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. A rating may be changed, suspended or withdrawn as a result of changes in or unavailability of information. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. The District has not undertaken any responsibility to bring to the attention of Owners of the Bonds any proposed revision or withdrawal of a rating on the Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

Continuing Disclosure

In accordance with the requirements of the Rule promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in the form of APPENDIX D hereto, on or prior to the issuance of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriters in complying with the Rule. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" hereto.

In the last five years, the District has filed all of its annual reports. However, in the last five years, although notices regarding changes to the ratings of bond insurers for certain of the District's outstanding obligations were filed, such notices were not timely filed. The District has filed material event notices in connection with the ratings changes of such insurers relating to its General Obligation Bonds, 2008 Election, 2008 Series A (the "2008 Bonds") and its General Obligation Bonds, 2002 Election, 2007 Series D (the "2007 Bonds"), but such filings were not made within ten business days after such events. While the District's Annual Report and Audited Financial Statements for Fiscal Year 2014-15 and Fiscal Year 2016-17 were available on EMMA in a timely manner, such information was not initially linked to the CUSIPs of each affected bond.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial 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.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

California Senate Bill 222

SB 222 became effective on January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the California Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the State Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts.

SB 222, applicable to general obligations bonds issued after its effective date, such as the Bonds, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

Special Revenues

If the District were to become a debtor in a Chapter 9 proceeding, because the Bonds are for the financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted to the repayment of the Bonds, the District believes that those taxes are "special revenues" as defined in the Bankruptcy Code, and thus there is a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition has historically been understood not to stay the application of special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal and interest to Owners of the Bonds likely would continue under 11 U.S.C. § 922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District believes that: the *ad valorem* property taxes could not be used for any other purpose other than repayment of the Bonds; the *ad valorem* property taxes should be determined to be special revenues in a Chapter 9 proceeding, and thus Owners of the Bonds would ordinarily continue to be paid post-petition; and the *ad valorem* property taxes are also protected by a statutory lien in favor of the Owners of the Bonds. However, bankruptcy courts are courts of equity and as such have broad discretionary powers, and there is no binding judicial precedent dealing with the treatment in bankruptcy proceeds of *ad valorem* property tax revenues collected for the payment of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the bankruptcy court could find that the automatic stay exception for special revenues does not apply and the parties to the proceedings may thus be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues), or to enforce any obligation of the District, without the permission of the bankruptcy court. It is also possible that the bankruptcy court may not enforce the State law use restriction imposed on *ad valorem* property taxes.

Even if the *ad valorem* property tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its colleges, before the remaining revenues are paid to Owners of the Bonds. It should also be noted that it is possible – in the context of confirming a Plan of Adjustment (the "Plan") in a Chapter 9 case where the Plan has not received the requisite consent of the Owners of the Bonds – a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds' terms are fair and equitable.

The Resolution and State law require the County to levy *ad valorem* property taxes annually upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus 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 Investment Pool, as described in APPENDIX F – "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" herein. In the event the District or the County were to file for bankruptcy relief, a bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which might include taxes that have been collected and deposited in the Debt Service Fund, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal and interest on the Bonds unless the owners of the Bonds can "trace" those funds. There can be no assurance that the owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Further, 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, or what amount of time would be required for such procedures to be completed. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

UNDERWRITING

RBC Capital Markets, LLC ("RBC") and Piper Sandler & Co. ("Piper Sandler") as Underwriters (collectively, the "Underwriters"), have agreed to purchase the Bonds from the District at the purchase price of $84,949,951.05 (being the par amount of the Bonds, plus original issue premium of $631,103.55, less an Underwriters' discount of $296,152.50), at the rates and yield shown on the inside cover hereof.

The following paragraphs in this section have been provided by the Underwriters. The District cannot and does not make any representation as to the accuracy or the completeness thereof.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

RBC made a voluntary contribution to the committee that was formed to support the elections that authorized the issuance of the bonds that are being refunded.

The Underwriters intend to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriters may, however, offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

PROFESSIONALS INVOLVED IN THE OFFERING

The District has retained Fieldman, Rolapp & Associates, Inc. to serve as Municipal Advisor with respect to the issuance of the Bonds. The Underwriters, Municipal Advisor, Bond Counsel, Disclosure Counsel and Underwriters' Counsel will receive compensation with respect to the Bonds which is contingent upon the sale and delivery of the Bonds.

FINANCIAL STATEMENTS

The District's Audited Financial Statements for fiscal year 2019-20 have been audited by CliftonLarsonAllen LLP, independent certified public accountants (the "Auditor"), as stated in their report appearing in APPENDIX C. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX C 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.

NO LITIGATION

No litigation is pending or threatened concerning the validity 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* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

The District is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

OTHER INFORMATION

References are made herein to certain documents reports, statutes, and constitutional provisions which are brief summaries thereof, and which do not purport to be complete, comprehensive or definitive, and are qualified in their entireties by reference each such document, report, statute and constitutional provision. Reference is made to such documents, reports, statutes, and constitutional provisions for full and complete statements of the contents thereof. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Resolution may be obtained by contacting the Vice President, Business Services, Long Beach Community College District, 4901 East Carson Street, Long Beach, California 90808. The District may charge a nominal fee for copying and shipping.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended 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 of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

LONG BEACH COMMUNITY COLLEGE DISTRICT

By: /s/ Marlene P. Drinkwine
Vice President, Business Services

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APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

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APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the Long Beach Community College District (the "District"), its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District does not receive **ad valorem** ***tax revenues collected by the County to pay debt service on the Bonds (or its other general obligation bonds). Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the Debt Service Fund of the District which is maintained by the County. The Bonds are and will continue to be payable solely from*** **ad valorem** ***taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."***

This APPENDIX A provides information concerning the operations and finances of the District. The Bonds are general obligation bonds of the District, secured and payable from **ad valorem** ***property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California or any of its other political subdivisions or of the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.***

Any financial information, including projections, forecasts and budgets presented herein, does not yet account for potential effects of COVID-19, unless specifically referenced.

THE DISTRICT

District Organization

The District was founded in 1927. The District operates two separate college campuses: the Liberal Arts Campus located at 4901 East Carson Street, Long Beach, California (the "Liberal Arts Campus") and the Pacific Coast Campus located at 1305 East Pacific Coast Highway, Long Beach, California (the "Pacific Coast Campus"). The District's boundaries include a majority of the City of Long Beach, the Cities of Signal Hill and Avalon, and most of Lakewood.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. 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 offices and the dates their terms expire, are listed below:

LONG BEACH COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES

Name	Office	Term Expires
Uduak-Joe Ntuk	President	Dec 2022
Herlinda Chico	Vice President	Dec 2024
Dr. Virginia Baxter	Member	Dec 2022
Vivian Malauulu	Member	Dec 2024
Sunny Zia	Member	Dec 2022

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Long Beach Community College District, 4901 East Carson Street, Long Beach, California 90808, Attention: Executive Vice President of Finance, Facilities and Technology Services.

Key Personnel

The following is a listing of the key administrative personnel of the District:

Name	Title
Dr. Mike Muñoz	Interim Superintendent-President
Dr. Kathleen Scott	Executive Vice President, Academic Affairs
Marlene P. Drinkwine	Vice President, Business Services
Gene Durand	Vice President, Human Resources
Dr. Nohel Corral	Interim Vice President, Student Support Services

The Superintendent-President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. The term of the agreement between the current Interim Superintendent-President Lou Anne Bynum and the Board of Trustees ends March 13, 2021. On March 2, 2021, the District held a special board meeting at which Dr. Mike Muñoz was appointed as Interim Superintendent-President beginning March 14, 2021 through June 30, 2022. Additionally, Dr. Nohel Corral was appointed as Interim Vice President, Student Support Services.

District Employees

As of September 30, 2020, the District employed 353 full-time certificated professionals and 535 full-time classified employees and managers. In addition, the District employs 1,069 part-time faculty and staff (including limited term employees). The District has had no strikes or work stoppages by its represented employees.

The District's collective bargaining units are the Long Beach City College Faculty Association ("LBCCFA") (formerly the California College Association ("CCA")), which represents full-time faculty; the Certificated Hourly Instructors ("CHI/CTA/NEA") which represents part-time faculty; and the Long Beach Council of Classified Employees ("LBCCE/AFT/AFL-CIO") which represents classified support staff.

The contract with LBCCFA expires on June 30, 2023. The contract includes a 2.76% increase to salary schedules and an additional 1% increase to the highest step (step 20) effective July 1,2020. The contract with CHI/CTA/NEA expires on June 30, 2022. The contract includes a 2.75% increase to salary schedules retroactive to July 1, 2019. The contract with LBCCE/AFT/AFL-CIO expires on June 30, 2023. The contract includes a 2.00% increase to salary schedules effective July 1, 2020.

Insurance

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 has established an Internal Service Fund to account for and finance its risks of loss related to property and liability. Under this program, the Internal Service Fund provides coverage for up to a maximum of $10,000 for each general liability claim and $5,000 for each property damage claim. The District participates in a joint powers authority (a "JPA") to provide excess insurance coverage above the member retained limit for property and liability claims (see below.) Settled claims have not exceeded the coverage provided by the JPA by a significant amount in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Funding is provided by transfers from the General Fund. Claims paid within the member-retained limit for fiscal year 2018-19 totaled $56,506 and $42,215 for fiscal year 2019-20.

Prior to July 1, 2003, the District was self-insured for risks of loss related to workers' compensation. Under this program, the District provided funding ranging from $100,000 up to a maximum of $500,000 based on the claim year, for each workers' compensation claim. The District purchased commercial insurance and/or participated in a JPA to provide coverage for claims above the self-insured retention level to the statutory limit of $1 million. Settled claims have not exceeded this additional coverage in any of the past three fiscal years.

The District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid for fiscal year 2018-19 totaled $15,208 and $59,013 for fiscal year 2019-20.

The District participates in the Statewide Association of Community Colleges Joint Powers Authority ("SWACC JPA"). The District maintains comprehensive general liability insurance in an amount of $1,000,000 per occurrence, automobile liability insurance in an amount of $1,000,000 per occurrence, automobile physical damage (comprehensive/collision) coverage for actual a cash value, Property – Building/Contents Insurance (Fire, Theft, Rental Interruption) for replacement costs subject to SWACC policy limits and Employee Honesty (Crime) insurance, subject to SWACC policy limits.

The District is also a member of the Schools Association for Excess Risk Joint Powers Authority ("SAFER JPA") for excess Liability and Property insurance. The SAFER JPA provides the District with property coverage limits of $250,250,000 per occurrence. The SAFER JPA provides excess liability coverage of $49 million per occurrence in excess of the Statewide Association for Community Colleges pooled layer of $1 million per occurrence.

The District believes its coverages are adequate, customary and comparable with such insurance maintained by similarly situated California community colleges. In addition, based upon prior claims experience, the District believes that the recorded liabilities for claims are adequate.

District Enrollment

The District had no unfunded FTES for fiscal year 2019-20 and is budgeted to have no unfunded FTES for fiscal year 2020-21. The table on the following page sets forth the FTES figures for the District for fiscal years 2015-16 through 2019-20, representing only funded FTES, and the projected funded FTES in the District for the next two fiscal years.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Full-Time Equivalent Students
Fiscal Years 2015-16 through 2019-20, and Projections through 2021-22

Fiscal Year	FTES	Increase/Decrease From Prior Year
2015-16[1]	19,077	(1,698)
2016-17	21,076	1,999
2017-18	18,897	(2,179)
2018-19	19,517	620
2019-20	19,836	319
2020-21[2]	19,043	(793)
2021-22[2]	19,043	0

(1) Figures as of Period 3, which is the third of three FTES enrollment reporting periods for California Community Colleges. Reflects a shift of enrollment for summer classes in 2016 from fiscal year 2015-16 to fiscal year 2016-17. Due to the decline in enrollment for fiscal year 2015-16, the District went into stabilization and received the same base apportionment funding for fiscal year 2015-16 that was received in fiscal year 2014-15.

(2) Projected.

Source: The District.

Population

The populations of the City of Long Beach, the County and the State are set forth in the following table. This table does not reflect any changes that may have occurred in population across the State related to the recent wildfires or the COVID-19 pandemic.

POPULATION FIGURES
2014 through 2020

Year	City of Long Beach	County of Los Angeles	State of California
2014	477,566	10,089,847	38,572,211
2015	479,436	10,150,617	38,915,880
2016	479,756	10,182,961	39,189,035
2017	480,173	10,241,278	39,523,613
2018	475,984	10,254,658	39,740,508
2019	472,802	10,184,378	39,695,376
2020	472,217	10,172,951	39,782,870

Data as of January 1 of each year.
Source: California State Department of Finance.

Employment

The following table sets forth the principal employers in the City of Long Beach as of September 30, 2019. However, the 2020-21 State Budget recognizes a significant increase in unemployment claims in the State related to the COVID-19 pandemic, as described in " – Fiscal Year 2020-21 State Budget" herein.

CITY OF LONG BEACH
Principal Employers

Employer	Number of Employees
1. Long Beach Unified School District	12,825
2. City of Long Beach	5,476
3. Long Beach Memorial Medical Center	5,106
4. California State University Long Beach (CSULB)	3,962
5. Veteran Affairs Medical Center	3,040
6. Long Beach City College	2,670
7. Molina Healthcare Inc.	1,967
8. St. Mary Medical Center	1,570
9. CSULB Research Foundation	1,524
10. The Boeing Company	1,202

Source: City of Long Beach

District Investments

The Treasurer of the County manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County, school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the County's Treasury Pool, see APPENDIX F – "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS."

Revenue Limits

The State provides the largest percentage of the District's revenues, based on certain formulas. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – *General*" herein.

Funding of a district's revenue limit is accomplished by a mix of (1) local property taxes (2) State apportionments of basic aid and (3) student enrollment fees. Generally, the State apportionments amount to the difference between the district's revenue limit and its local property tax revenues and student enrollment fees.

Article XIIIA of the California Constitution and other legislation permit each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribe how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County 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 property and real property having a tax secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted for non-payment on or about June 30 of the fiscal year and is subject to the power of sale five years from such date if delinquent taxes are not paid. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the Treasurer. For additional details on property tax levies and collections, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – *Ad Valorem* Property Tax Rates, Levies, Collections and Delinquencies" herein.

Federal Revenues

The federal government provides funding for several District programs, including Supplemental Education Opportunity Grants, Work Study, Pell Grant, Veterans' Education, and Temporary Assistance for Needy Families. The federal revenues, most of which are restricted, comprised approximately 47.5% of total District operating revenues in fiscal year 2019-20.

Expenditures

Funding of the above revenue limits is accomplished by a mix of local property taxes, enrollment fees, and State aid. Since the passage of Article XIIIA of the California Constitution in 1978, property taxes received by the District have been limited to the District's share of one percent of the full cash value collected by the County. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations – Constitutional and Statutory Initiatives" in the forepart of this Official Statement.

As noted in the financial statements included and attached as APPENDIX C, the District's major expenditures each year are employee salaries and benefits.

Financial Statements of the District

The information in the following tables, concerning the operations and finances of the District is not intended to and does not suggest that the Bonds are secured by the general revenues or General Fund of the District. The Bonds are general obligation bonds of the District, secured and payable solely from ad valorem property taxes collected against taxable properties within the boundaries of the Original District. Prospective purchasers of the Bonds should be aware that the following discussion of the District's financial condition, its fund balances, budgets and other obligations is intended as general information only, and no implication is made the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. Any financial information, including projections, forecasts and budgets presented herein, does not yet account for potential effects of COVID-19, unless specifically referenced.

The District's General Fund finances most of the activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, interest income, facilities rentals, enrollment fees, and aid from other governmental agencies. Certain information from the District's financial statements follows. The District's audited financial statements for fiscal year 2019-20 are attached hereto as APPENDIX C. The District's complete audited financial statements for prior and subsequent fiscal years can be obtained by contacting the District's Fiscal Services Office located at 4901 East Carson Street, Long Beach, California 90808, telephone: (562) 938-4102. The District may impose a fee for copying, mailing and handling.

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds used by the District are categorized as follows:

Governmental Funds	Fiduciary Funds
General Fund	Associated Students Trust Fund
Special Revenue Funds	Student Financial Aid Trust Fund
Debt Service Funds	Retiree Health Fund
Capital Projects Funds	Student Representation Fee Fund

Proprietary Funds
Enterprise Funds
Internal Service Funds

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The financial statements included herein were prepared by the District using information from the annual financial reports which are prepared by the Director of Fiscal Services for the District and audited by independent certified public accountants each year.

Budgets of the District

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year the District adopts a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The Chancellor of California Community Colleges (the "Chancellor") imposes a uniform budgeting format for each community college district in the State.

District Finances

The following pages describe the District's audited financial results for the fiscal years 2017-18 through 2019-20, as well as a comparison of the adopted general fund budget to audited actuals for fiscal years 2017-18 through 2019-20, and the general fund adopted budget and mid-year projections for 2020-21.

A copy of the most recent audited financial statements of the District prepared by CliftonLarsonAllen LLP, Glendora California (the "Auditor") are attached as APPENDIX C hereto (the "Financial Statements"). The Auditor's letter dated February 4, 2021 is set forth at the beginning of the Financial Section of the Financial Statements. The Financial Statements should be read in their entirety. The Auditor has not been engaged to perform, and has not performed, since the February 4, 2021 date of its letter included in the Financial Statements, any procedures on the Financial Statements. The Auditor also has not performed any procedures relating to the Official Statement and has no responsibility for the content hereof.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Statement of Revenues, Expenditures and Changes in Net Position[1]
Fiscal Years Ended June 30, 2018 through June 30, 2020

	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
OPERATING REVENUES			
Tuition and fees (gross)	$ 28,205,629	$ 28,031,139	$ 27,444,944
Less: Scholarship discounts and allowances	(16,072,900)	(14,952,753)	(15,307,090)
Net tuition and fees	$ 12,132,729	$ 13,078,386	$ 12,137,854
Grants and contracts, non-capital:			
Federal	46,745,613	45,054,618	51,348,359
State	35,591,805	34,764,846	39,807,149
Local	5,492,094	5,169,151	4,207,827
Sales	1,004,163	877,516	675,363
TOTAL OPERATING REVENUES	$ 100,966,404	$ 98,944,517	$ 108,176,552
OPERATING EXPENSES			
Salaries	96,757,343	94,867,316	102,663,169
Employee benefits	54,167,805	57,815,151	57,080,989
Supplies, materials and other operating expenses and services	38,104,326	34,210,578	38,709,651
Financial aid	45,658,217	44,788,019	56,753,885
Utilities	3,106,458	2,957,117	2,960,495
Depreciation	16,011,486	16,724,277	18,456,653
TOTAL OPERATING EXPENSES	$ 253,805,635	$ 251,362,458	$ 276,624,842
OPERATING LOSS	$(152,839,231)	$(152,417,941)	$(168,448,290)
NON-OPERATING REVENUE (EXPENSES)			
State apportionments, non-capital	77,192,646	81,499,170	86,951,463
Local property taxes	36,835,746	32,908,849	33,767,436
State taxes and other revenues	5,332,797	4,820,317	4,727,442
Interest and investment income	1,337,737	2,141,619	1,991,078
TOTAL NON-OPERATING REVENUES (EXPENSES)	$ 120,698,926	$ 121,369,955	$ 133,968,633[2]
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	$ (32,140,305)	$ (31,047,986)	$ (34,479,657)
OTHER REVENUE, EXPENSES, GAINS AND LOSSES			
State apportionments, capital	1,352,735	2,636,557	4,609,288
Local property taxes and revenue, capital	43,276,199	43,905,042	44,158,707
Interest and investment income, capital	1,495,796	1,313,523	1,854,134
Interest expense and costs of issuing capital asset-related debt	(18,614,687)	(20,135,420)	(20,489,469)
Loss/gain on disposal of capital assets	27,572	29,338	14,549
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES	$ 27,537,615	$ 27,749,040	$ 30,147,209
INCREASE (DECREASE) IN NET POSITION	(4,602,690)	(3,298,946)	(4,332,448)
NET POSITION, BEGINNING OF YEAR	$ (93,797,328)	$ (98,400,018)	$ (101,698,964)
Cumulative Effect of Change in Accounting Principles	-	-	-
NET POSITION, END OF YEAR	$ (98,400,018)	$ (101,698,964)	$ (106,031,412)

(1) Table reflects the primary governmental funds of the District.
(2) Figure includes $6,531,214 in federal grants and contracts of the District not reflected in the table.
Source: The District.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Schedule of Financial Trends and Analysis for the General Fund (Restricted and Unrestricted)
for Fiscal Years 2017-18 through 2019-20, with Adopted Budget and Mid-Year Projections for Fiscal Year 2020-21

	2017-18 Budgeted	2017-18 Audited Actuals	2018-19 Budgeted	2018-19 Actuals	2019-20 Budgeted	2019-20 Actuals	2020-21 Budgeted	2020-21 Mid-Year Projection
REVENUES:								
Federal	$ 9,666,513	$ 6,969,541	$ 6,380,397	$ 6,785,551	$ 6,736,362	$ 10,055,014	$ 20,213,872	$ 20,179,875
State	121,319,814	112,466,031	121,410,352	113,647,685	129,212,292	123,586,118	130,993,119	132,974,055
County and Local	45,790,261	49,944,835	47,805,910	49,441,489	49,225,994	47,089,664	49,519,174	51,254,078
Other Financing Sources	341,591	323,339	360,675	355,046	323,043	346,746	20,351	20,351
Total Revenues	$ 177,118,179	$ 169,703,746	$ 175,957,334	$ 170,229,771	$ 185,497,691	$ 181,077,542	$ 200,746,516	$ 204,428,359
EXPENDITURES:								
Academic Salaries	$ 56,775,601	$ 57,566,489	$ 58,436,299	$ 56,279,241	$ 60,687,705	$ 60,256,308	$ 62,381,899	62,732,054
Classified Salaries	36,799,245	36,995,878	38,208,696	35,795,798	40,682,816	38,900,679	43,696,299	42,957,760
Employee Benefits	44,179,387	42,433,709	45,777,531	45,785,616	49,426,130	48,958,394	51,629,022	51,174,380
Supplies and Materials	4,500,890	2,422,677	4,596,411	2,049,457	4,940,233	3,675,074	5,386,312	5,657,941
Other Operating Expenses and Services	36,415,095	22,866,379	26,037,259	17,973,265	25,704,537	19,506,178	37,930,077	38,600,166
Capital Outlay	4,101,256	3,557,970	3,773,295	3,826,166	4,064,801	4,368,592	3,869,034	4,484,917
Other Outgo	3,143,060	3,852,447	3,251,169	2,368,804	4,212,950	2,482,952	3,418,093	3,584,997
Total Expenditures	$ 185,914,534	$ 169,695,549	$ 180,080,660	$ 164,078,347	$ 189,719,172	$ 178,148,177	$ 208,310,736	$ 209,192,215
Change in Fund Balance	$ (8,796,355)	$ 8,197	$ (4,123,326)	$ 6,151,424	$ (4,221,481)	$ 2,929,365	$ (7,564,220)	$ (4,763,856)
Beginning Fund Balance	$ 34,952,077	$ 34,952,077	$ 34,960,274	$ 34,960,274	$ 41,111,698	$ 41,111,698	$ 44,041,063	$44,041,063
Ending Fund Balance	$ 26,155,722	$ 34,960,274	$ 30,836,948	41,111,698	$ 36,890,217	$ 44,041,063	$ 36,476,843	$39,277,207

District Debt

The District's general obligation indebtedness as of June 30, 2020, was approximately $514,189,609, which was 0.74% of its total fiscal year 2019-20 assessed valuation. See "DEBT SERVICE SCHEDULE."

The District voters approved the issuance of $440,000,000 in general obligation bonds at an election held on February 5, 2008 (the "2008 Authorization"). A total of $151,412,323.65 remains unissued under the 2008 Authorization. The District voters also approved the issuance of $850,000,000 in general obligation bonds at an election held on June 7, 2016 (the "2016 Authorization"). A total of $638,210,000 remains unissued under the 2016 Authorization.

A schedule of changes in long-term debt of the District which includes debt paid from its General Fund for the year ended June 30, 2020, is shown below:

	Balance June 30, 2019	**Additions**	**Reductions**	**Balance June 30, 2020**	**Balance Due In One Year**
General obligation bonds (2002 election):					
Bonds payable	$103,127,306	$9,685,000	$14,531,392	$98,280,914	$6,234,706
Accreted interest	11,001,997	1,267,106	2,188,608	10,080,495	2,523,102
Bond premium	8,618,614	-	767,822	7,850,792	-
General obligation bonds (2008 election):					
Bonds payable	263,194,799	57,730,000	60,510,000	260,414,799	9,450,000
Accreted interest	30,115,222	4,998,557	-	35,113,779	-
Bond premium	37,476,105	-	1,369,166	36,106,939	-
General obligation bonds (2016 election):					
Bonds payable	53,850,000	130,000,000	13,260,000	170,590,000	14,900,000
Bond premium	5,988,419	12,095,808	755,454	17,328,773	-
Compensated absences	6,048,950	1,410,391	-	7,459,341	2,997,001
Medicare premium payment program	551,188	-	41,004	510,184	-
Other postemployment benefits other than pensions (OPEB)	27,677,622	7,952,953	-	35,630,575	-
Net pension liability	156,733,324	1,782,232	4,309,446	154,206,110	-
Supplemental Employee Retirement Plan (SERP)	3,758,398	-	1,173,891	2,584,507	1,173,891
TOTAL	$708,141,944	$226,922,047	$98,906,783	$836,157,208	$37,278,700

Source: The District.

Operating Leases

The District has entered into various operating leases for land, building, and equipment with lease terms in excess of one year. None of these agreements contain purchase options. As of June 30, 2020, minimum remaining lease payments under these agreements were as follows:

Fiscal Year	Lease Payments
2021	$ 329,663
2022	311,535
2023	63,371
2024	4,293
Total	$708,862

Source: The District.

Fiscal Year 2019-20 expenditures for operating leases were approximately $470,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these leases.

Retirement Systems

The District participates in the State Teachers' Retirement System ("STRS"). This plan covers all full-time certificated and some classified District employees. The District's employer contribution to STRS was $7,552,499 for fiscal year 2017-18, $8,387,203 for fiscal year 2018-19, $9,426,413 for fiscal year 2019-20 and is projected to be $9,075,577 for fiscal year 2020-21.

The District also participates in the State Public Employees' Retirement System ("PERS"). This plan covers all classified personnel who are employed four or more hours per day. The District's employer contribution to PERS was $5,419,021 for fiscal year 2017-18, $6,183,589 for fiscal year 2018-19, $7,241,867 for fiscal year 2019-20 and is projected to be $7,898,170 for fiscal year 2020-21.

The information set forth below regarding STRS and PERS has been obtained from publicly available sources and has not been independently verified by the District, the Underwriters or the Municipal Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriters or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities.

Both PERS and STRS are operated on a statewide basis. The PERS and STRS defined benefit programs are funded through a combination of investment earnings and contributions by members, employees and the State. Both PERS and STRS have substantial State unfunded actuarial liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

District contribution rates to PERS can vary annually depending on changes in actuarial assumption and other factors, such as liability. Unlike typical defined benefit programs, prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, in recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS increased significantly. The District is unable to predict what the STRS program liabilities will be in the future.

Declines in investment earnings as a result of COVID-19 may lead to increases in District contributions to each of these retirement systems. The District is unable to predict the likelihood or the amount of such increases on its contributions to STRS or PERS.

In order to address STRS funding inadequacies, the 2014-15 State Budget set forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS. The first year's increased contributions from all three entities were approximately $275 million. The contributions would increase in subsequent years, reaching more than $5 billion annually. Then Governor Brown expected that this will eliminate the unfunded liability in approximately 30 years. The 2018-19 State Budget included $3.1 billion for state contributions to STRS, which reflects action by the STRS board to increase state contributions by 0.5% of teacher payroll. The 2019-20 State Budget included approximately $3.3 billion for State contributions to STRS and PERS. However, the 2020-21 State Budget redirected approximately $2.3 billion of this amount to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22, reducing the STRS employer rate from 18.41% to approximately 16.15% in fiscal year 2020-21, and from 17.9% to approximately 16.02% in fiscal year 2021-22, and reducing the PERS employer rate from 22.67% to approximately 20.7% in fiscal year 2020-21, and from 24.6% to approximately 22.84% in fiscal year 2021-22. See " – Fiscal Year 2020-21 State Budget" herein. The 2021-22 Proposed State Budget now anticipates that in fiscal year 2021-22, STRS will apply $820 million to reduce the employer rate to approximately 15.92%, and PERS will apply $330 million to reduce the Schools Pool employer contribution rate to 23%. See "– Fiscal Year 2021-22 Proposed State Budget" herein.

STATE OF CALIFORNIA
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS

Name of Plan	Market Value of Assets	Actuarial Value of Assets(3)	Actuarial Obligation	Unfunded Actuarial Accrued Liability	Funded Ratio (Market Value)	Funded Ratio (Actuarial Value)
Public Employees' Retirement Fund Schools Pool (PERS)(1)	$68.177 billion	—	$99.528 billion	$31.351 billion	68.5%	—
State Teachers' Retirement Fund Defined Benefit Program (STRS)(2)	$225.466 billion	$205.016 billion	$310.719 billion	$105.703 billion	67.0%	66.0%

Figures as of June 30, 2019.

(1) As of June 30, 2019, the PERS provided pension benefits to 1,296,053 active and inactive program members and 714,504 retirees, beneficiaries, and survivors.

(2) As of June 30, 2019, the STRS Defined Benefit Program had approximately 656,022 active and inactive program members and 308,639 retirees and benefit recipients.

(3) PERS no longer uses an actuarial value of assets and only uses the market value of assets.

Source: PERS State and Schools Actuarial Valuation, STRS Defined Benefit Program Actuarial Valuation, PERS Comprehensive Annual Financial Report 2018-19, PERS Schools Pool Valuation and Employer/Employee Contribution Rates Finance & Administration Committee April 21, 2020 Item 7d, Attachment 1 and STRS Comprehensive Annual Financial Report 2017-18.

California State Teachers' Retirement System. STRS is a defined benefit program and member benefits are determined pursuant to the Education Code and are generally determined based on a member's age, final compensation and years of credited service. As a result of the California Public Employees' Pension Reform Act of 2013 (Chapter 296, Statutes of 2012), there are two benefit structures for members that apply according to the members' first date of hire to perform STRS creditable activities. Members first hired on or before December 31, 2012 are 100% vested in retirement benefits after five years of credited service and are eligible for "normal" retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to $400 per month. Members first hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Additional benefits under both benefit structures include a 2% cost of living increase (computed on a simple, non-compounded, basis based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit.

Prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, the combined employer, employee and State contributions to STRS were not sufficient to pay actuarially required amounts. Assembly Bill 1469 ("A.B. 1469"), enacted in connection with the adoption of the 2014-15 State budget authorizes shared contribution increases among the program's three contributors – STRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased-in over the next several years, with the first increases having taken effect July 1, 2014. The rate increases authorized by A.B. 1469 are projected to fund the STRS Defined Benefit Program fully in 32 years.

Employer contribution rates, including those of the District, will increase through fiscal year 2020-21 as shown in the following table. Beginning fiscal year 2021-22, employer contribution rates will be set each year by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

		AB 1469 Increases	
Effective Date	**Prior Rate**	**Increase**	**Total**
July 1, 2017	8.25%	6.18%	14.43%
July 1, 2018	8.25	8.03	16.28
July 1, 2019	8.25	8.85	17.10
July 1, 2020	8.25	10.15	18.40

The State contributions are set pursuant to the Education Code. As of July 1, 2019, the State contributed 7.828% of members' annual earnings to the defined benefit plan for fiscal year 2019-20 and will contribute 8.328% for fiscal year 2020-21. The employee contribution rate for STRS members first hired on or before December 31, 2012 to perform STRS creditable activities (i.e., STRS 2% at 60 members) is 10.25% for fiscal year 2020-21. The employee contribution rate for STRS members first hired on or after January 1, 2013 to perform STRS creditable activities (i.e., STRS 2% at 62 members) is 10.205% for fiscal year 2020-21. However, the 2020-21 State Budget redirected approximately $2.3 billion of this amount to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22, reducing the STRS employer rate from 18.41% to approximately 16.15% in fiscal year 2020-21, and from 17.9% to approximately 16.02% in fiscal year 2021-22. See "– Fiscal Year 2020 21 State Budget" herein. The State now anticipates reducing the employer rate to approximately 15.92% in fiscal year 2021-22. See "– Fiscal Year 2021-22 Proposed State Budget" herein.

The State Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the defined benefit plan. STRS actuarial consultant determines the actuarial value of the defined benefit plan's assets by using a one-third smoothed recognition method of the difference between the actual market value of assets to the expected actuarial value of assets. Accordingly, the actuarial value of assets will not reflect the entire impact of certain investment gains or losses on an actuarial basis as of the date of the valuation or legislation enacted subsequent to the date of the valuation.

In February 2017, the State Teacher's Retirement Board voted to revise the actuarial methods and assumptions beginning with the STRS Defined Benefit Program for fiscal year 2016. The actuarial assumptions set forth in the 2016 STRS actuarial valuation use a 7.25% investment rate of return for measurements as of June 30, 2016 and an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% wage growth, and 2.75% inflation. The STRS unfunded liability will vary based on actuarial assumptions, actual returns on investments and contribution rates.

The Defined Benefit Program of the California State Teachers' Retirement System, June 30, 2019 Actuarial Valuation (the "2019 STRS Actuarial Valuation") states that for fiscal year 2018-19 the funded ratio increased by 2.0% over the previous year, mainly due to additional State contributions and the return on the Actuarial Value of Assets (7.7%) that exceeded the assumed return (7.0%). However, the funded ratio as a whole has decreased by approximately 12% over the past 10 years primarily due to a combination of returns that have, on a smoothed basis, been less than the actuarial assumption, contributions less than the actuarially calculated amount, and changes in the actuarial assumptions that have increased the Actuarial Obligation. The alternate funded ratio using the Fair Market Value of assets has increased since the last valuation. This increase is primarily due to the additional State contributions made during the 2018-19 fiscal year.

California Public Employees' Retirement System. PERS is a defined benefit program and member benefits are determined pursuant to the Public Employees' Retirement Law and are generally determined based on a member's age, final compensation and years of credited service.

Member contribution rates are determined by the Public Employees' Retirement Law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by statute. For fiscal year 2020-21, the employee contribution rate for classic plan members is 7.0% of monthly salary and the estimated employee contribution rate for PEPRA members is 7.0% of monthly salary. The employer contribution rate increased from 19.721% of covered payroll for fiscal year 2019-20, to 20.70% of covered payroll for fiscal year 2020-21.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy was used for the first time in the June 30, 2014 actuarial valuations. These valuations were performed in early 2015 and set employer contribution rates for the fiscal year 2015-16.

The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of PERS. At its December 21, 2016 meeting, the PERS Board of Administration approved a discount rate assumption decrease from its current rate of 7.50% to 7.00% over the next three years. For the School Pool, the discount rate was lowered for the first time to 7.375% effective with the June 30, 2017 actuarial valuation (the "2017 PERS Schools Pool Actuarial Valuation"), impacting the Schools Pool employer contribution rates beginning in fiscal year 2018-19. The discount rate was lowered further to 7.25% for the June 30, 2018 actuarial valuation, and will be lowered again to 7.00% for the June 30, 2019 actuarial valuation. Lowering the discount rate will result in increases in both the normal cost and the accrued liabilities which will result in higher required employer contributions. The District cannot predict how these changes will affect its contribution levels.

On December 20, 2017, the PERS Board of Administration adopted new actuarial demographic assumptions to update various assumptions including mortality, retirement rates and inflation. These new assumptions were applied beginning with the June 30, 2018 valuation for the schools pool, setting employer contribution rates for fiscal year 2019-20. As a result, the June 30, 2019 actuarial valuation assumes a reduced inflation rate of 2.50% per year and reduced payroll growth of 2.75% per year. The actuarial funding method used in the PERS Schools Pool Actuarial Valuation as of June 30, 2019 (the "2019 PERS Actuarial Valuation") is the "Individual Entry Age Normal Cost Method." At its February 12, 2018 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization policy once again. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 30-year period with the increases or decreases in the rate spread directly over a 5-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period rather than a 30-year period. The new amortization policy was used for the first time in the June 30, 2019 actuarial valuations.

On April 17, 2019, subsequent to the release of the 2017 PERS Schools Pool Actuarial Valuation, the PERS Board adopted updated projections for future employer contribution rates of 23.6%, 24.9%, 25.7%, and 26.4% in Fiscal Years 2020-21, 2021-22, 2022-23 and 2023-24, respectively. The PERS Board did not adjust the employer contribution rate for Fiscal Year 2019-20. However, the 2020-21 State Budget reduced the PERS employer rate to approximately 20.7% and 22.84% in fiscal years 2020-21 and 2021-22. See "– Fiscal Year 2021-22 Proposed State Budget" herein.

Both PERS and STRS are operated on a statewide basis and, based on available information, STRS and PERS both have unfunded liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from www.calstrs.com or by written request mailed to STRS, P.O. Box 15275, Sacramento, California 95851-0275, and copies of the PERS annual financial report may be obtained from www.calpers.ca.gov or by written request mailed to the PERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in those reports is not incorporated by reference in this Official Statement.

The District is unable to predict what the amount of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. The District's proportionate share of net pension liability is $154,206,110 as of June 30, 2020. See APPENDIX C — "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2020" for additional information concerning STRS and PERS contained in the notes to said financial statements.

GASB Statement Nos. 67 and 68. On June 25, 2012, the GASB approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), revised existing guidance for the financial reports of most pension plans. The new Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were previously typically included as notes to the government's financial statements); (ii) more components of full pension costs being shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates being required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements, which generally would increase expenses; and (v) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. GASB 67 became effective beginning in fiscal year 2013-14, and GASB 68 became effective beginning in fiscal year 2014-15. See APPENDIX C for additional information.

Other Post-Employment Benefits (OPEB)

In June 2004, the GASB pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement requires public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement was staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement No. 34 and 35. GASB Statement No. 45 ("GASB 45") became effective for the District for fiscal year 2008-09.

GASB Statement Nos. 74 and 75. In June 2015, the GASB approved Statement No. 74 ("GASB 74"), Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans, and Statement No. 75 ("GASB 75"), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The pronouncements make substantial changes to GASB 45, including changes to the way other postemployment benefits are measured and reported. The new pronouncements require recognition of a liability equal to the total OPEB liability on the full-accrual financial statements. GASB 45 allowed recognition over a period not-to-exceed 30 years. GASB 74 and GASB 75 require that most changes in net OPEB liability be included in OPEB expense in the period of change. Overall, basic accounting and reporting will be similar to pensions under GASB 67 and GASB 68.

The District provides employee health benefits coverage for eligible retirees and their dependents. As of July 1, 2007, Classified and Management employees who have served the District for a minimum of 12 years and are 50 years of age or older, receive 1 year of medical and dental benefits for every three years of service. Faculty members who have served the District for a minimum of 15 years receive one year of medical benefits for every 5 years of service, with no cap.

The District has an actuarial report with a valuation date of June 30, 2019 and a measurement date of June 30, 2020, with respect to its post-employment benefits completed by Total Compensation Systems, Inc. Such report concluded that the Net OPEB Liability (the "NOL," formerly the Unfunded Actuarial Accrued Liability ("UAAL")), as of June 30, 2020 was $35,630,575. The "pay-as-you-go" cost of providing post-employment health benefits was $2,862,015 in fiscal year 2019-20 and estimated to be $2,665,780 in fiscal year 2020-21. On June 30, 2020, the estimated Total OPEB Liability (the "TOL," formerly the Actuarial Accrued Liability ("AAL")), was $44,730,953. The District has set aside funds in an irrevocable trust in order to prefund a portion of its NOL. On June 30, 2020, the ending reserve balance in the trust was $9,100,378. In addition, the District maintains a retiree benefits fund to designate resources for retiree health care costs. The fund's committed resources are estimated at $24,592,630 as of June 30, 2020. The service cost beginning fiscal year 2020-21 is $2,345,973. The "pay-as-you-go" cost of providing post-employment health benefits is estimated to be $2,665,780, beginning fiscal year 2020-21. See Note 11 – Postemployment Healthcare Benefits in APPENDIX C hereto for discussion of the District's OPEB obligations, including its Net OPEB obligation.

GASB 45 explicitly incorporates Actuarial Standards of Practice ("ASOPs"). There was a recent change to ASOPs No. 6 ("ASOP 6") requiring reflection of "implicit subsidies" in OPEB costs and projections. "Implicit subsidies" refers to an indirect cost sharing feature of OPEB plans. Using unadjusted flat-rate premiums as a cost basis for accounting was previously acceptable under GASB 45 when the health plans are considered "community-rated." Community-rated plans have premium levels determined without adjustment for the demographics of an individual employer buying coverage. Although these subsidies were previously allowed to be excluded, the changes to ASOP 6 eliminated the community-rated exemption. As a result, the District began to reflect these implicit subsidies in its OPEB liability accounting beginning with fiscal year 2016-17.

Standards allow for implementation of GASB 74 and GASB 75 in different years. However, to avoid possible reporting confusion, the District implemented both GASB 74 and GASB 75 beginning with its 2016-17 audit report.

Risks Related to COVID-19

Introduction. The outbreak of a strain of coronavirus ("COVID-19"), a respiratory tract illness first identified in Wuhan, China in late 2019, has spread to numerous countries across the globe, including the United States. COVID-19 has been characterized as a pandemic by the World Health Organization and has resulted in a declaration of a national emergency by the Federal Government on March 13, 2020, as a state of emergency by certain states (including by the State of California (the "State") on March 4, 2020) and by local governments and counties. The purpose behind these declarations was to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus. The outbreak has resulted in the imposition of stay-at-home orders, restrictions on gatherings and widespread temporary closings of businesses, universities and schools. Multiple states implemented state-wide school closures for the 2019-20 and 2020-21 school year, including the State. The United States is currently restricting certain non-U.S. citizens and permanent residents from entering the country.

The spread of COVID-19 has significantly altered the behavior of businesses and people in a manner that has had substantial negative impacts on global and local economies. Stock markets in the U.S. and globally have seen significant volatility attributed to COVID-19 and related stay-at-home orders, and the corresponding decreases in business activity attributable thereto. The country's unemployment rate has risen to a level not seen since the Great Depression.

On June 29, 2020, the State adopted its budget for Fiscal Year 2020-21 (the "2020-21 State Budget") which acknowledged the substantial impact of the COVID-19 pandemic and subsequent economic disruption on the State's general fund, and corresponding impacts on funding of community college districts. On January 8, 2021, Governor Newsom released the proposed budget for the 2021-22 Fiscal Year (the "2021-22 Proposed State Budget"), which addressed the ongoing impact of the COVID-19 pandemic and included forecasts of substantially increased revenues from what was envisioned in the 2020-21 State Budget. See "– Fiscal Year 2020-21 State Budget" and "– Fiscal Year 2021-22 Proposed State Budget" below for additional information on the effect of COVID-19 pandemic on the State and its funding of community college districts.

Potential Effects of COVID-19 on Collections of the* Ad Valorem *property tax securing the GO Bonds. On May 6, 2020, Governor Newsom issued Executive Order N-61-20 ("Executive Order N-61-20"), suspending penalties, costs or interest for the failure to pay taxes on property on the secured or unsecured roll, or to pay a supplemental bill, before the date and time such taxes became delinquent, and cancelling penalties, costs, and interest, through May 6, 2021. Executive Order N-61-20 applies to residential real property occupied by the taxpayer, or real property owned and operated by certain qualified small businesses, and requires that taxes owed on the property in question not be delinquent prior to March 4, 2020, and the taxpayer demonstrate economic hardship or that the failure to pay taxes was due to the COVID-19 pandemic.

The County of Los Angeles (the "County") has not adopted the Teeter Plan, and therefore, 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. In any event, State law requires the County to levy *ad valorem* property taxes in amounts sufficient to pay debt service on the GO Bonds when due. If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy for subsequent years to avoid shortfalls in amounts available for debt service on the GO Bonds.

The District cannot predict the level of delinquent property tax payments due to the COVID-19 pandemic or the effect that Executive Order N-61-20 will have on such level of delinquencies, or whether any further action will be taken by the State with respect to property tax payments or deadlines or delinquent payment of property taxes. The District cannot anticipate how the County will proceed with requests to cancel penalties on late property tax payments or any potential future adjustments to property tax payments related to COVID-19. The District cannot predict whether future property tax deadlines will remain in effect, the extent of delinquencies and delayed tax collections, or the impact of any such delinquencies or delays on the District's financial conditions or operations. The COVID-19 pandemic has resulted in widespread economic disruption that may cause a general market decline in property values and the assessed value of property within the District. The District is not aware of any immediate impact on the assessed values of property within the District as a result of COVID-19.

The District's Response to the COVID-19 Pandemic. The District is currently receiving guidance on responses to COVID-19 from State and County health officials which are monitoring the COVID-19 situation, in accordance with COVID-19 guidelines published by the Centers for Disease Control and Prevention. The District closed its on-site facilities through the end of the 2019-20 school year, and the majority of classes for the fall and spring semester for the 2020-21 school year are and will be online. While the District has halted the majority of on-site learning, it has taken numerous steps to encourage continued learning for enrolled students. The District is still maintaining essential services including, but not limited to, operations, communications, distance learning, payroll, accounts payable, providing meals for students, and ongoing project management. The District has incurred additional operational costs to implement distance learning strategies, deep clean and sanitize its facilities, and purchase additional sanitation and cleaning supplies necessary to maintain sanitation of its facilities.

Additional costs may be borne by the District as circumstances related to the COVID-19 pandemic fluctuate during the 2020-21 school year and beyond. These may include costs related to or associated with: (i) implementing and performing tests and screening for the virus, and monitoring staff and students for signs of illness; (ii) modifications to accommodate students or staff testing positive for the virus, including additional communications systems to exposed staff and students; (iii) obtaining an ongoing supply of personal protective equipment for students and staff; (iv) addressing additional hygiene and handwashing practices, including increasing the frequency of disinfecting high-touch surfaces; (v) implementation of staggered schedules and physical distancing procedures, including utilization of campus locations such as lecture halls, gymnasiums, auditoriums, cafeterias, and outdoor spaces, for educational activities; (vi) incorporation of additional technology to implement distance learning; (vii) altering procedures for cafeterias and provision of food service, including installation of additional physical barriers for provision of food service, such as sneeze guards and partitions, and modification of cafeteria spaces to allow physical distancing; (viii) ensuring adequate air circulation, including potential modification of HVAC systems; (ix) hazard payments for essential employees or any other additional labor costs resulting from the COVID-19 pandemic, including costs of staff training and costs associated with ensuring appropriate staffing levels to meet facility cleanliness and physical distancing requirements; (x) providing services to students and staff with disabilities, or who are otherwise at higher risk of contracting COVID-19; (xi) ensuring adequate support for English-learners and social and emotional support for all students and staff; (xii) modifications to programs in career and technical education, including cleaning of specialized equipment and tools, laboratories, experiential learning, and career counseling; and (xiii) development and implementation of a plan to close physical locations once re-opened, if required by circumstances related to the pandemic.

The District cannot evaluate at this time whether, or the extent to which, any of the above considerations will affect its operations or result in material increased costs. Certain of these expenditures were reimbursed by the Federal government through the CARES Act (described herein). Additionally, the initial allocation of the second round of federal relief spending for the District totaled $30 million. The District cannot predict the extent to which the State or Federal government will provide additional reimbursement or additional funding beyond that described above to offset any of the above expenses, or whether the extent of such funding will be sufficient to cover the entire cost. The circumstances described above are not unique to the District and will be considerations for all community college districts in the State. As of January 27, 2021, the District has allocated its COVID-19 related grant awards to direct student aid (50%), campus safety (20%), online learning (11%), training (8%), its small business development centers (7%) and technology (3%).

The 2020-21 State Budget projected significant reductions and attendant deferrals in State funding of community college districts throughout the State due to the COVID-19 pandemic, as further described under the caption "Fiscal Year 2020-21 State Budget" herein. However, the Proposed 2021-22 State Budget proposes to reduce apportionment deferrals for the Student-Centered Funding Formula ("SCFF") by more than $1.1 billion for fiscal year 2021-22. See "– Fiscal Year 2021-22 Proposed State Budget" below. However, no representation can be made that the final State budget for fiscal year 2021-22 will be adopted as proposed in the Proposed 2021-22 State Budget. The District has the ability to rely on interfund borrowing and its existing reserves, as well as the issuance of tax and revenue anticipation notes to manage cash flow during fiscal year 2020-21 or beyond.

The District completed its budget process for fiscal year 2020-21 and reflected the effect of certain reductions and deferrals on its operations and finances. Community college districts may also hold reserves in their local operating accounts, and as part of its preparation of its budget for fiscal year 2020-21, the District evaluated its reserves for the next and future fiscal years. The District satisfied all State requirements for fiscal year 2020-21.

Effect of the COVID-19 Pandemic on State Funding of Community College Districts. *The GO Bonds are general obligations of the District payable solely from ad valorem property taxes and are not payable from the general fund of the District or from any amounts received from the State discussed below. The impacts set forth below will affect most, if not all, community college districts in the State. For a discussion of the effects of the COVID-19 pandemic on future fiscal years as set forth in the Governor's Proposed 2021-22 State Budget, see "– Fiscal Year 2021-22 Proposed State Budget" below.*

Fiscal Year 2020-21 State Budget Showed Significant Declines in State Revenues and 2020-21 State Budget Solutions. In the 2020-21 State Budget, the State anticipated approximately an overall 7% decline in State revenues, which without other action, would have resulted in an approximately $10 billion reduction in spending from the Proposition 98 minimum guarantee set forth the 2019-20 State Budget. The 2020-21 State Budget offset this loss in several ways, including the deferral of approximately $12.9 billion in payments into the 2021-22 fiscal year to preserve programs for school districts and community college districts and draws of approximately $8.8 billion in reserves from the Budget Stabilization Account, or the State's "rainy day fund" (the "BSA"), Safety Net Reserve and Public School System Stabilization Account ("PSSSA"). While the 2020-21 State Budget sought to restore up to an approximate of $11.1 billion in the event federal funds were received by October 15, 2020, with the specific amount depending on the amount of federal funding received, the State Department of Finance indicated that these funds were not received by the October 15 deadline, and the federal government had not enacted legislation to provide additional federal funding to the State as of that date. See "Fiscal Year 2020-21 State Budget" herein.

However, the Governor's 2021-22 Proposed State Budget indicated significant improvements to State revenues and potential reversal of certain of the deferrals. See "– Fiscal Year 2021-22 Proposed State Budget."

<u>Emergency Conditions Allowance</u>. During certain emergency conditions, State regulations provide that a community college district may be provided an "emergency conditions allowance," calculated to approximate the same general purpose apportionment that such district would have received in absence of the emergency. Emergency conditions are defined to include epidemics, an order from a city or county board of health or the State Board of Health, or another emergency declared by the State or federal government. Districts are required to demonstrate that the occurrence of the emergency condition prevented the district from maintaining its schools during a fiscal year for a period of 175 days, or caused the district's general purpose apportionment to be materially decreased in that year or in subsequent years. To receive the emergency conditions allowance, a district must demonstrate to the satisfaction of the Chancellor that the district made good faith efforts to avoid material decreases in general purposes apportionments. Community college districts may also seek a waiver of the 175-day requirement. Finally, the Board of Governors of the California Community Colleges (the "Board of Governors"), on March 16, 2020, granted the Chancellor temporary emergency powers to suspend or waive State regulatory requirements and local rules and regulations that present barriers to the continuity of educational services. This temporary grant is in addition to standing emergency powers the Chancellor has to hold community college districts financially harmless in the wake of campus closures.

<u>Potential Effect of COVID-19 on Funding of PERS and STRS</u>. Declines in investment earnings as a result of COVID-19 may lead to increases in required District contributions to PERS and STRS. The District is unable to predict the likelihood or the amount of such increases on its contributions to STRS or PERS.

In addition, the 2020-21 State Budget redirected approximately $2.3 billion of funds initially allocated in the State's 2019-20 budget for State contributions to STRS and PERS to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22, as discussed further under the heading "Fiscal Year 2020-21 State Budget" below. The Proposed 2021-22 State Budget anticipates further reducing the employer rate to approximately 15.92% for STRS and 23% for PERS in fiscal year 2021-22. See "– Fiscal Year 2021-22 Proposed State Budget" below.

<u>Executive Orders and Legislation</u>. Governor Newsom has enacted a number of executive orders and the State Legislature has also adopted legislation in response to the COVID-19 pandemic, and additional executive orders or legislation may be enacted in response to the pandemic. The District cannot predict the nature or content of such orders, or the effect they will have, if any, on its operations or finances. In addition, certain of these executive orders have been challenged in the courts by affected plaintiffs. The District cannot predict the outcome of any such litigation or whether any resulting change to any executive order will affect the funding of community college districts in the State, including the District.

Federal Response to the COVID-19 Pandemic. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law, which among other things, provides approximately $14.25 billion for postsecondary education, including community college districts in the State. The CARES Act also waives a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak. Funding from the CARES Act is based on a formula consisting of 75% of FTES receiving PELL grants and 25% of all FTES. The District has received some funding from the CARES Act pursuant to such formula.

The Coronavirus Response and Relief Supplemental Appropriations Act passed in late December 2020 (the "CRRSAA") enacted in late December 2020 includes additional federal funding to support institutions of higher education, and higher education segments could receive $2.9 billion. To date, the District received $30 million as a result of this additional federal funding. See "– Fiscal Year 2021-22 Proposed State Budget" below.

Additional Information. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Federal, State and local government websites, including but not limited to the CDC (https://www.cdc.gov/coronavirus/2019-nCoV/index.html), the Governor's office (http://www.gov.ca.gov), the California Department of Public Health (http://covid19.ca.gov/), and the Office of the Chancellor of California Community Colleges (https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus). *The District has not incorporated by reference the information on such websites into this notice and the District does not assume any responsibility for the accuracy of the information on such websites.*

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

General. On September 29, 2006, the Governor signed into law Senate Bill No. 361 ("SB 361") which established the formulas for allocating general-purpose apportionments to California community college districts beginning fiscal year 2006-07. SB 361 required the Board of Governors to develop criteria and standards in accordance with prescribed Statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding based on the number of credit and noncredit FTES in each district.

SB 361 specified that, commencing with fiscal year 2006-07, the marginal amount of credit revenue allocated per credit FTES would not be less than $4,367, noncredit instruction would be funded at a uniform rate of $2,626 per FTES, and career development and college preparation would be funded at a rate of $3,092 per FTES, each subject to cost of living adjustments in the budget act in subsequent fiscal years.

The major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the district. Property taxes and student enrollment fees are applied towards fulfilling the district's financial needs. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the districts. The sum of the property taxes, student enrollment fees, and State aid generally comprise a district's revenue limit. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations – Constitutional and Statutory Initiatives" in the forepart of this Official Statement for additional information regarding Article XIIIA, assessed valuations and *ad valorem* property taxes.

A small part of each community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State. The initiative authorizing the lottery does require some of the funds to be used for instructional materials, and prohibits their use for capital purposes.

Student Centered Funding Formula. In connection with the 2018-19 State Budget, beginning in fiscal year 2018-19, the State began implementation of the SCFF included in State Assembly Bill 1809 ("A.B. 1809"). The SCFF establishes a new three-pronged structure for addressing the unique funding challenges facing community college districts within the State. Under the SCFF, community college districts receive: (a) a base allocation structured on the total number of enrolled students, (b) a supplemental allocation, which is determined based on the number of financially-restricted enrolled students (calculated by the number of students receiving Pell Grants, California College Promise Grants or certain fee waivers, with the potential for duplicate funding for students receiving more than one of the qualifying grants or waivers), and (c) a student success allocation, which is structured based on the number of certificates and degrees awarded to students, the number of transfers to four-year universities/colleges, and the amount of students who earn a living wage in their region within a year of college completion. The student success allocation also analyzes the number of financially-restricted students who complete degree or certificate programs to determine eligibility for additional funding.

As originally designed, the new formula was to be implemented in three phases, which began in fiscal year 2018-19 and over the next three fiscal years was to reduce the base allocation from 70% of funding to 60%. However, in connection with the enactment of the 2019-20 State Budget, a base allocation of 70% was maintained, with 20% provided by the supplemental allocation and 10% provided by the student success allocation. In addition, minimum funding levels for FTES are set for each of these periods. See "THE DISTRICT–District Enrollment" above for the District's enrollment of full time equivalent students for the current and prior fiscal years.

Additionally, A.B. 1809 established "hold-harmless" provisions for community college districts. Such provisions ensure that in fiscal years 2018-19 through 2021-22, college districts will not receive less total apportionment funding under the new SCFF than they received in fiscal year 2017-18 when adjusted for cost-of-living. In fiscal year 2022-2023 and subsequent fiscal years, certain adjustments will be subject to appropriation in the State Budget for such fiscal year.

The SCFF, the funding levels therein, the hold harmless provisions and other provisions thereof may be subject to future adjustment through the state budget process in future fiscal years or other supplemental legislation. As described under the heading " – Fiscal Year 2020-21 State Budget," the SCFF hold harmless provisions have been extended for an additional two years.

Budget Procedures. On or before September 15 of each calendar year, the respective board of trustees for each community college district is required under Section 58305 of the California Code of Regulations, Title 5, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office"), 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 State Legislature. The Governor's proposed 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 supports. The law requires the

State Legislature to submit its approved budget by June 15. State law requires the Governor to announce his or her line item reductions and sign the State budget by June 30.

In response to growing concern for accountability, the statewide Board of Governors and the Chancellor's Office have, through enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), 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 the 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 FTES 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.

Proposition 98

General. In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts were guaranteed the greater of (a) in general, a fixed percent of the State's General Fund revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 was used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period.

In 1989, the Legislature and the Governor last utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

Application of Proposition 98. The application of Proposition 98 and other statutory regulations became increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of $1.3 billion during fiscal year 1990-91, $1.1 billion during fiscal year 1991-92, $1.3 billion during fiscal year 1992-93 and $787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling $1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

See "– Fiscal Year 2020-21 State Budget" and "– Fiscal Year 2020-21 Proposed State Budget" below for discussion of the recent and potential adjustments to Proposition 98 funding.

State Assistance

The principal funding formulas and revenue sources for school and community college districts are derived from the budget of the State. **The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriters, Bond Counsel, Disclosure Counsel nor the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above and below are reliable, neither the District, the County, Bond Counsel, Disclosure Counsel nor the Underwriters assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including *www.dof.ca.gov*.** This website is not incorporated herein by reference and neither the District nor the Underwriters make any representation as to the accuracy of the information provided therein.

Fiscal Year 2020-21 State Budget

Introduction. On June 29, 2020, Governor Newsom signed the fiscal year 2020-21 budget (the "2020-21 State Budget"). In January, the State was projecting a budget surplus of $5.6 billion, however by May, the State confronted a budget deficit of $54.3 billion—a four-month swing of $60 billion primarily caused by the impacts of the COVID-19 pandemic. The 2020-21 State Budget closes the $54.3 billion gap in fiscal year 2020-21 and significantly reduces the State's ongoing structural deficit. Despite the global economic crisis caused by the COVID-19 pandemic, the State asserts in the 2020-21 State Budget that its prudent fiscal management, including its structurally balanced budgets and record reserves, puts it in a better position to contend with these challenges.

The 2020-21 State Budget takes steps to reduce spending commitments and address long-term structural deficits, but deficits remain and asserts that further actions will be needed, especially if the federal government does not act. The 2020-21 State Budget recognizes that the COVID-19 pandemic has impacted every sector of the State's economy and has caused record high unemployment—almost 1 in 5

Californians who were employed in February were out of work in May—and asserts that further action from the federal government is needed, given the magnitude of the crisis. The 2020-21 State Budget forecast that personal income is projected to decline by 9 percent in 2020 with the peak unemployment rate reaching 24.5 percent in the second quarter of 2020.

The 2020-21 State Budget projects State general fund revenues in the amount of $137.6 billion in fiscal year 2019-20 and $137.7 billion in fiscal year 2020-21. This represents a decline of over $22.8 billion for the two years when compared to projections released in the Governor's January Proposed 2020-21 State Budget. This revenue drop, combined with increased costs in health and human services programs and the added costs to address COVID-19, leads to a projected budget deficit of approximately $54 billion before the changes proposed in the 2020-21 State Budget. State general fund expenditures for fiscal year 2020-21 are expected to be $133.9 billion (a decrease of approximately $13 billion from fiscal year 2019-20 general fund expenditures), of which $48.1billion (35.9%) is allocated to K-12 education and $15.8 billion (11.8%) is allocated to higher education. The 2020-21 State Budget projects that the State will end fiscal year 2019-20 with a reserve balance of approximately $14.9 billion (comprised of an approximate balance of -$1.2 billion in the SFEU and an approximate balance of $16.1 billion in the Budget Stabilization Account (the "BSA" or "Rainy Day Fund"), and that the State will end fiscal year 2020-21 with an approximately $10.9 billion reserve balance (comprised of approximately $2.6 billion in the SFEU and approximately $8.3 billion in the BSA). The 2020-21 State Budget reduces (but does not eliminate) the structural deficit over the next several years, by sustaining the January 1, 2022 suspension of several ongoing programmatic expansions that were made in the State's 2019-20 Budget. Despite these measures, the 2020-21 State Budget forecasts an operating deficit of $8.7 billion in 2021-22, after accounting for reserves.

The 2020-21 State Budget includes (i) drawing down $8.8 billion in reserves, comprised of $7.8 billion from the BSA, $450 million from the Safety Net Reserve, and all of the funds in the Public School System Stabilization Account; (ii) $11.1 billion in reductions and deferrals that will be restored if at least $14 billion in federal funds were received by October 15, 2020. If the State received a lesser amount in federal funds, the reductions and deferrals will be partially restored. The trigger includes $6.6 billion in deferred spending on schools, approximately $970 million in funding for the University of California and the California State University, $2.8 billion for state employee compensation, $150 million for courts, and funding for child support administration, teacher training, moderate-income housing, and infrastructure to support infill housing. The trigger would also fund an additional $250 million for county programs to backfill revenue losses; (iii) reliance on $10.1 billion in federal funds that provide General Fund relief, including $8.1 billion already received. This includes the enhanced Federal Medical Assistance Percentage ("FMAP"), a portion of the State's Coronavirus Relief Fund allocation and funds provided for childcare programs; (iv) temporary suspension of the use of net operating losses for medium and large businesses and temporary limits to $5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate $4.4 billion in new revenues in the 2020-21 fiscal year; (v) reliance on $9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. (Approximately $900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger); (vi) $10.6 billion of solutions, including cancelling multiple program expansions and anticipating increased government efficiencies. See "– Fiscal Year 2021-22 Proposed State Budget" for a discussion on the potential reversal of the deferrals.

As described in the 2020-21 State Budget, under temporary federal funding to support the State's response to the COVID-19 pandemic the State expects to receive over $72 billion in assistance to State programs with unemployment insurance representing about $52 billion of this total. In addition, over $142 billion in direct assistance is expected to be provided to individuals and families, small businesses, hospitals and providers, including rural and community clinics, higher education institutions and college students, local housing authorities, airports, farmers, and local governments. The 2020-21 State Budget proposes to strategically use $9.5 billion in federal funding from the CARES Act funds as follows: (1) $2.6 billion for State offsets for vulnerable populations and public safety; (2) $550 million for housing for homeless individuals and families; (3) $4.5 billion for K-14 learning loss mitigation; (4) $1.3 billion for county homelessness, public health, public safety and other services; and (5) $500 million for city homelessness, public health, public safety and other services. As described above, the 2020-21 State Budget contemplated restoring up to approximately $11.1 billion if federal funds were received by October 15, 2020. However, the State Department of Finance indicated that these funds were not received by the October 15 deadline, and the federal government had not enacted legislation to provide additional federal funding to the State as of that date.

Higher Education. Higher Education includes the California Community Colleges ("CCCs"), the California State University ("CSU"), the University of California ("UC"), the Student Aid Commission, and several other entities. The 2020-21 State Budget includes total funding of $19.4 billion General Fund and local property tax for all Higher Education entities in fiscal year 2020-21.

<u>Community College Flexibilities.</u> To assist CCCs in their recovery from the impacts of the COVID-19 recession and provide additional near-term certainty, the 2020-21 State Budget enacts statutory changes to:

- Exempt direct COVID-19-related expenses incurred by districts from the 50 Percent Law. This excludes revenue declines.
- Provide a hardship exemption for districts unable to meet their financial obligations due to the deferrals enacted in the 2020-21 State Budget.
- Extend the Student-Centered Funding Formula "hold harmless" provisions for an additional two years, and authorize the use of past-year data sources that have not been impacted by the COVID-19 pandemic for the calculation of the Student-Centered Funding Formula for 2020-21.
- Encourage and expedite the development of short-term career technical education courses to address the impacts of the COVID-19 pandemic.

<u>Other Significant Adjustments.</u>

- Staff for Working Group on Community College Athlete Compensation - An increase of $700,000 one-time non-Proposition 98 General Fund for the Chancellor's Office to contract with an external organization to staff a working group on a community college athlete's use of the athlete's name, image, and likeness for compensation, pursuant to Chapter 383, Statutes of 2019 (SB 206).
- 2019-20 Deferrals - A deferral of approximately $330.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2019-20 to fiscal year 2020-21.
- 2020-21 Deferrals - A deferral of approximately $662.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2020-21 to fiscal year 2021-22.

- 2020-21 Deferrals Subject to Control Section 8.28 - As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the State budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year as follows:

  - A deferral of approximately $791.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2020-21 to fiscal year 2021-22.

- COVID-19 Response Block Grant for CCCs – A one-time increase of approximately $120.2 million, which is comprised of approximately $54 million from the CARES Act and approximately $66.3 million Proposition 98 General Fund, for a COVID-19 Response Block Grant for the CCCs to support student learning and mitigate learning loss related to the COVID-19 pandemic.

- Dreamer Resource Liaisons - An increase of $5.8 million Proposition 98 General Fund to fund Dreamer Resource Liaisons and student support services, for immigrant students including undocumented students in community colleges, pursuant to Chapter 788, Statutes of 2019 (AB 1645). These services provide an opportunity to address disparities and advance economic justice by supporting educational attainment, career pathways and economic mobility for students who may face barriers related to their immigration status.

- Legal Services - An increase of $10 million ongoing Proposition 98 General Fund to provide legal services to immigrant students, faculty, and staff on community college campuses.

- Calbright College - A decrease of $5 million ongoing Proposition 98 General Fund for Calbright College, and a decrease of $40 million one-time Proposition 98 General Fund provided to Calbright College that is redirected to offset apportionments costs for fiscal year 2020-21.

- Revised PERS/STRS Contributions - As referenced in the K-12 Education Chapter, to provide local educational agencies and community college districts with increased fiscal relief, the 2020-21 State Budget redirects $2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to further reduce employer contribution rates in fiscal year 2020-21 and fiscal year 2021-22.

- CCC Facilities - An increase of general obligation bond funding of $223.1 million, including $28.4 million to start 25 new capital outlay projects and $194.7 million for the construction phase of 15 projects anticipated to complete design by spring 2021. This allocation represents the next installment of the $2 billion available to CCCs under Proposition 51.

- Local Property Tax Adjustment - A decrease of $60.9 million Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

- Food Pantries - The 2020-21 State Budget enacts statutory changes to support food pantries within available Student Equity and Achievement Program funding.

California Student Aid Commission. The California Student Aid Commission, which administers the State's financial aid programs, the largest of which is the Cal Grant, supports over 410,000 financial aid awards to students accessing higher education. The 2020-21 State Budget reflects a sustained commitment to financial aid programs to provide the least-resourced students access to higher education.

Significant Adjustments:

- Cal Grant Program Adjustment - A decrease of approximately $149 million in fiscal year 2019-20 and approximately $63.3 million in fiscal year 2020-21 to reflect revised estimates of the number of new and renewal Cal Grant awardees in fiscal years 2019-20 and 2020-21.

- Temporary Assistance for Needy Families (TANF) Adjustment - A decrease of $600 million in federal TANF reimbursements in fiscal year 2019-20 which increases General Fund support for the Cal Grant program by an equal amount.

- Grant Delivery System - An increase of $5.3 million one-time General Fund to fund the third year and final year of project development costs for the Grant Delivery System Modernization Project.

- Cal Grant B Service Incentive Grant - A reappropriation of $7.5 million one-time General Fund from the 2019 Budget Act and a redirection of the Program's $7.5 million funding in fiscal year 2020-21 to support the Disaster Relief Emergency Student Financial Aid Program, which will provide emergency financial aid to students at the University of California, California State University, and California Community Colleges.

- Contingent General Fund Reduction - As a result of the COVID-19 recession and absent the receipt of additional federal funds to assist the State with the fiscal crisis, reductions are necessary to balance the State budget. To the extent the federal government provided sufficient federal funds by October 15, 2020, which were eligible for purposes identified below, funds would have been appropriated for fiscal year 2020-21 as follows:

    - A decrease of $88.4 million one-time General Fund for the Golden State Teacher Grant program, established in the 2019 Budget Act.

LAO Overview of 2020-21 State Budget. The Legislative Analyst's Office (the "LAO") prepares its own overview of the State Budget each year, following its approval by the Governor. LAO posted its overview of the 2020-21 State Budget on October 5, 2020 on its website. The report discusses various solutions adopted during the budget process to address the to the estimated $54.3 billion budget deficit identified in the 2020-21 State Budget. Such solutions include making baseline adjustments and assumptions that do not involve choices about changes to current law, the use of reserve withdrawals, increases in tax revenues, State spending at constitutional minimums and certain deferral actions for schools, reductions in spending across the budget, cost shifting, and the use of federal funds. The LAO's website is https://lao.ca.gov/ and such website is not incorporated herein by such reference.

Fiscal Year 2021-22 Proposed State Budget

On January 8, 2021, Governor Newsom released the Fiscal Year 2021-22 Proposed State Budget, which aims to support and expedite the State's recovery from the health and economic crisis caused by COVID-19. The 2021-22 Proposed State Budget projects general fund revenues in the amount of $163 billion in fiscal year 2020-21 and $158 billion in fiscal year 2021-22.

The 2021-22 Proposed State Budget reflects $34 billion in fiscal year 2021-22 in budgetary reserves and discretionary surplus intended to advance progress toward a broad-based and equitable recovery. The 2021-22 Proposed State Budget projects the State will end fiscal year 2020-21 with a reserve balance of approximately $21.5 billion (comprised of an approximate balance of $9.0 billion in the SFEU and an approximate balance of $12.5 billion in the BSA) and will end fiscal year 2021-22 with a reserve balance of approximately $18.5 billion (comprised of approximately $2.9 billion in the SFEU and approximately $15.6 billion in the BSA). The 2021-22 Proposed State Budget also sets aside $2.2 billion for the PSSSA, bringing its total balance to $3 billion. Such deposit is expected to trigger the school district reserve cap beginning in fiscal year 2022-23. In addition, the 2021-22 Proposed State Budget includes $450 million in the Safety Net Reserve and an estimated $2.9 billion in the State's operating reserve.

The 2021-22 Proposed State Budget also continues to pay down the state's retirement liabilities, reflecting $3 billion in additional payments required by Proposition 2 in fiscal year 2021-22 and nearly $6.5 billion over the next three years. In addition, the improved revenue picture allows the State to delay $2 billion in scheduled program suspensions for one year. Finally, the 2021-22 Proposed State Budget's initial estimates project that Proposition 4, the State Appropriations Limit or "Gann Limit," will be exceeded for just the second time since its passage in 1979. The limit is currently projected to be exceeded by $102 million. Any funds above this limit are constitutionally required to be allocated evenly between schools and a tax refund.

The 2021-22 Proposed State Budget forecast was finalized before the provision of additional federal relief in the CRRSAA, but acknowledges the need for additional federal relief for businesses and individuals.

Proposition 98. Under the 2021-22 Proposed State Budget, general fund expenditures for fiscal year 2021-22 are $164.5 billion (an increase of nearly $9 billion from fiscal year 2020-21 general fund expenditures), of which $59.7 billion (36%) is allocated to K-12 education and $17.9 billion (11%) is allocated to higher education. The economic outlook and revenue forecast for the State has improved since the 2020-21 State Budget. As a result, the 2021-22 Proposed State Budget provides Proposition 98 funding of $85.8 billion for fiscal year 2021-22. This represents an increased investment of $14.9 billion in schools and community colleges above the level funded in the 2020-21 State Budget, and the highest level of funding for K-14 schools ever. When combined with a one-time supplemental allocation of $2.3 billion and the benefit of STRS and PERS rates ($1.1 billion), the State funding available to schools increases to $89.2 billion.

Higher Education. The 2021-22 Proposed State Budget proposes total funding of $36.1 billion ($21.8 billion general fund and local property tax and $14.3 billion other funds) for higher education, of which $16.2 billion ($11.1 billion general fund and local property tax and $5.1 billion other funds) is allocated to community colleges. The total reflects growth of $951 million ($1.3 billion general fund and local property taxes and -$349 million other funds) compared to revised fiscal year 2020-21 expenditures. The preceding figures do not include the estimated $2.9 billion included in the CRRSAA.

California Community Colleges. The 2020-21 State Budget made adjustments that reduced the overall level of support for the CCCs by deferring approximately $1.453 billion from fiscal year 2020-21 to 2021-22. The CCCs have indicated the system received approximately $612.4 million in federal higher education CARES Act funding, with roughly half of the funds required for emergency grants to students. The CRRSAA includes additional federal funding to support institutions of higher education; as noted above, State higher education segments could receive approximately $2.9 billion.

Repaying Deferrals and Core Apportionments Investments. Given expected increases in the Proposition 98 Guarantee relative to the 2020-21 State Budget, the 2021-22 Proposed State Budget proposes to reduce apportionment deferrals for SCFF by more than $1.1 billion to $326.5 million Proposition 98 General Fund for fiscal year 2021-22. The 2021-22 Proposed State Budget also proposes $111.1 million ongoing Proposition 98 General Fund to provide a 1.5% cost-of-living adjustment for apportionments and $23.1 million ongoing Proposition 98 General Fund for 0.5% enrollment growth.

Supporting Students During the COVID-19 Pandemic. The COVID-19 Pandemic has had disproportionate impacts on low-income students, and the 2021-22 Proposed State Budget reflects a commitment to supporting equity and access across the public higher education segments. The 2021-22 Proposed State Budget proposes the following targeted investments to alleviate student financial hardship and improve access to, and the quality of, online education:

- $150 million one-time Proposition 98 General Fund for emergency financial assistance for full-time, low-income community college students and other students who were previously working full-time or the equivalent of full-time, can demonstrate an emergency financial need, and can demonstrate at least a 2.0 GPA in one of their last three semesters or four quarters. (As noted below under "—Addressing Immediate Needs to Support and Engage Students", there is an additional $100 million for this purpose proposed for early action.)

- $100 million one-time Proposition 98 General Fund to address food and housing insecurity among CCC students.

- $30 million ongoing Proposition 98 General Fund to support student technological access to higher education by enabling students to have electronic devices and high-speed internet connectivity, as well as increase student mental health resources.

- $20 million one-time Proposition 98 General Fund for a system-wide effort to provide culturally competent online professional development for CCC faculty, including in leveraging technology to improve learning outcomes.

- $10.6 million ongoing Proposition 98 General Fund to support the continuity of education and quality distance learning, including access to online tutoring, online counseling, and online student support services such as mental health services.

Expanding Work-Based Learning Opportunities. The COVID-19 Pandemic has affected every sector of the state's economy and has caused record high unemployment. While the economy is showing some signs of improvement, millions of Californians remain unemployed. The CCCs are central to training and developing the skilled workforce needed for the State to meet its changing needs, and the State must prepare students with the skills needed by employers not only today, but into the future. The 2021-22 Proposed State Budget includes $35 million Proposition 98 General Fund to support the following investments in work-based learning:

- $15 million ongoing Proposition 98 General Fund to augment the California Apprenticeship Initiative, which supports the creation of apprenticeship opportunities in priority and emerging industry sectors.

- $20 million one-time Proposition 98 General Fund to expand work-based learning models and programs at community colleges, including working with faculty and employers to incorporate work-based learning into curriculum.

Addressing Immediate Needs to Support and Engage Students. According to initial survey data from the RP Group (an organization representing institutional research, planning, and effectiveness professionals in the CCC system), Fall 2020 CCC enrollment is down roughly 8% from the prior fall term. Initial indications suggest these declines are disproportionately attributable to the State's underrepresented student populations. The California Student Aid Commission recently noted that the preliminary year-over-year Free Application for Federal Student Aid ("FAFSA") completion rate for first-time freshman application completion is down roughly 10% and that the year-over-year California Dream Act application completion rate is down roughly 45%.

To mitigate these concerning trends and address immediate student needs, the Budget proposes early action on the following proposals:

- $100 million one-time Proposition 98 General Fund to support emergency student financial assistance grants for full-time, low-income community college students and other students who were previously working full-time, or the equivalent of full-time, who can demonstrate an emergency financial need.

- $20 million one-time Proposition 98 General Fund to support efforts to bolster CCC student retention rates and enrollment. These funds would be used to primarily engage former students who may have withdrawn from college due to the impacts of the COVID-19 pandemic, and to engage current and prospective students who may be hesitant to remain enrolled or prospectively enroll in college due to impacts of the pandemic.

- Statutory amendments to delay the requirement for private nonprofit institutions to offer admission to at least 2,000 Associate Degree for Transfer students for the 2020-21 academic year in order to maintain the maximum Cal Grant tuition award for students attending private nonprofit institutions at $9,084 in fiscal year 2021-22. The delay shifts the requirement from applying in fiscal year 2021-22 to applying in fiscal year 2022-23.

- Statutory amendments to restore Cal Grant A eligibility for students impacted by a change in their living status due to the COVID-19 pandemic at an estimated cost of $58.8 million ongoing General Fund starting in fiscal year 2020-21.

Federal COVID-19 Relief Funds. To address the direct and indirect effects of COVID-19, the federal government provided additional funding to help pay for emergency response, testing and contact tracing, health care, and to provide financial relief to individuals, families and businesses as well as state and local governments, including schools and higher education institutions. As of early December 2020, the estimated funding that the State expects to receive from the four bills passed by Congress in the spring of 2020 totaled approximately $136 billion. These funds support various state programs, such as unemployment insurance, Medi-Cal, and K-12 schools. Combined with direct payments to individuals and families, hospitals and medical providers, businesses, higher education institutions and college students, local housing authorities, airports, farmers and local government, the State and its economy will benefit from approximately $298 billion provided through these federal actions.

Additionally, the CRRSSA, totaling about $900 billion, extends unemployment insurance and provides direct payments to individuals and families, businesses, and the health care industry, as well as provides more funding for testing, contact tracing, and vaccine distribution. While the State expects approximately $100 billion, higher education segments could receive $2.9 billion.

Additional Funding for K-14 Education. The 2021-22 Proposed State Budget reflects $3.4 billion in non-Proposition 98 General Fund for K-14 education.

Supplemental Payment. The 2020-21 State Budget included a multi-year plan to supplement Proposition 98 and mitigate projected declines due to revenue reductions. Specifically, the 2020-21 State Budget projected that the Proposition 98 funding levels in fiscal years 2019-20 and 2020-21 would drop below the target funding level (Test 2), by a total of approximately $12.4 billion. To accelerate the recovery from this anticipated funding reduction, the 2020-21 State Budget included annual supplemental appropriations above the constitutionally required Proposition 98 funding level, beginning in fiscal year 2021-22, in an amount equal to one and one-half percent of General Fund revenues per year, up to $12.4 billion. The 2020-21 State Budget also proposed to increase K-14 schools' share of the General Fund from approximately 38% of the General Fund in Test 1 years to 40% of General Fund.

Instead of a $12.4 billion drop in Proposition 98 funding in fiscal years 2019-20 and 2020-21, the 2021-22 Proposed State Budget projected a decline of $511 million, with the Proposition 98 Guarantee at a level that, under previous projections, would have taken years to reach. As a result, the 2021-22 Proposed State Budget proposes to remove the supplemental payment from statute. However, in recognition of the extraordinary needs of students and the public school system related to the COVID-19 pandemic, the 2021-22 Proposed State Budget includes a one-time supplementary payment to K-14 schools of $2.3 billion in fiscal year 2021-22.

STRS and PERS Contributions. The 2019-20 State Budget included $850 million one-time General Fund to buy down local educational agency employer contribution rates for STRS and the PERS in fiscal years 2019-20 and 2020-21, as well as $2.3 billion one-time General Fund to pay down the employers' share of long-term unfunded liability. To provide local educational agencies with increased fiscal relief, the 2020-21 State Budget redirected the $2.3 billion General Fund paid to STRS and PERS towards long-term unfunded liabilities to instead further reduce employer contribution rates in fiscal years 2020-21 and 2021-22. For fiscal year 2021-22, STRS will apply $820 million to reduce the employer rate from 18.1% to approximately 15.92%, and PERS will apply $330 million to reduce the Schools Pool employer contribution rate from 24.9% to 23%.

Other Budget Adjustments

<u>Student-Focused Adjustments:</u>

- Zero-Textbook-Cost Degrees: An increase of $15 million one-time Proposition 98 General Fund to develop and implement zero-textbook-cost degrees using open educational resources.

- Instructional Materials for Dual Enrollment Students-An increase of $2.5 million one-time Proposition 98 General Fund for community colleges to provide instructional materials for dual enrollment students.

<u>Apportionments Adjustments:</u>

- Augmentation for 2020-21 Apportionments: An increase of $52.7 million one-time Proposition 98 General Fund in 2020-21 community college apportionments.

- Local Property Tax Adjustment: A decrease of $292.7 million ongoing Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

Other Adjustments:

- CENIC Cost Increase: An increase of $8 million ongoing Proposition 98 General Fund for cost increases associated with continued broadband access provided by the Corporation for Education Network Initiatives in California (CENIC).

- Adult Education Cost-of-Living Adjustment: An increase of $8.1 million ongoing Proposition 98 General Fund to reflect a 1.5-percent cost-of-living adjustment for the Adult Education Program.

- Adult Education Technical Assistance Funding: An increase of $1 million ongoing Proposition 98 General Fund to support technical assistance for the Adult Education Program.

- CCC Facilities: An increase of General Obligation bond funding of $355.8 million, including $2.2 million to start one new capital outlay project and $353.6 million for the construction phase of 17 projects anticipated to complete design by spring.

LAO Overview of 2021-22 Proposed State Budget. The LAO, a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2021-22 Proposed State Budget entitled "The 2021-22 Budget: Overview of the Governor's Budget" on January 10, 2021 (the "2021-22 Proposed Budget Overview"). In the 2021-22 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2021-22 State Budget in light of an improved fiscal picture amidst the continued COVID-19 crisis. The LAO also highlights key features of the 2021-22 Proposed State Budget, which include a wide array of one-time programmatic spending and restoring budget resilience.

The LAO notes that under the 2021-22 Proposed State Budget, the State would end fiscal year 2020-21 with approximately $18.9 billion in total reserves, an increase of $7.5 billion from the 2020-21 State Budget. Further, the LAO notes that this increase is the result of constitutionally required reserve deposits, which reflect much stronger than anticipated revenue growth. The LAO estimates that the State had a significant windfall—$15.5 billion— for the Governor to allocate in developing the 2021-22 Proposed State Budget. However, the 2021-22 Proposed State Budget faces challenges over the longer term. In particular, the 2021-22 Proposed State Budget, if adopted, anticipates the State would have operating deficits reaching $11.3 billion in fiscal year 2024-25. The LAO highlights that the 2021-22 Proposed State Budget proposes spending over half of the $15.5 billion windfall on one-time or temporary purposes.

Additionally, the LAO notes that the 2021-22 Proposed State Budget includes a number of significant proposals that address similar COVID-19 pandemic-related needs to the CRRSA to provide additional funding to most taxpayers, people receiving unemployment insurance benefits, renters, businesses and schools. The LAO recognizes that the overlap is understandable given the timing, however, advises examining the 2021-22 Proposed State Budget in light of the new federal relief. Specifically, the LAO recommends the legislature: (1) determine how to best target State funds to those not benefiting from the federal assistance, and (2) strive to compliment, rather than duplicate, the federal activities.

The LAO also notes that the 2021-22 Proposed State Budget proposes $4.5 billion for the legislature to adopt in January and February of 2021, including $2 billion for in-person instruction grants connected to a school reopening proposal. The LAO is concerned this proposal sets unfeasible timelines. Second, the 2021-22 Proposed State Budget includes $2.4 billion in tax refunds to low-income taxpayers, which the LAO thinks could be more targeted. Third, the LAO agrees the 2021-22 Proposed State Budget inclusion of $550 million in small business grants is worth considering. Fourth, the LAO believes the 2021-22 Proposed State Budget's proposed waiver of fees for individuals and businesses directly affected by the State's stay-at-home orders is reasonable.

The LAO observes that the 2021-22 Proposed State Budget includes over two dozen proposals costing $6.5 billion requested in the early spring of 2021. The LAO recommends the legislature consider each proposal separately and ask the following questions to determine if the proposals warrant early action: (1) Does the administration provide sufficient evidence of a problem? (2) Is the proposal time sensitive? (3) Is the entire funding amount time sensitive? (4) Is there sufficient detail in the plan to assess its potential success?

Finally, the LAO states that in June 2020, the State took a number of actions—including making withdrawals from reserves and shifting costs—that were larger than necessary. In light of this fact, as well as the continued economic uncertainty and anticipated future deficits, the LAO thinks it is important that the State restore most or all of that budget resilience. The 2021-22 Proposed State Budget proposes a sizeable deposit to rebuild some budget resilience, but uses very few discretionary proposals to restore these tools. The LAO agrees the State should remain focused on the crisis at hand, but taking some of these actions now is nonetheless important both to address the State's multiyear budget problem and help the State weather the next unexpected downturn.

The 2021-22 Proposed Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2021-22 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2021-22 State budget from the 2021-22 Proposed State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2021-22 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2021-22 State budget may be affected by national and State economic conditions and other factors which the District cannot predict, including the outbreak of a highly contagious or epidemic disease that may in turn impact the educational funding that the District receives from the State.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. See "CONSTITUTIONAL INITIATIVES AND STATUTORY MEASURES – *Proposition 1A*" below for more information.

Final State Budgets

The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor is required to propose a budget for the next fiscal year (the "Governor's Budget") to the State Legislature no later than January 10 of each year. Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than

June 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor. In certain years prior to the adoption of Proposition 25, the State's final budget was not timely adopted.

Under State law, the annual Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the State Legislature. Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K 14 education) must be approved by a two-thirds majority vote in each house of the State Legislature and be signed by the Governor. Bills containing K-14 education appropriations require only a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse.

The events leading to the inability of the State Legislature to pass a budget in a timely fashion are not unique, and the District cannot predict what circumstances may cause a failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the May revision of the State budget for that year, and determine whether the District's budget will have to be revised.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. Further State actions taken to address its budgetary difficulties could have the effect of reducing the District's support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

Future State Budgets

The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address any future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions over which the District has no control, and other factors over which the District will have no control, including by the COVID-19 pandemic. The District cannot predict whether the State will continue to encounter budgetary difficulties in future fiscal years. The District also cannot predict the impact future State Budgets will have on the District's finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will need to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. In addition, various

State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

CONSTITUTIONAL INITIATIVES AND STATUTORY MEASURES

Article XIIIA of the California Constitution

On June 16, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations – Constitutional and Statutory Initiatives" in the forepart of this Official Statement for additional information regarding Article XIIIA.

Property Tax Base Transfer (Proposition 19)

The majority of voters casting a ballot at the November 2020 Statewide election voted to enact changes to certain property tax rules ("Proposition 19") which: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

Proposition 26

On November 2, 2010, California voters approved Proposition 26 as an amendment to Section 3 of Article XIIIA (and Section 1 of Article XIIIC) of the State Constitution that requires a two-thirds vote in the State Legislature to pass certain State fees, levies, charges and tax revenue allocations that under the State's previous rules could be enacted by a simple majority vote. Certain local fees must also be approved by two-thirds of voters. Proposition 26 expanded the scope and definition of a State or local tax to include many payments previously considered to be fees or charges, so that more proposals would require approval by two-thirds of the State Legislature or by local voters.

Article XIIIB of the California Constitution

Under Article XIIIB of the California State Constitution state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. The District's 2019-20 appropriations limit is $154,314,586.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with fiscal year 1988-89, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance or full-time equivalent students at each school and community college district; however, the exact allocation formula may vary from year to year. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act," which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the one percent *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55 percent of the voters voting on the measure, subject to the restrictions explained above.

The State Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the California Education Code. Under amendments to Section 15268 and 15270 of the California Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for a school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Proposition 30 and Proposition 55

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012, resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raises taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates affect approximately one percent of California personal income tax filers and will be in effect until the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from fiscal years 2012-13 through 2016-17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2017-18, and 2018-19. Proposition 30 also places into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 will also provide additional tax revenues aimed at balancing the State's budget through fiscal year 2018-19, providing several billion dollars annually through fiscal year 2018-19 available for purposes including funding existing State programs, ending K-14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenue projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers will impact potential State revenue and could complicate State budgeting in future years. After the tax increases expire, the loss of the associated tax revenues could create additional budget pressure in subsequent years.

On November 8, 2016, voters approved the California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55 ("Proposition 55"), which extends the temporary tax increases created by Proposition 30 on income taxes (the sales tax piece expired December 31, 2016) from the 2016 tax year through the 2030 tax year. The District cannot predict the effect the loss of the revenues generated from such temporary tax increases will have on total State revenues and the effect on the Proposition 98 formula for funding schools.

Proposition 2

On November 4, 2014, voters approved Proposition 2, also referred to as the "Rainy Day Budget Stabilization Fund Act." Proposition 2 changed the State's existing requirements for the BSA and establishes the PSSSA.

Proposition 2 limits the ability of the Governor to suspend or reduce transfers to the BSA. Specifically, the Governor would have to declare a "budget emergency," defined in Article XIIB of the State Constitution or determine that (A) there are insufficient resources to maintain general fund expenditures for the current year at the highest level of spending in the three most recent fiscal years, or (B) it is made in response to a natural or man-made emergency. Any such declaration must be followed by a bill passed by a majority vote of each House of the Legislature. If a budget emergency exists and the State elects to make a withdrawal from the BSA, the State may withdraw the lesser of (i) the amount needed to maintain General Fund spending at the highest level of the past three enacted budgets; and (ii) fifty percent of the balance of the BSA. For a discussion of reserves available to the State in the event of a budget emergency declared due to the COVID-19 pandemic, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Fiscal Year 2020-21 State Budget" herein.

Proposition 2 also requires the State Controller to deposit annually 1.5% of general fund revenues and an amount equal to revenues derived from capital gains-related taxes in situations where such tax revenues are in excess of 8% of general fund revenues. Deposits to the BSA will be made until the BSA balance reaches an amount equal to 10% of general fund revenues. Additionally, from 2015-16 to 2029-30, half of any required transfers to the BSA must be allocated to reduce certain state liabilities, such as unfunded state-level pension plans and making certain payments owed to K-14 districts.

The PSSSA will be funded by the capital gains-related tax revenues in excess of 8% of general fund revenues. The State may deposit amounts into the PSSSA only after certain conditions are met, including the payment of all amounts owing to school and community college districts under the Proposition 98 maintenance factor and the existence of a "Test 1" year under Proposition 98.

Amounts in the BSA, PSSSA and other State reserves are expected to be drawn upon in the 2020-21 fiscal year, as described further under "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Fiscal Year 2020-21 State Budget."

Proposition 51

At the November 8, 2016 Election, voters in the State approved the California Public School Facility Bonds Initiative, ("Proposition 51"). Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds to fund the construction and modernization of school facilities for both community colleges and K-12 schools within the state.

Specifically, the $9 billion will be split between a State School Facilities Fund and a California Community College Capital Outlay Bond Fund. The funds can then be used to allocate bond revenue in the following manner:

- $3 billion for construction of new K-12 school district facilities;

- Another $3 billion for the modernization of K-12 public school sites, which includes repairs to outdated facilities to increase earthquake and fire safety, removing asbestos, technology upgrades and other health and safety improvements;

- $500 million for various charter school facilities;
- $500 million for career technical education facilities;
- $2 billion for California community college facility construction and modernization.

The State issues general obligation bonds for facility projects. Typically, K-12 schools can submit proposals for such projects to the State Office of Public School Construction for both modernization and new construction. If the project is approved, the school district will receive State grant funding and in turn the school district must contribute local funding to such projects. If sufficient local funding is unavailable, the school district may potentially receive the full project cost via State grant funding. Career technical education and charter school facilities face a similar approval process. Community college districts, on the other hand, must submit requests for facility projects to the Chancellor of the community college system. Selected projects are eventually approved and funded as part of the annual State budget. A scoring system is used to determine the State and local contributions for these community college sites.

The impact that Proposition 51 will have on school district behavior is unclear. Some school districts may spend less local funds given the greater support of state funding. However, school districts may decide to spend more local funds by proposing an increased number of facility projects with the knowledge that additional state funding could be available. It is also possible that school districts make no changes to their number of proposals for construction and modernization projects.

Currently, the District has three construction projects that were approved in the 2017-18 and 2019-20 State Budgets under Proposition 51:

- Buildings M and N, Liberal Arts Campus;
- Construction Trades Phase 1, Building MM, Pacific Coast Campus;
- Music/Theatre Complex, Buildings G & H, Liberal Arts Campus; and
- Construction Trades Phase II, Building MM, Pacific Coast Campus.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters voting on a bond measure, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State Constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Proposition 1A

Proposition 1A (SCA 4), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate from 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Prohibitions on Diverting Local Revenues for State Purposes

Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue.

Future Initiatives and Propositions

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46, 39 and 1A 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 the District's revenues or their ability to expend revenues.

APPENDIX B

FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Trustees
Long Beach Community College District
4901 East Carson Street
Long Beach, California 90808

Re: $84,615,000 Long Beach Community College District (Los Angeles County, California) General Obligation Refunding Bonds, 2021 Series I (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Long Beach Community College District, County of Los Angeles, State of California (the "District") in connection with the issuance by the District of $84,615,000 aggregate principal amount of the District's General Obligation Refunding Bonds, 2021 Series I (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Act") and other applicable laws of the State of California (the "State"), and pursuant to a resolution adopted by the Board of Trustees of the District (the "Board of Trustees") on February 24, 2021 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purpose of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. The Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District and which, under the laws now in force with respect to the Bonds, may be levied within the limits prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution has been duly adopted by the Board of Trustees and constitutes the legally valid and binding obligation of the District, enforceable in accordance with its terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. Interest on the Bonds is <u>not</u> excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present State law.

The opinions set forth in paragraphs 1, 2 and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principals of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law), and (c) the limitations on legal remedies against government entities in the State.

Except as stated in paragraphs 4 and 5 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

The opinion expressed in paragraph 4 is not intended or provided to be used by an owner of the Bonds for the purpose of avoiding penalties that may be imposed on the owner of such Bonds. Such opinion is provided to support the promotion or marketing of the Bonds. Each owner of the Bonds should seek advice based on its particular circumstances from an independent tax advisor.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws or other jurisdictions. We call attention to the fact that the opinions expressed herein may be affected by actions taken or omitted or events occurring or failing to occur after date hereof. We have not undertaken to determine or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

APPENDIX C

AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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LONG BEACH COMMUNITY COLLEGE DISTRICT
LOS ANGELES COUNTY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Long Beach Community College District
Long Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Long Beach Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity'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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we consider internal control relevant to the entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the business-type activities and the fiduciary activities of the District as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents 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 an opinion on the District's financial statements as a whole. The supplementary schedules as referenced in the table of contents, including the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of state financial assistance, as required by *2019-20 Contracted District Audit Manual*, and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary section, including the schedule of expenditures of federal awards and schedule of state financial assistance, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The history and organization, schedule of financial trends and analysis, and continuing disclosure information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021 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 and 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 4, 2021

The following discussion and analysis provides an overview of the financial position and activities of the Long Beach Community College District (the District) for the year ended June 30, 2020. This discussion is prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

The District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 25,000 students at two campuses, the Liberal Arts Campus and the Pacific Coast Campus. To serve its community, the District offers a comprehensive set of education programs and support services in response to student and community needs. The District plays a key role in transfer preparation, workforce development, basic skills, associate degrees, and economic development.

Accounting Standards

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments," which changed the reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities," which applies these reporting standards to public colleges and universities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow these standards under the Business Type Activity (BTA) model. Nearly all public colleges and universities nationwide have selected the BTA reporting model, which makes it easier to display comparable data. As such, the District uses the BTA model for reporting its financial statements. Under the BTA model, state and local taxes and investment income are classified as non-operating revenues.

Selected Highlights

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

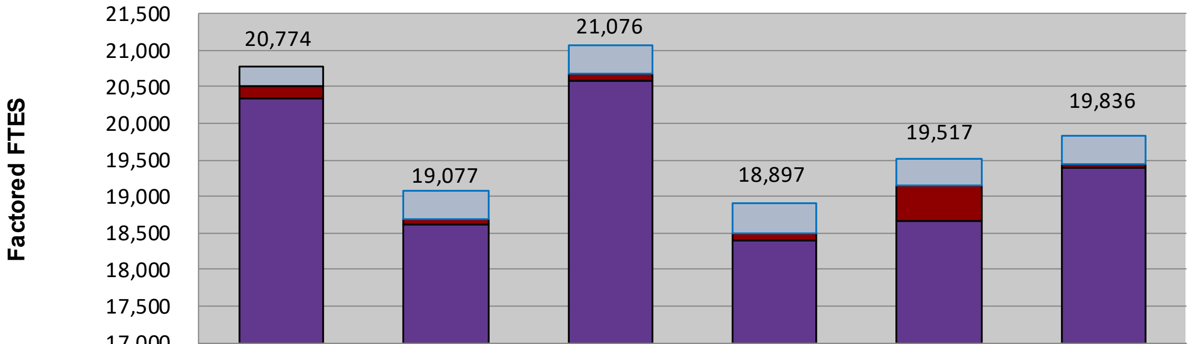
- Cash balance (cash and cash equivalents) current and restricted increased $96.9 million from $159.5 million to $256.4 million mainly due to $130 million in bond proceeds less spending bond funds as planned on construction projects. (More details in subsequent pages.)

- Total operating, non-operating and other revenues increased $24.6 million (9.2%) from $268.2 million to $292.8 million due to increases in state apportionment and grant revenue including COVID-19 grants. (More details in subsequent pages.)

The District's primary funding source is "State Apportionment Funding" received from the State of California through the State Chancellor's Office. This funding is one component of the overall student centered funding formula for community colleges. The other two components are local property taxes and student enrollment fees, which were $46 per unit in the year ended June 30, 2020. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our total apportionment eligible FTES reported was 19,836 for the 2019-20 fiscal year. This represents an increase of 319 FTES.

Annual Enrollment

Full-Time Equivalent Students (FTES)



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
CDCP Noncredit	272	395	387	408	372	394
Noncredit	155	59	108	101	478	48
Credit	20,347	18,623	20,581	18,388	18,667	19,394

- Total ending fund balances (modified accrual basis of accounting) increased $96.2 million (63.2%) from $152.3 million to $248.5 million due mainly to $130 million in bond proceeds less spending as planned in bond funds for construction and other capital expenditures.

- Net position (full accrual basis of accounting) deficit increased $4.3 million (4.2%) from -$101.7 million to -$106.0 million, which was mainly due to the $12.6 million increase in negative investment in capital assets, less the increase in restricted net position.

- The primary expenditure of the District is for the salaries and benefits for academic, classified, and administrative personnel. These costs increased from the previous fiscal year by $7.0 million to $159.7 million. This 4.6% net increase is due to staff and salary increases, the increased STRS, PERS and health insurance rates, offset by savings from retirements, including one-time savings from temporary vacancies.

- The District continues to make significant progress with the construction of new facilities and the renovation of existing facilities including:

Location	% Complete
Liberal Arts Campus	
Auditorium (Building J)	95%
Kinesiology Labs and Aquatic Center (Building W)	35%
Liberal Arts Classroom (Building M)	30%
Central Plant Expansion (Building X)	90%
Pacific Coast Campus	
ADA Building Barrier Removal Project	100%
Parking Structure (Building P2)	90%
Construction Trades, Phase I (Building MM) Renovation	5%

Projects in the planning and design stages are:

- ADA Site and Building Barrier Removal Projects – Liberal Arts Campus
- Energy Efficiency Measure 2 – Districtwide
- Music/Theater Complex (Building G) – Liberal Arts Campus
- Construction Trades, Phase II (Building MM) Renovation – Pacific Coast Campus
- College Center (Building E) – Liberal Arts Campus

These projects are funded through the District's $440 million (Measure E, 2008) and $850 million (Measure LB, 2016) general obligation bond programs.

- The District provided student financial aid to qualifying students of the District in the amount of $56.8 million. This represents a $12.0 million increase from the 2018-19 fiscal year. This aid is provided through grants and loans from the Federal and State programs. Federal Pell Grant maximums increased 1.6% to $6,195 per student in 2019-20. The increase includes $3.3 million of CARES Act funds disbursed to students.

Financial Statement Presentation and Basis of Accounting Governmental Funds

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

The financial statements noted above are prepared in accordance with GASB Statements No. 34 and No. 35, which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District governmental funds including Student Financial Aid Programs, Proprietary Funds and a portion of the Retiree Benefits Fund deemed to be governmental in nature.

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting, which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net position recorded on the full accrual basis of accounting is shown in the supplemental information of the audit report.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2020.

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

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

Cash balance (cash and cash equivalents) current and restricted increased $97.0 million (60.8%) from $159.5 million to $256.5 million mainly due to $130 million in bond proceeds less planned spending of bond cash for construction projects.

Capital assets increased 6.9% from $409.2 million to $437.3 million. This is the result of the District's continuing investment in constructing and renovating buildings, and equipment purchases at both of the District's two campuses, less accumulated depreciation expense.

Receivables increased $15.5 million (77.9%) from $19.9 million to $35.4 million due to receivables for apportionment due to delays in state cash flow and increases in grant receivables including CARES Act.

Prepaid expenses increased $2.2 million due to increased prepayment for services including insurance for bond projects.

Deferred outflows and inflows of resources relate to the consumption and acquisition of net assets that are applicable to the future periods. They relate to bond refundings (refinancing), pensions and OPEB liabilities. See the footnotes of the financial statements for further explanation.

Deferred outflows from pensions was $38.1 million at June 30, 2020. That offsets the pension liability of $154.2 million and the deferred inflows from pensions of $12.5 million, which makes the net impact of reporting pensions $128.6 million, which is up 7.4% from the prior year.

Deferred outflows from OPEB was $10.0 million at June 30, 2020. That offsets the OPEB liability of $35.6 million and deferred inflows from OPEB of $6.6 million, which makes the net impact of reporting the OPEB liability $32.2 million, which is up 2.3% from the prior year.

Long-term liabilities less current portion increased $124.4 million (18.4%) from $674.5 million to $798.9 million due to the $130 million bond issuance less scheduled bond principal payments.

The components of net position are investment in capital assets, restricted assets and unrestricted assets. The negative $72.1 million in net position invested in capital assets consists of $437.3 million in capital assets, net of accumulated depreciation and including the Bond Construction Fund balance of $100.6 million, less $610.0 million in bond debt, including bond premiums and deferred outflows.

This investment in capital assets consists of land, infrastructure, buildings, and equipment less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide educational, meeting, and athletic facilities to students and the community; consequently, these assets are not available for future spending. The resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

The $65.6 million of restricted net position are assets that must be used to meet the goals and purposes of the Federal, State, local, or private agencies providing the assets, including capital projects, student financial aid, restricted parking and student health fees, or amounts designated for debt services.

The value of unrestricted net position was negative $99.5 million at June 30, 2020. The negative balance is primarily due to the recognition of $154.2 million net pension liability for STRS and PERS. The net impact of financial reporting for pensions is a negative $128.6 million ($8.9 million increase from prior year). In addition, with the implementation of GASB Statements No. 74 and No. 75 in the 2016-17 fiscal year, we are now required to report our net Other Post-employment Benefits (OPEB) liability on our statement of net position. The net OPEB liability decreases the net position deficit an additional $32.3 million. Without recognizing these net liabilities, the unrestricted net position would be a positive $61.4 million, which is a $5.6 million increase from prior year. Much of the positive portion of unrestricted net position has been designated by the Board for such purposes as outstanding commitments on contracts, child development, community education and retiree health benefits and general reserves for the ongoing financial health of the District.

Additionally, in accordance with the Chancellor's Office's Institutional Effectiveness Partnership Initiative (IEPI), the District has established minimum reserve goals in addition to the reserve policy. The short-term reserve goal is 12.5% and the long-term reserve goal is 15.0% for the unrestricted general fund.

A summarized comparison of statement of net position is presented herein:

	(in thousands) June 30, 2020	(in thousands) June 30, 2019	Percentage Change
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 84,271	$ 87,543	(3.7)%
Receivables	35,384	19,847	78.3
Prepaid Expenses	6,425	4,206	52.8
Total Current Assets	126,080	111,596	13.0
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	172,175	71,942	139.3
Capital Assets, Net of Depreciation	437,311	409,186	6.9
Total Noncurrent Assets	609,486	481,128	26.7
Total Assets	735,566	592,724	24.1
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	25,743	22,172	16.1
Deferred Outflows - Pensions	38,093	43,455	(12.3)
Deferred Outflows - OPEB	9,952	3,608	175.8
Total Deferred Outflows of Resources	73,788	69,235	6.6
Total Assets and Deferred Outflows of Resources	$ 809,354	$ 661,959	22.3

	(in thousands) June 30, 2020	(in thousands) June 30, 2019	Percentage Change
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 40,970	$ 25,877	58.3 %
Due to Fiduciary Fund	1,340	229	485.2
Unearned Revenue	17,622	15,235	15.7
Amounts Held in Trust for Others	8	9	(11.1)
Estimated Claims Liability	195	195	-
Long-Term Liabilities - Current Portion	37,279	33,663	10.7
Total Current Liabilities	97,414	75,208	29.5
NONCURRENT LIABILITIES			
Long-Term Liabilities Less Current Portion	798,879	674,480	18.4
Total Noncurrent Liabilities	798,879	674,480	18.4
Total Liabilities	896,293	749,688	19.6
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	12,474	6,462	93.0
Deferred Inflows - OPEB	6,618	7,509	(11.9)
Total Deferred Outflows of Resources	19,092	13,971	36.7
NET POSITION			
Net Investment in Capital Assets	(72,075)	(59,471)	(21.2)
Restricted	63,111	53,284	18.4
Unrestricted	(97,067)	(95,513)	(1.6)
Total Net Position	(106,031)	(101,700)	(4.3)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 809,354	$ 661,959	22.3

This schedule has been prepared from the Statement of Net Position presented on pages 22 and 23.

Statement of Revenues, Expenses and Change in Net Position

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

Generally, operating revenues are earned for providing educational and programmatic services to students, customers and constituencies of the District. Operating expenses are those expenses incurred to provide services in return for the operating revenues used to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, state apportionments are non-operating revenues because they are provided by the legislature to the District without the legislature directly receiving services for those revenues.

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

	(in thousands) June 30, 2020	(in thousands) June 30, 2019 *	Percentage Change
OPERATING REVENUES			
Net Tuition and Fees	$ 12,138	$ 13,078	(7.2)%
Grants and Contracts, Noncapital	95,364	84,988	12.2
Auxiliary Commissions and Stadium Concessions	675	878	(23.1)
Total Operating Revenues	108,177	98,944	9.3
OPERATING EXPENSES			
Salaries and Benefits	159,744	152,683	4.6
Supplies, Materials and Other Operating Expenses and Services	41,670	37,168	12.1
Financial Aid	56,754	44,787	26.7
Depreciation	18,457	16,724	10.4
Total Operating Expenses	276,625	251,362	10.1
OPERATING LOSS	(168,448)	(152,418)	10.5
NONOPERATING REVENUES			
Grants and Contracts, Noncapital	6,531	-	100.0
State Apportionments, Noncapital	86,952	81,499	6.7
Local Property Taxes	33,768	32,909	2.6
State Taxes and Other Revenues	4,727	4,820	(1.9)
Investment Income, Net	1,991	2,142	(7.0)
Total Nonoperating Revenues	133,969	121,370	10.4
OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)			
State Apportionments, Capital	4,609	2,636	74.8
Local Property Taxes and Other Revenues, Capital	44,159	43,905	0.6
Investment Income, Capital	1,854	1,313	41.2
Interest Expense and Costs of Issuing Capital Asset - Related Debt	(20,489)	(20,135)	1.8
Net Gain (Loss) on Disposal of Capital Assets	15	29	(48.3)
Total Other Revenues, (Expenses), Gains or (Losses)	30,148	27,748	8.6
CHANGES IN NET POSITION	(4,331)	(3,300)	31.2
Net Position - Beginning of Year	(101,700)	(98,400)	3.4
NET POSITION - END OF YEAR	$ (106,031)	$ (101,700)	4.3

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Position on page 24.

While the distinction between operating and non-operating revenues is useful to managers for profit business enterprises, this distinction is not as important for managers of public sector community colleges. Therefore, to simplify the discussion, operating revenue, non-operating revenue and other revenues were combined in the following table:

	(in thousands) June 30, 2020	(in thousands) June 30, 2019 *	Percentage Change
REVENUES			
Operating Revenues	$ 108,177	$ 98,944	9.3 %
Nonoperating Revenues	133,969	121,370	10.4
Other Revenues	50,637	47,883	5.8
Total Revenues	292,783	268,197	9.2
EXPENSE			
Operating Expenses	276,625	251,362	10.1
Other Expenses	20,489	20,135	1.8
Total Expenses	297,114	271,497	9.4
CHANGE IN NET POSITION	(4,331)	(3,300)	31.2
Net Position - Beginning of Year	(101,700)	(98,400)	36.9
NET POSITION - END OF YEAR	$ (106,031)	$ (101,700)	4.3

*Certain reclassifications to the June 30, 2019 information have been made to conform with the June 30, 2020 presentation.

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position presented on page 23.

Operating revenues increased $9.2 million (9.3%) due to the increase in grant revenue including financial aid.

Nonoperating revenues increased $12.6 million due mainly to the increases in state apportionment and federal CARES Act revenue for institutional, small business, and student aid.

Operating expenses increased by $25.3 million due mainly to the increase in supplies, materials and services including COVID-related PPE; the increase in salaries and benefits, and the increase in student financial aid disbursements.

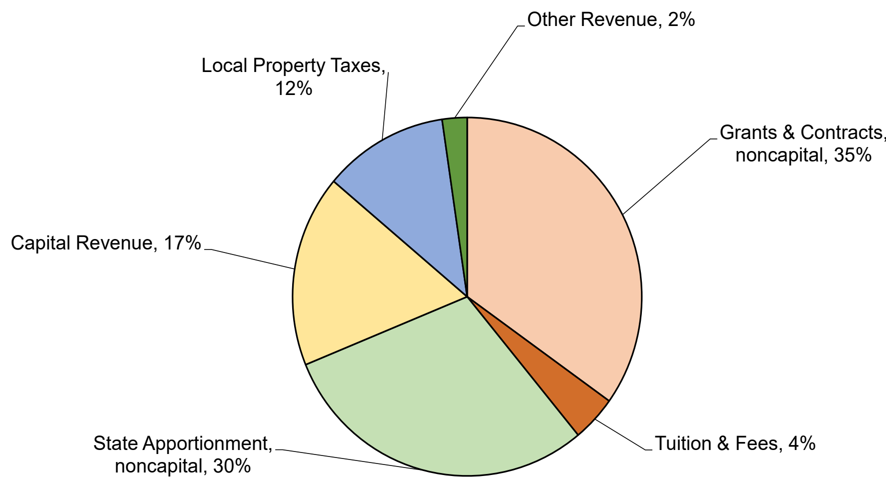
Total revenues were $292.8 million while total expenditures were $297.1 million. This yields a decrease in net position of $4.3 million.

With the implementation of GASB Statements No. 74 and No. 75, the District reflects its proportionate share of pension liabilities in the financial statements. In addition, the District reports the full value of our net OPEB liability. As a result, most community college districts will show a negative net position on their financial statements.

The combined net effect of pension liabilities for STRS and PERS and the OPEB and MPP liability, including deferred inflows and outflows, is $160.4 million as of June 30, 2020. The District's net position would be higher by that amount if the liabilities were not required in the financial statements.

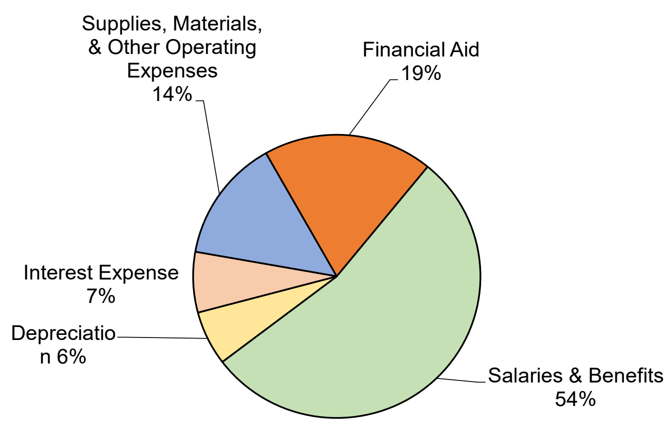
The following chart shows the sources of revenue to the District. The largest sources are State apportionment; non-capital (30%) which is derived from the State's funding formula for Community Colleges; and Grants & Contracts, non-capital (34%).

Revenue 2019-20



The following chart shows where the District's money is spent. The largest category of expenses (54%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to carry out its educational mission.

Expenses 2019-20



Statement of Cash Flows

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

The Statement of Cash Flows is divided into four parts: Cash Flows from Operating Activities, Cash Flows from Non-Capital Financing Activities, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities. The first part reflects operating cash flows and shows the net cash used for the operating activities of the District. The second part details cash received for non-operating, non-investing and non-capital financial purposes. The third part shows net cash flows for capital projects and related financing activities. This part deals with the cash used for the construction and improvement of capital facilities and related items. The fourth part provides information from investing activities and the amount of interest received.

Operating activities – Cash receipts from operating activities are derived from a variety of sources, including from student fees, enterprise activities, and from Federal, State, local, and private grants. Uses of cash are salaries and benefits for employees, payments to vendors, and financial aid to students. Cash receipts and payments vary based on timing of the District receiving and disbursing cash; however, throughout the year, the District always maintained a positive cash position.

Non-capital financing activities – These cash sources include State apportionment, and local property taxes.

Capital and related financing – The cash used in this section includes purchases of capital assets and debt repayments related to the general obligation bond program.

Investing activities – The primary cash source is interest income from deposits with the County Treasury.

The net change in cash, considering all sources and uses, was an increase of $97.0 million. This results in an end of year cash balance of $256.5 million. As a matter of prudent financial management, the District maintains a positive cash position at all times.

A summarized comparison of the Statement of Cash Flows follows is presented herein:

	(in thousands) June 30, 2020	(in thousands) June 30, 2019	Percentage Change
CASH PROVIDED (USED) BY			
Operating Activities	$ (141,670)	$ (125,886)	(12.5)%
Noncapital Financing Activities	124,975	114,350	9.3
Capital and Related Financing Activities	111,628	(26,502)	521.2
Investing Activities	2,028	1,938	4.6
Net Increase (Decrease) in Cash and Cash Equivalents	96,961	(36,100)	368.6
Cash Balance - Beginning of Year	159,485	195,585	(18.5)
CASH BALANCE - END OF YEAR	$ 256,446	$ 159,485	60.8

This schedule has been prepared from the Statement of Cash Flow presented on page 25.

Net cash flows used in operating activities increased by $15.8 million, which is due mainly to the increase in outflows to suppliers, employees, and students for financial aid.

Cash flows from capital and related financing activities increased $138.2 million. This is mainly due to the net inflow from the issuance of $130 million of general obligation bonds.

Capital Assets and Debt Administration

Capital Assets

In accordance with financial statement reporting requirements, all assets, including land, is recorded at historical cost. Actual fair-market value of land is substantially higher than historical cost. This is due to the fact that land for the Liberal Arts Campus and the Pacific Coast Campus was acquired approximately eighty years ago and land values in Southern California have increased over this time. On June 30, 2019, the District had $409.2 million, net of depreciation, in a broad range of capital assets including land, buildings, equipment and construction in progress. During the 2019-20 fiscal year, the District continued to modernize various facilities throughout the District at a cost of $46.6 million. At the end of the year capital assets, net of depreciation, were valued at $437.3 million, which is a 6.9% increase.

Note 5 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below:

	(in thousands) Balance June 30, 2020	(in thousands) Balance June 30, 2019	Percentage Change
Land	$ 25,976	$ 25,976	- %
Construction in Progress	62,084	21,869	183.9
Site and Site Improvements	478,233	473,514	1.0
Equipment	24,113	22,538	7.0
Totals at Historical Cost	590,406	543,897	8.6
Less Accumulated Depreciation for:			
Site and Site Improvements	134,095	118,113	13.5
Equipment	19,000	16,598	14.5
Total Accumulated Depreciation	153,095	134,711	13.6
Capital Assets, Net	$ 437,311	$ 409,186	6.9

Long-Term Debt

As of June 30, 2019, the District had $708.1 million in long-term debt. During the 2019-20 fiscal year, long-term debt increased by $128.0 million. This is due to the $122.4 million net increase in G.O. bond debt due to the issuance of $130 million in G.O. bonds less scheduled bond repayments. The District's bond rating is AA (S&P) and Aa2 (Moody's).

Notes 7 through 13 to the financial statements provide additional information on long-term liabilities. The reporting of pension liabilities for STRS and PERS is explained in Note 12 and in statements in the Required Supplementary Information (RSI) section of this report. The net OPEB liability is explained further in the footnotes and RSI. A comparison of long-term debt is summarized herein:

	(in thousands) Balance June 30, 2020	(in thousands) Balance June 30, 2019	Percentage Change
General Obligation Bonds, Net	$ 635,767	$ 513,373	23.8 %
Compensated Absences	7,459	6,049	23.3
Net other postemployment benefits other than pensions and MPP Program	36,141	28,230	28.0
Net Pension Liability	154,206	156,733	(1.6)
Supplemental Employee Retirement Plan	2,585	3,758	(31.2)
Total Long-Term Debt	836,158	708,143	18.1
Total Short-Term Portion	(37,279)	(33,663)	10.7
Total Long-Term Portion	$ 798,879	$ 674,480	18.4

District's Fiduciary Responsibility

The Futuris Public Entity Investment Trust (the Retiree Benefit Trust) was established in May 2006. The Retiree Benefit Trust is an irrevocable government trust for the purpose of funding postemployment health benefits. The District acts as the fiduciary of the Retiree Benefit Trust and the financial activity of the Retiree Benefit Trust has been presented in separate statements in the financial statements.

The District has the responsibility of accounting for the Student Trust Funds, which includes the Associated Student Body Fund and the Student Representation Fee Fund. These fiduciary activities are reported in a separate Statement of Fiduciary Net Position.

Economic Factors Affecting the Future of Long Beach Community College District

State Economy

The economic position of Long Beach Community College District is closely tied to the economic health of the State of California. State apportionment, non-capital, tuition and fees, and local property taxes of $120.7 million support 46.8% of total operating expenses, excluding depreciation.

State Budget. Governor Newsom's January 2020 Budget reflected the positive economy at that time. It proposed a $7.4 billion (3.5%) spending increase. That plan changed dramatically due to the COVID-19 pandemic in March 2020. As a result, the Governor's May Revise Budget proposed significant cuts including an apportionment deficit factor over 8% for community colleges. The State Legislature had a different approach. That approach is reflected in the enacted 2020-21 State Budget. Instead of dramatic cuts, the Budget is a baseline budget, funding most programs at the same level as the prior year; however, the state is using significant ($1.45 billion) deferrals to continue funding at this level.

Deferrals. The cash deferrals noted above are estimated at $27 million for LBCCD ($22 million in apportionment and $5 million in categorical program funding). That is approximately 26% of state apportionment funding that will be received 5 months later than normal. This has caused us to plan to issue Tax Revenue Anticipation Notes (TRAN) in the Spring of 2021 to ensure that we have sufficient cash flow to pay vendors and employees.

Student-Centered Funding Formula (SCFF). 2020-21 is the third year of the Student Centered Funding Formula (SCFF). Adjustments to the formula continue. Funding rates per each metric under the SCFF were set by the Chancellor's Office at the end of 2019-20. Rates will remain the same plus cost of living adjustments (COLA) for future years. COLA is not funded in the 2020-21 budget, so SCFF rates remain the same for 2020-21.

Some of the main features of the SCFF are:

- Maintain SCFF Allocations — The formula will continue to provide 70% base allocation, 20% for equity allocation, and 10% for the student success allocation.
    - Base Grants (70%) — District base grants determined by three-year rolling average of credit FTES enrollment. Noncredit, special admit credit and incarcerated credit FTES are funded at existing rates multiplied by current year FTES.
    - Supplemental Grant (20%) — Supplemental grants based on the number of low-income students that the district enrolls based on prior year head count for three factors: (1) headcount of all students who receive a College Promise Grant fee waiver (formerly known as the BOG Waiver); (2) Pell Grant recipient headcount enrollment; and (3) AB540 students per the California Dream Grant application.
    - Student Success Incentive Grant (10%) — Funding based on an elaborate point system derived from metrics related to student progress, outcomes (degrees and transfers) and wages after graduation. These success metrics are now based on a three year average (the prior year and the two previous years' data).
- "Summer Shift" – continues. This provision continues the district's ability to choose the fiscal year in which to report specified summer FTES for summer enrollment that overlaps fiscal years.
- Hold Harmless Provision – was extended an additional two years to a total of six years. Districts that do not earn apportionment equal to 2017-18 funding under the new formula would be held harmless to at least 2017-18 funding levels plus COLA for fiscal years 2018-19 through 2023-24.

<u>Challenges</u>

The District continues to face challenges. Some challenges are state-wide challenges while some are unique to certain areas or districts. The major challenges known at this time are discussed below.

COVID-19. The COVID-19 pandemic has resulted in an enormous hardship for families, businesses, and governments at all levels. In addition to massive impacts on general health and health systems, the emergency has caused a seismic shift in the state's economic conditions. The enacted State Budget is reflective of this reality. Projected 2020-21 state revenues went from a $5.6 billion surplus in January to a $54.3 billion deficit. The deep recession, combined with $5.7 billion in new spending related to the state's COVID-19 response, transformed the state budget.

COVID-19 Response. As part of emergency measures taken by the Chancellor's Office, districts are allowed to delay reporting deadlines. However, LBCCD has continued the regular schedule including completing the 2020-21 Adopted Budget by the traditional deadline of September 15.

In response to the COVID-19 outbreak, the District shutdown campuses and transitioned to remote work for employees and online learning for students beginning in March 2020. Online instruction continues through the Fall 2020 semester and is scheduled for Spring 2021. Only essential employees are allowed on campus and only as needed. Students and employees must pass a daily health screening before coming on campus. The District has and continues to incur costs for personal protective equipment (PPE), cleaning and sanitizing equipment and training for faculty to conduct distance learning.

COVID-19 Aid. The Federal and State governments have responded to the COVID-19 pandemic by providing aid to community colleges to help pay for the additional costs of sanitation supplies and personal protection equipment (PPE) and for the transition to remote work and learning. The Federal CARES Act provides funding for LBCCD for COVID-19 aid for institutional expenses, direct student aid and for small business assistance. The State has provided COVID-19 Block Grants (federal and state allocations).

Net allocations for the District, which are rolled into the 2019-20 and 2020-21 fiscal years, are listed below.

COVID-19 Grants		**Award amount**
CARES Act Grant - Student Financial Aid		7,331,529
CARES Act Grant - Institutional		7,331,529
CARES Act Grant - Minority Serving Institutions (MSI)		987,351
CARES Act Grant - SBDC Southern California Region		6,155,740
COVID-19 Block Grant - Federal		953,906
COVID-19 Block Grant - State		1,170,932
Total		23,930,987

Along with the grants noted above, the District is working to submit requests for public assistance through the California Office of Emergency Services (OES) for possible reimbursements of certain COVID-19 related costs.

Increasing Pension Obligations. Underfunded statewide pensions have been addressed in recent years by increased contribution rates for the state, employees and employers. For the second year, the Governor provided one-time allocations in the 2020-21 State Budget to reduce the burden on employers. While those allocations are very helpful, overall STRS and PERS rates are still projected to increase in future years. The changes from previous projections in 2020-21 pension employer contribution rates and the projected dollar changes from prior year for LBCCD are as follows:

STRS	18.41% to 16.15%	($351,000) decrease
PERS	22.67% to 20.70%	$656,000 increase

The long-term projected pension rate increases pose a significant budget challenge to districts going forward.

Enrollment. Enrollment (full-time equivalent students or FTES) remains the single largest impact on the student centered funding formula at 70% of the formula. Declining enrollment had been an issue throughout the state in recent years due to factors including declining K-12 enrollment. The COVID-19 pandemic has increased the problem. LBCCD and other community colleges throughout the state are reporting Fall 2020 enrollment declines in the range of 5%. A significant factor is the various challenges for students to transition to fully online education. We continue to explore enrollment strategies to try to improve our enrollment to avoid decreased apportionment funding.

Student Success Metrics. We continue to work to improve the timely completion of students' goals including certificates, degrees and transfers as well as encouraging Pell applicants. Our goal is to achieve overall metrics that allow us to achieve apportionment revenue above the hold harmless level when that six-year provision ends. Our efforts toward that goal incur additional expenses, but do not provide additional revenues during this hold harmless period. We are projecting to continue to be in hold harmless status for the next three years. However, it is very difficult to do future year revenue projections especially with the potential of deficit factors when state revenue is not sufficient to fully fund districts.

Deficit Spending. The District's 2020-21 Unrestricted General Fund Adopted Budget includes $6.6 million in deficit spending. $1.2 million of that is due to one-time projects, leaving a budgeted structural deficit of $5.4 million. Multi-year projections show increasing deficits for the next two years. The cost of living adjustment (COLA) was not funded in 2020-21 and 2021-22 appears to be an even more difficult budget year. The District began a three-phase deficit reduction plan at the beginning of 2018-19, which has produced positive results including reduced and eliminated deficits. However, some of the savings generated in recent years are due to one-time savings. That and the uncertainty of future state funding make future budgeting very challenging.

<u>Other Updates</u>

Retiree Health Fund. In past years, the District funded the Retiree Health Fund with contributions of at least the actuarial determined Annual Required Contribution (ARC) amount. Now that the net OPEB liability is fully reported on these financial statements, the ARC is not calculated as part of our Actuarial Studies. However, the ARC estimate provided by our Actuary is $4.1 million as of July 1, 2020. The Retiree Health Fund, ended the 2019-20 year with a $33.7 million fund balance. Of that balance, $9.1 million represents the ending fund balance of the irrevocable Retiree Benefit Trust reported in a separate statement of net position and statement of changes in net position for Other Postemployment Benefits Plan.

State Facilities Bonds. The 2020-21 State Budget includes funding for an additional capital project, the Construction Trades Phase II, Building MM at PCC as well as continued funding for the District's three previously approved state capital projects. State capital outlay funds are funded in the stages of the construction process. Budgets included in our Adopted Budget for 2020-21 for those projects are:

- Buildings M & N at the Liberal Arts Campus $21.6 million
- Construction Trades Phase I, Building MM at the Pacific Coast Campus $6.7 million
- Music/Theatre Complex, Buildings G & H at the Liberal Arts Campus $0.8 million
- Construction Trades Phase II, Building MM at the Pacific Coast Campus $1.6 million

These projects will be funded with a combination of state and local bond funds.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact John Thompson, Director of Fiscal Services, at: Long Beach Community College District, 4901 E. Carson Street – Y14, Long Beach, CA 90808, (562) 938-4102, or via email at jthompson@lbcc.edu.

BASIC FINANCIAL STATEMENTS

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Governmental
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 84,270,776
Accounts Receivable, Net	35,384,343
Prepaid Expenses	6,425,250
Total Current Assets	126,080,369
NONCURRENT ASSETS	
Restricted Cash and Cash Equivalents	172,175,105
Capital Assets, Net	437,310,614
Total Noncurrent Assets	609,485,719
Total Assets	735,566,088
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	25,742,234
Deferred Outflows - Pension	38,093,170
Deferred Outflows - Other Postemployment Benefits Plan	9,952,139
Total Deferred Outflows of Resources	73,787,543
Total Assets and Deferred Outflows of Resources	$ 809,353,631

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

	Primary Governmental
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	$ 30,996,729
Accrued Interest Payable	4,799,579
Accrued Liabilities	5,174,632
Due to Fiduciary Fund	1,340,282
Unearned Revenue	17,622,080
Amounts Held in Trust for Others	7,515
Estimated Claims Liability	194,828
Current Portion of Long-Term Debt	37,278,700
Total Current Liabilities	97,414,345
NONCURRENT LIABILITIES	
Long-Term Debt	798,878,508
Total Noncurrent Liabilities	798,878,508
Total Liabilities	896,292,853
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	12,474,457
Deferred Inflows - Other Postemployment Benefits Plan	6,617,733
Total Deferred Outflows of Resources	19,092,190
NET POSITION	
Net Investment in Capital Assets	(72,074,769)
Restricted for:	
Capital Projects	18,910,462
Debt Service	39,221,533
Scholarship and Loans	121,522
Other Special Purposes	4,856,860
Unrestricted	(97,067,020)
Total Net Position	(106,031,412)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 809,353,631

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

	Primary Governmental
OPERATING REVENUES	
Tuition and Fees (Gross)	$ 27,444,944
Less: Scholarship Discounts and Allowances	(15,307,090)
Net Tuition and Fees	12,137,854
Grants and Contracts, Noncapital:	
Federal	51,348,359
State	39,807,149
Local	4,207,827
Auxiliary Commissions and Stadium Concessions	675,363
Total Operating Revenues	108,176,552
OPERATING EXPENSES	
Salaries	102,663,169
Employee Benefits	57,080,989
Supplies, Materials, and Other Operating Expenses and Services	38,709,651
Financial Aid	56,753,885
Utilities	2,960,495
Depreciation	18,456,653
Total Operating Expenses	276,624,842
OPERATING LOSS	(168,448,290)
NONOPERATING REVENUES (EXPENSES)	
Federal Grants and Contracts	6,531,214
State Apportionments, Noncapital	86,951,463
Local Property Taxes	33,767,436
States Taxes and Other Revenue	4,727,442
Interest and Investment Income	1,991,078
Total Nonoperating Revenues (Expenses)	133,968,633
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	(34,479,657)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	
State Apportionments, Capital	4,609,288
Local Property Taxes and Revenues, Capital	44,158,707
Interest and Investment Income, Capital	1,854,134
Interest Expense and Costs of Issuing Capital Asset-Related Debt	(20,489,469)
Proceeds from Sale of Capital Assets	14,549
Total Other Revenues, Expenses, Gains and Losses	30,147,209
CHANGES IN NET POSITION	(4,332,448)
Net Position - Beginning of Year	(101,698,964)
NET POSITION - END OF YEAR	$(106,031,412)

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Primary Governmental
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees (Net)	$ 11,570,276
Federal Grants and Contracts	52,104,451
State Grants and Contracts	38,754,928
Local Grants and Contracts	5,614,616
Auxiliary Commissions and Stadium Concessions	675,363
Payments to Suppliers	(45,186,099)
Payments to/on-Behalf of Employees	(149,466,696)
Payments to/on-Behalf of Students	(56,847,079)
Amounts Received/(paid) in Trust	1,109,819
Net Cash Used by Operating Activities	(141,670,421)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Apportionments and Receipts	81,060,494
Federal Grants and Contracts	4,737,331
Local Property Taxes	33,767,436
State Taxes and Other Revenue	5,409,289
Net Cash Provided by Noncapital Financing Activities	124,974,550
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local Revenue for Capital Purposes	43,994,735
State Apportionment for Capital Purposes	3,254,407
Proceeds of Debt Issuance	209,510,808
Transfer to Escrow Account for Defeased Debt	(67,018,368)
Interest on Investments, Capital Funds	1,178,370
Net Purchase and Sale of Capital Assets	(35,365,988)
Principal Paid on Capital Related Debt	(21,283,024)
Interest Paid on Capital Related Debt	(22,642,569)
Net Cash Provided by Capital and Related Financing Activities	111,628,371
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	2,027,994
Net Cash Provided by Investing Activities	2,027,994
NET INCREASE IN CASH AND CASH EQUIVALENTS	96,960,494
Cash Balance - Beginning of Year	159,485,387
CASH BALANCE - END OF YEAR	$ 256,445,881

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	Primary Governmental
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (168,448,290)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	18,456,653
Changes in Assets and Liabilities:	
Receivables, Net	(1,894,833)
Prepaid Expenses	(2,218,710)
Deferred Outflows of Resources - Pensions	5,361,627
Deferred Outflows of Resources - OPEB	(6,344,184)
Accounts Payable	(1,122,101)
Accrued Liabilities	517,407
Due to Fiduciary	1,110,953
Unearned Revenue	2,169,579
Amounts Held for Others	(1,134)
Compensated Absences	1,410,391
Net Other Postemployment Retiree Benefits (OPEB)	7,952,953
Net Pension Liabilities	(2,527,214)
Medical Premium Payment	(41,002)
Supplemental Employee Retirement Plan (SERP)	(1,173,891)
Deferred Inflows of Resources - Pensions	6,012,749
Deferred Inflows of Resources - OPEB	(891,374)
Net Cash Used by Operating Activities	$ (141,670,421)
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 84,270,776
Restricted Cash and Cash Equivalents	172,175,105
Total	$ 256,445,881

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Student Trust Funds
ASSETS	
Cash and Cash Equivalents	$ 2,673,436
Accounts Receivable	4,009
Due from Governmental Funds	1,340,282
Prepaid Expenses	8,609
Total Assets	4,026,336
LIABILITIES	
Accounts Payable	358,863
Amount Held for Others	575,951
Unearned Revenue	151,393
Total Liabilities	1,086,207
NET POSITION	
Restricted for:	
Held in Trust - Student Representation Fee	86,226
Held in trust - Associated Students	2,853,903
Total Net Position	$ 2,940,129

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020

	Student Trust Funds
ADDITIONS	
Student Fees	$ 949,134
Other State Revenues	12,898
Other Local Revenues	62,331
Interest and Investment Income	37,364
Total Additions	1,061,727
DEDUCTIONS	
Salaries	251,113
Employee Benefits	76,616
Supplies, Materials, and Other Operating Expenses and Services	542,801
Total Deductions	870,530
NET INCREASE IN NET POSITION	191,197
Net Position - Beginning of Year	2,748,932
NET POSITION - END OF YEAR	$ 2,940,129

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
JUNE 30, 2020

	Retiree (OPEB) Trust
ASSETS	
Investments	$ 9,100,378
Total Assets	9,100,378
Net Position - Restricted for Other Postemployment Benefits	$ 9,100,378

See accompanying Notes to Financial Statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
YEAR ENDED JUNE 30, 2020

	Retiree (OPEB) Trust
ADDITIONS	
Employer Contributions	$ 2,913,721
Investment Income:	
Interest and Investment Income	346,844
Realized Gain on Investments	25,187
Unrealized Gain on Investments	129,914
Investment Expense	(77,222)
Net Investment Income	424,723
Total Additions	3,338,444
DEDUCTIONS	
Benefit Payments	2,862,015
Total Deductions	2,862,015
NET INCREASE IN NET POSITION	476,429
Net Position - Restricted for Other Postemployment Benefits - Beginning of Year	8,623,949
NET POSITION - RESTRICTED FOR OTHER POSTEMPLOYMENT - END OF YEAR	$ 9,100,378

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following two potential component units have been included in the District's reporting entity through blended presentation:

Long Beach City College Auxiliary, Inc. (the Auxiliary) – The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational program of the District. The Board of Directors is elected independent of any District Board of Trustee's appointments. The Board is responsible for approving their own budget and accounting and finance related activities; however, the District's governing board has fiscal responsibility over the Auxiliary. The activity of the Auxiliary has been blended in the District-wide financial statements. Individually prepared financial statements are not prepared for the Auxiliary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Futuris Public Entity Investment Trust (the Retiree Benefit Trust) – The Retiree Benefit Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits. The Long Beach City College Retirement Board of Authority (the Board of Authority) comprised of the Vice President of Business Services, the Director of Business Support and the Director of Fiscal Services provide oversight over the Retiree Benefit Trust investment and plan administration. As such, the District acts as the fiduciary of the Trust. Individually prepared financial statements are not prepared for the Retiree Benefit Trust.

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

Long Beach City College Foundation – The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized to provide support for the activities and programs of the District. The Foundation is not included as a component unit because the second criterion was not met; the District is not entitled to, nor has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. Separate financial statements for the Foundation can be obtained through the District.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the GASB. The financial statement presentation required by the GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Proprietary activities reported in the enterprise and internal service funds are included in the entity-wide perspective. Fiduciary activities, including Retiree Benefit Trust activities, are excluded from the basic financial statements. Student Financial Aid programs and retiree benefit activities not included in the Retiree Benefit Trust are included in the basic financial statements.

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes and other contributions. The District had Cash in the County Treasury amounting to $451,210 on June 30, 2020, which represents withholdings payable and amounts due to the General Fund for payments made on the warrant pass-through fund's behalf.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities. Accordingly, the District's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated with the exception of those between the District and its fiduciary funds.

The statements of plan net position and changes in plan net position of the Retiree Benefit Trust are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts Receivable consists primarily of amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Accounts receivable from students for tuition and fees are recorded at gross amounts. Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond the current year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed. Prepaid expenses consist primarily of prepaid insurance premiums, maintenance agreements, and professional services.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts designated for acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debt.

Investments

Investments in the Retiree Benefit Trust are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their acquisition value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Buildings valued at $5,000 or more as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Prior to July 1, 2017, interest costs were capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs were offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets. During the fiscal year ending June 30, 2018, accounting standards determined this is no longer required and the interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported, prospectively.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 25 years for portable buildings, 20 years for building and land improvements, 5 years for equipment and vehicles and 3 years for technology.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an overflow of resources (expense/expenditure) until then. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows Pensions: Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion, and the difference between expected and actual experience. The deferred outflows pensions will be deferred and amortized as detailed in Note 12 to the financial statements.

Deferred Outflows OPEB: The deferred outflows of resources related to OPEB benefits results from District contributions to employee plans subsequent to the measurement date of the actuarial valuations for the plans, and the difference between expected and actual experience. The deferred outflows OPEB will be deferred and amortized as detailed in Note 11 to the financial statements.

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes Summer and Fall enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the Statement of Net Position when incurred.

The District has accrued a liability for the amounts attributable to load banking hours within accrued liabilities. Load banking hours consist of hours worked by instructors in excess of a full-time load for which they may carryover for future paid time off.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Medicare Premium Liability

For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments 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. The related liability for the District's proportionate share of the MPP Program is reported in the financial statements. The plan is not material and additional disclosures are not included.

Postemployment Benefits Other Than Pensions (OPEB)

The District's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position have been determined on the same basis as they are reported by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust). For this purpose, the Retiree Benefit Trust recognizes benefit payments when due and payable in accordance with the benefit terms. The Retiree Benefit Trust reports its investments 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

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) State Teachers' Retirement Plan, the California Public Employees' Retirement System (CalPERS) Schools Pool Plan and Miscellaneous Employer Plan (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.

Deferred Inflows of Resources

Deferred Inflows – Pensions: Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period. The deferred inflows of resources results from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 12 to the financial statements.

Deferred Inflows – OPEB: The deferred inflows of resources related to OPEB benefits results from the difference between the estimated and actual return on OPEB plan investments, changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Net Position

Net investment in capital assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net position – nonexpendable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

State Apportionments

Certain current year apportionments from the state under the Student Centered Funding Formula are based upon various financial and statistical information of the previous year. Any prior year corrections due to the recalculation in February will be recorded in the year computed by the State.

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. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for apportionment purposes. Property taxes for debt service purposes have been accrued in the basic financial statements.

Classification of Revenues

The District has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and Federal and most state and local grants and contracts.

Non-operating Revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as non-operating revenues by GASB.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as operating revenues in the District's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Tax Status

The Auxiliary qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code 23701d.

The Auxiliary has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Auxiliary's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Auxiliary files informational returns in the U.S. federal jurisdiction, and the state of California.

Minimum Reserve Policy

The District has adopted a minimum reserve balance policy in order to protect against revenue short falls and unexpected one-time expenditures. The policy requires a reserve for contingencies consisting of unassigned amounts of no less than 5.5% of unrestricted general fund expenditures. This policy exceeds the minimum reserve balance recommended by the California Community College Chancellor's Office that districts provide for a minimum prudent reserve balance of 5% of unrestricted expenditures.

In accordance with the Chancellor's Office's Institutional Effectiveness Partnership Initiative (IEPI), the District has established minimum reserve goals in addition to the reserve policy. The short-term reserve goal is 12.5% and the long-term reserve goal is 15.0%.

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Management of the District is taking appropriate actions to mitigate the impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2020.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Government Code Section 53600 et seq. As of June 30, 2020, $9,927,823 of the District's bank balance of $11,683,099 was exposed to credit risk as follows:

District's Bank Balance	June 30, 2020
Uninsured and Collateral Held by Pledging Bank's Trust Department Not in the District's Name	$ 9,784,830
Uninsured and Uncollateralized (1)	917,646
Total	$ 10,702,476

(1) Deposits held with the fiscal agent, SWACC under the District's Property and Liability self-insurance program, totaled $917,646. SWACC follows California Government Code in managing member district deposits. All of SWACC's assets are fully collateralized in SWACC's name.

Cash in County Treasury

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury (the County) as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2020 is measured at 100.3% of carrying value and is based upon the District's pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). The District's investment in the pool is considered to be highly liquid and is therefore reflected as cash and cash equivalents in the Statement of Net Position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds, except for the student financial aid fund and the restricted general fund, in which case interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Cash in County Treasury (Continued)

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the Country Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

Investments

Policies

Investments held by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2020. See Note 11.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments 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 Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limits investment maturities to 5 years.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Retiree Benefit Trust's investments are in mutual funds which are not rated.

The Retiree Benefit Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. In accordance with GASB, the Retiree Benefit Trust is exposed to concentration of credit risk whenever investments in any one issuer exceed 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

The Retiree Benefit Trust's investment policy limits investments in any single equity security to be not more than 5%. In addition, the Retiree Benefit Trust's investment policy prohibits investments in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. This limitation is not intended to apply to the percentage of the Retiree Benefit Trust assets invested in a single diversified mutual fund. Nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities. At June 30, 2020 the Retiree Benefit Trust had not invested more than 5% of its portfolio in one issuer.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Retiree Benefit Trust will not be able to recover the value of its investments that are in possession of an outside party. The Retiree Benefit Trust does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 consists of the following:

Accounts Receivable	June 30, 2020
Federal and State	$ 22,966,943
Tuition and Fees	4,439,947
Debt Related Property Taxes	3,576,012
Miscellaneous	4,401,441
Total	$ 35,384,343

NOTE 4 INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within the government funds has been eliminated in the basic financial statements.

NOTE 5 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

The following provides a summary of changes in capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	$ 25,976,471	$ -	$ -	$ 25,976,471
Construction in Progress	21,869,385	44,125,278	3,911,098	62,083,565
Total Capital Assets Not Being Depreciated	47,845,856	44,125,278	3,911,098	88,060,036
Capital Assets Being Depreciated:				
Site Improvements	473,513,830	4,718,722	-	478,232,552
Equipment	22,537,780	1,653,257	77,849	24,113,188
Total Capital Assets Being Depreciated	496,051,610	6,371,979	77,849	502,345,740
Less Accumulated Depreciation for:				
Site Improvements	118,113,200	15,981,935	-	134,095,135
Equipment	16,598,527	2,474,718	73,218	19,000,027
Total Accumulated Depreciation	134,711,727	18,456,653	73,218	153,095,162
Depreciable Assets, Net	361,339,883	(12,084,674)	4,631	349,250,578
Governmental Activities Capital Assets, Net	$ 409,185,739	$ 32,040,604	$ 3,915,729	$ 437,310,614

NOTE 6 OPERATING LEASES

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Amount
2021	$ 329,663
2022	311,535
2023	63,371
2024	4,293
Total	$ 708,862

Current year expenditures for operating leases is approximately $470,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 7 LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the fiscal year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due in One Year
General Obligation Bonds					
(2002 Election):					
General Obligation Bonds	$ 103,127,306	$ 9,685,000	$ 14,531,392	$ 98,280,914	$ 6,234,706
Accreted Interest	11,001,997	1,267,106	2,188,608	10,080,495	2,523,102
Bond Premium	8,618,614	-	767,822	7,850,792	-
(2008 Election):					
General Obligation Bonds	263,194,799	57,730,000	60,510,000	260,414,799	9,450,000
Accreted Interest	30,115,222	4,998,557	-	35,113,779	-
Bond Premium	37,476,105	-	1,369,166	36,106,939	-
(2016 Election):					
General Obligation Bonds	53,850,000	130,000,000	13,260,000	170,590,000	14,900,000
Bond Premium	5,988,419	12,095,808	755,454	17,328,773	-
Compensated Absences	6,048,950	1,410,391	-	7,459,341	2,997,001
Medicare Premium Payment (MPP) Program	551,188	-	41,004	510,184	-
Net Other Postemployment Benefits Other than (OPEB)	27,677,622	7,952,953	-	35,630,575	-
Net Pension Liability	156,733,324	1,782,232	4,309,446	154,206,110	-
Supplemental Employee Retirement Plan (SERP)	3,758,398	-	1,173,891	2,584,507	1,173,891
Total	$ 708,141,944	$ 226,922,047	$ 98,906,783	$ 836,157,208	$ 37,278,700

Liabilities for compensated absences, SERP obligations, pension liabilities, and OPEB obligations are liquidated by the governmental fund in which associated salaries are reported. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.137%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

NOTE 8 GENERAL OBLIGATION BONDS – MEASURE E (2002)

On March 5, 2002, $176 million in general obligation bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure E (2002). Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

On May 15, 2003, the District issued, through the County of Los Angeles, General Obligation 2002 Election Series A (2003) Bonds totaling $40 million under a bond authorization approved in a general election held in March 2002. The bonds were issued as current interest bonds and contain interest provisions ranging from 2.5 percent to 5 percent, depending on the maturity date of the bond.

NOTE 8 GENERAL OBLIGATION BONDS – MEASURE E (2002) (CONTINUED)

On November 29, 2005 the District offered for sale $65 million in General Obligation 2002 Election Series B (2005) Bonds. The bonds were issued as current interest bonds and contain interest provisions ranging from 3.75 percent to 5 percent, depending on maturity date of the bond.

On November 29, 2005, the District offered for sale $28,224,898 in General Obligation 2002 Election Series C (2005) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $21,485,000 and capital appreciation bonds in the aggregate principal amount of $6,739,898. These bonds contained an interest provision ranging from 3.75 percent to 4.73 percent depending on maturity date of the bond. These bonds were issued to refund certain outstanding general obligation bonds (Series A) of the District and to pay for certain capital improvements. The refunded bonds have been fully defeased and are not recorded on the financial statements. The capital appreciation bonds were issued with maturity dates of May 1, 2014 through May 1, 2017. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

On October 24, 2007, the District offered for sale $70,999,987 in General Obligation 2002 Election Series D (2007) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $43,550,000 and capital appreciation bonds in the aggregate principal amount of $27,449,987. These bonds contain interest provisions ranging from 3.63 percent to 6.01 percent depending on the maturity date of the bond. The capital appreciation bonds were issued with maturity dates of May 1, 2013 through May 1, 2025. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

On August 15, 2012 the District offered for sale $40.96 million in General Obligation 2002 Election, 2012 Refunding Bonds Series A of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contain interest provisions ranging from 3 percent to 5 percent depending on the maturity date of the bond.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $5,501,838. Amortization of $305,658 was recognized during the fiscal year ended June 30, 2020.

On August 5, 2015 the District offered for sale $43.2 million in General Obligation 2002 Election, 2015 Refunding Bonds Series E of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series D). The bonds contain interest provisions ranging from 2 percent to 5 percent depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, was redeemed by May 1, 2017. The refunded bonds have been fully defeased and are not recorded on the financial statements.

NOTE 8 GENERAL OBLIGATION BONDS – MEASURE E (2002) (CONTINUED)

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $5,420,772. Amortization of $301,154 was recognized during the fiscal year ended June 30, 2020.

On June 9, 2015 the District offered for sale $12.2 million in General Obligation 2002 Election, 2014 Refunding Bonds Series F of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contain interest provisions ranging from 2 percent to 5 percent depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent in July 2015. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

On October 8, 2019 the District offered for sale $9.685 million in General Obligation 2002 Election, 2019 Refunding Bonds Series H (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Refunding 2012 Series A). The bonds contain interest provisions ranging from 1.74 percent to 2.69 percent depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of $8.645 million, has an expected redemption date of May 1, 2022. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $980,602. Amortization of $163,432 was recognized during the fiscal year ended June 30, 2020.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure E (2002) Bonds included total premiums of $22,348,879. This amount will be amortized using the straight-line method. Amortization of $767,822 was recognized during the fiscal year ended June 30, 2020.

NOTE 8 GENERAL OBLIGATION BONDS – MEASURE E (2002) (CONTINUED)

The outstanding bonded debt of Measure E (2002) at June 30, 2020 is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2020
Series A	5/15/2003	5/1/2004 to 5/1/2013	2.50-5.00%	$ 40,000,000	$ -
Series B	11/29/2005	5/1/2006 to 5/1/2030	3.75-5.00%	65,000,000	-
Series C (1)	11/29/2005	5/1/2006 to 5/1/2017	3.75-4.73%	28,224,898	-
Series D	10/24/2007	5/1/2013 to 5/1/2032	3.63-6.01%	70,999,987	12,690,914
Series A (2)	8/15/2012	5/1/2016 to 5/1/2031	3.00-5.00%	40,960,000	23,255,000
Series E (3)	8/5/2014	5/1/2015 to 5/1/2032	2.00-5.00%	43,200,000	42,430,000
Series F (4)	6/9/2015	6/1/2016 to 5/1/2030	2.00-5.00%	12,200,000	10,220,000
Series H (5)	10/8/2019	8/1/2020 to 8/1/2026	1.74-2.69%	9,685,000	9,685,000
Total					$ 98,280,914

(1) Refunding Bonds 2005 Series C - refunded the outstanding 2003 Series A bonds.
(2) Refunding Bonds 2012 Series A - refunded portions of the 2005 Series B bonds.
(3) Refunding Bonds 2014 Series E - refunded portions of the 2007 Series D bonds.
(4) Refunding Bonds 2015 Series F - refunded the outstanding 2005 Series B bonds.
(5) Refunding Bonds 2019 Series H - refunded the portions of Refunding Bonds 2012 Series A bonds.

The annual requirements to amortize all Measure E (2002) bonds payable, outstanding as of June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest
2021	$ 6,234,706	$ 2,523,102	$ 3,446,221
2022	6,216,127	2,667,467	3,298,356
2023	3,666,026	2,804,171	3,194,460
2024	6,269,611	2,908,829	3,125,952
2025	5,829,444	3,486,940	3,029,147
2026-2030	56,385,000	32,192	9,865,896
2031-2033	13,680,000	-	888,600
Total Debt Service	$ 98,280,914	$ 14,422,701	$ 26,848,632

NOTE 9 GENERAL OBLIGATION BONDS – MEASURE E (2008)

On February 5, 2008, $440 million in general obligation bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure E (2008). Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities. In addition, proceeds will be used for the prepayment of certain lease and financing obligations of the District.

On July 24, 2008, the District offered for sale $48,373,981 in General Obligation 2008 Election Series A (2008) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $24,990,000 and capital appreciation bonds in the aggregate principal amount of $23,383,981. These bonds contain interest provisions ranging from 3.59 percent to 5.45 percent depending on maturity date of the bond. The capital appreciation bonds were issued with maturity dates of June 1, 2012 through June 1, 2018 and June 1, 2027 through June 1, 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

NOTE 9 GENERAL OBLIGATION BONDS – MEASURE E (2008) (CONTINUED)

On December 12, 2012 the District offered for sale $237,003,695 in General Obligation 2008 Election Series B (2012) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $181,545,000, capital appreciation bonds in the aggregate principal amount of $4,827,984 and convertible appreciation bonds in the principal amount of $50,630,711 and contain interest provisions ranging from 2.0 percent to 5.0 percent, depending on maturity date of the bond. The bonds were issued to effect the payment of the District's outstanding Bond Anticipation Notes, 2010 Series A (BAN) and to provide for the construction and improvement of certain facilities of the District. The capital appreciation bonds were issued with maturity dates of August 1, 2033 and August 1, 2034. The convertible capital appreciation bonds will convert to current interest bonds on August 1, 2032 and will mature on August 1, 2049. Prior to the applicable maturity/conversion date, each bond will accrete interest on the principal component.

On March 11, 2014 the District offered for sale $11,825,000 in General Obligation 2008 Election, Refunding Bonds 2014 Series C (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series A). The bonds contain interest provisions ranging from 0.66 percent to 4.10 percent depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent on June 1, 2018. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $2,035,257. Amortization of $156,558 was recognized during the fiscal year ended June 30, 2020.

On June 25, 2015 the District offered for sale $20,345,000 in General Obligation 2008 Election, 2015 Refunding Bonds Series F of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds Series A (2008). The bonds contain interest provisions ranging from 2 percent to 5 percent depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent on June 1, 2018. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

NOTE 9 GENERAL OBLIGATION BONDS – MEASURE E (2008) (CONTINUED)

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $2,389,360. Amortization of $159,291 was recognized during the fiscal year ended June 30, 2020.

On September 7, 2016 the District offered for sale $3,210,000 in General Obligation 2008 Election Series D (2016) (federally taxable) of current interest bonds. The bonds contain interest provisions ranging from 1.05 percent to 1.27 percent depending on the maturity date of the bond.

On November 16, 2017 the District offered for sale $83,490,000 in General Obligation 2008 Election Refunding Bonds 2017 Series G of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contain interest provisions ranging from 2.00 percent to 5.00 percent depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of $85,835,000 has an expected redemption date of August 1, 2023. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $13,251,652. Amortization of $602,348 was recognized during the fiscal year ended June 30, 2020.

On October 8, 2019 the District offered for sale $57.73 million in General Obligation 2008 Election, 2019 Refunding Bonds Series H (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding General Obligation 2008 Election, Series B (2012). The bonds contain interest provisions ranging from 1.74 percent to 2.69 percent depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of $53,115,000, has an expected redemption date of August 1, 2022. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $4,277,766. Amortization of $329,058 was recognized during the fiscal year ended June 30, 2020.

NOTE 9 GENERAL OBLIGATION BONDS – MEASURE E (2008) (CONTINUED)

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure E (2008) bonds included total premiums of $44,183,596 which are amortized using the straight-line method. Amortization of $1,369,166 was recognized during the fiscal year ended June 30, 2020, which includes premiums recognized for the refunded portion of bonds.

The outstanding bonded debt of Measure E (2008) at June 30, 2020 is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2020
Series A	7/24/2008	6/1/2012 to 6/1/2033	3.59-5.45%	$ 48,373,981	$ 15,096,104
Series B	12/12/2012	8/1/2013 to 8/1/2049	2.00-5.00%	237,003,695	84,628,695
Series C (1)	3/11/2014	8/1/2016 to 8/1/2026	0.66-4.10%	11,825,000	6,940,000
Series F (2)	6/25/2015	6/1/2016 to 5/1/2030	2.00-5.00%	20,345,000	15,795,000
Series D	9/7/2016	8/1/2018 to 8/1/2019	1.05-1.27%	3,210,000	-
Series G (3)	11/16/2017	2/1/2018 to 8/1/2034	2.00-5.00%	83,490,000	80,225,000
Series H (4)	10/8/2019	8/1/2020 to 8/1/2032	1.74-2.69%	57,730,000	57,730,000
Total					$ 260,414,799

(1) Refunding Bonds 2014 Series C - refunded portions of the 2008 Series A bonds.
(2) Refunding Bonds 2015 Series F - refunded portions of the 2008 Series A bonds.
(3) Refunding Bonds 2017 Series G - refunded portions of the 2012 Series B bonds.
(4) Refunding Bonds 2019 Series H - refunded portions of the 2012 Series B bonds.

The annual requirements to amortize all Measure E (2008) bonds payable, outstanding as of June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest
2021	$ 9,450,000	$ -	$ 6,560,428
2022	10,605,000	-	6,671,990
2023	11,775,000	-	6,230,035
2024	12,960,000	-	5,697,416
2025	14,285,000	-	5,086,628
2026-2030	79,837,741	15,212,259	15,500,772
2031-2035	62,371,347	26,548,652	14,512,292
2036-2040	-	-	22,503,320
2041-2045	21,328,728	19,421,272	20,754,765
2046-2050	37,801,983	57,228,016	8,177,500
Total Debt Service	$ 260,414,799	$ 118,410,199	$ 111,695,146

NOTE 10 GENERAL OBLIGATION BONDS – MEASURE LB (2016)

On June 7, 2016, $850 million in General Obligation Bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure LB (2016). Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities.

NOTE 10 GENERAL OBLIGATION BONDS – MEASURE LB (2016) (CONTINUED)

On September 7, 2016, the District offered for sale $9,000,000 in General Obligation 2016 Election Series A (2016) (federally taxable) of current interest and $72,790,000 General Obligation 2016 Election Series B (2016) of current interest bonds. These bonds contain interest provisions ranging from 0.93 percent to 5.0 percent depending on maturity date of the bond.

On October 8, 2019, the District offered for sale $130,000,000 in General Obligation 2016 Election Series C (2019) of current interest bonds. These bonds contain interest provisions ranging from 0.98 percent to 2.68 percent depending on maturity date of the bond.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The bonds included total premiums of $19,141,007, which are amortized using the straight-line method. Amortization of $755,454 was recognized during the fiscal year ended June 30, 2020.

The outstanding bonded debt of Measure LB (2016) at June 30, 2020 is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2020
Series A	9/7/2016	8/1/2017	0.93%	$ 9,000,000	$ -
Series B	9/7/2016	8/1/2017 to 8/1/2046	2.00-5.00%	72,790,000	40,590,000
Series C	10/8/2019	8/1/2020 to 8/1/2049	0.98-2.68%	130,000,000	130,000,000
Total					$ 170,590,000

The annual requirements to amortize all Measure LB (2016) bonds payable, outstanding as of June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2021	$ 14,900,000	$ 6,221,000
2022	16,010,000	5,602,800
2023	16,370,000	4,956,400
2024	190,000	4,628,300
2025	265,000	4,622,425
2026-2030	5,480,000	22,601,050
2031-2035	13,215,000	20,831,455
2036-2040	23,630,000	17,647,378
2041-2045	37,595,000	12,411,400
2046-2048	42,935,000	4,059,100
Total Debt Service	$ 170,590,000	$ 103,581,308

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District established an Other Post Employment Benefit Plan (the Plan) which is a single-employer defined benefit healthcare plan administered by the Futuris Public Entity Investment Trust (the Retiree Health Benefit Trust). The Retiree Health Benefit Trust serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of member districts, and their employees and retirees.

The District provides employee health benefits coverage for eligible retirees and their families. Employees hired prior to February 1, 1995 who retire from District service are eligible for Option A or B. Employees hired after February 1, 1995 are eligible for Option B.

Option A

An employee who retires from the District under PERS/STRS guidelines, after more than twelve/fifteen years of service for classified/academic, qualifies for District-paid hospital/medical-benefits. Employees who retire under age 65 qualify for coverage up to age 67. Employees who retire after age 65 qualify for up to 4 years of coverage past retirement based on years of service.

Option B

An employee, who retires from the District under PERS/STRS, after more than twelve/fifteen years of service for classified/academic, qualifies for one year of District-paid hospital/medical benefits for every three/five years of full-time District service.

Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a separate financial report.

Membership of the plan consisted of the following at June 30, 2020:

Participant Type:	Number of Participants
Inactive Participants Currently Receiving Benefits	184
Inactive Participants Entitled to But Not Yet Receiving Benefit Payments	-
Participating Active Employees	803
Total	987

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District incurs 92% - 100% percent of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For the fiscal year ended June 30, 2020 the District contributed $2,913,721 to the plan. District maintains a retiree benefits fund to designate resources for retiree health care costs. Committed resources in the fund totaled $24,528,625 at June 30, 2020.

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Net OPEB Liability

The following table shows the components of the net OPEB liability of the District:

	Balance June 30, 2020
Total OPEB Liability	$ 44,730,953
Plan Fiduciary Net Position	9,100,378
District's Net OPEB Liability	$ 35,630,575
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	20%

The deferred outflow of resources results from a change of assumptions and is amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the OPEB plan for June 30, 2020 is 9.6 years. The year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods.

The deferred inflow of resources resulting from the net differences between investment gains and losses and changes in assumptions are amortized over a period of 5 years and 9.6 years, respectively, on a straight-line basis. One year of amortiation is recognized in OPEB expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining periods.

At June 30, 2020, the District reported deferred inflows and outflows as follows:

Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience Gains and Losses	$ -	$ 6,532,742
Changes of Assumptions	9,952,139	-
Investment Gains and Losses	-	84,991
Total	$ 9,952,139	$ 6,617,733

At June 30, 2020, the deferred inflows and outflows will be amortized as shown herein:

Year Ending June 30,	Amortization
2021	$ 373,761
2022	373,761
2023	392,154
2024	407,562
2024	408,058
Thereafter	1,379,110
Total	$ 3,334,406

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Investments

The Plan's policy for allocation of invested assets is established and may be amended by the Retirement Board of Authority (the RBA). It is the policy of the RBA to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of specific asset classes. Assets held in the Plan may be invested in accordance with California Government Code Sections 53600 through 53622, as applicable. The investment policy has a long-term focus, and, in particular, its emphasis is on preservation of capital. It discourages major shifts of asset class allocations over a short time span. The Retirement Board of Authority has established a target net return of 7%. There is no established asset allocation policy.

At June 30, 2020, all Plan investments were in mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position. For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 8.50%.

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Fair value for mutual funds has been determined using Net Asset Value per share (NAV). NAV is based on the underlying securities held in the fund.

The Plan's investment fair value measurements at June 30, 2020 are presented below:

Investment	Cost	Fair Value Measurements Net Asset (NAV)
Mutual Fund - Fixed Income	$ 5,191,660	$ 5,371,793
Mutual Fund - Domestic Equity	2,196,145	2,548,803
Mutual Fund - International Equity	592,200	642,836
Mutual Fund - Real Estate	616,630	536,946
Total	$ 8,596,635	$ 9,100,378

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The District's net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The actuarial assumptions noted below were applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	3.70%
Health Care Trend Rate	4.00%

Mortality assumptions are based on the 2009 CalSTRS and 2014 CalPERS mortality for miscellaneous employees tables. CalSTRS and CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These tables incorporate mortality projections as deemed appropriate based on CalSTRS and CalPERS analysis.

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 (see the discussion of the Plan's investment policy) are as

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
All Fixed Income	55.00%	4.50%
Real Estate Investment Trusts	4.00%	7.50%
All Domestic Equities	22.00%	7.50%
All International Equities	19.00%	7.50%

Since the most recent valuation, the discount rate used to measure the total OPEB liability and expected rate of return on assets was changed from 4.5% to 5.8%. This was based on assumed long-term return on plan assets using historic 20 year real rates of return for each asset class along with an assumed long-term inflation assumption of 2.75%. Expected investment return was offset by investment expenses of 25 basis points. Contributions were assumed to be sufficient to fully fund the obligation over a period not to exceed 20 years. The long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	$ 36,301,571	$ 8,623,949	$ 27,677,622
Changes for the Year:			
Service Cost	2,345,973		2,345,973
Interest	1,333,611		1,333,611
Expected Investment Income		499,449	(499,449)
Employer Contributions to Trust		51,706	(51,706)
Employer Contributions		2,862,015	(2,862,015)
Assumption Changes	7,611,813		7,611,813
Investment Gains/Losses		2,496	(2,496)
Benefit Payments	(2,862,015)	(2,862,015)	-
Administrative Expenses	-	(77,222)	77,222
Net Changes	8,429,382	476,429	7,952,953
Balances at June 30, 2020	$ 44,730,953	$ 9,100,378	$ 35,630,575

The following presents the District's net OPEB liability calculated using the discount rate of 3.7 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.7 percent) or 1-percentage-point higher (4.7 percent) than the current rate:

Discount Rate	Net OPEB Liability (Asset)
1% Decrease (2.7%)	$ 39,959,227
Current Discount rate (3.7%)	35,630,575
1% Increase (4.7%)	32,305,192

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 4.0 percent, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current rate:

Healthcare Trend Rate	Net OPEB Liability (Asset)
1% Decrease (3.0.%)	$ 32,000,922
Current Healthcare Trend Rate (4.0%)	35,630,575
1% Increase (5.0%)	40,137,874

OPEB Expense

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of $3,631,116.

NOTE 12 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2020, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans are as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	$ 79,478,080	$ 21,057,106	$ 8,545,025	$ 15,211,680
CalPERS - Schools Pool Plan	71,986,301	16,381,867	3,416,137	14,916,901
CalPERS - Miscellaneous Employer Plan (Auxiliary)	2,741,729	654,197	513,295	528,730
Total	$ 154,206,110	$ 38,093,170	$ 12,474,457	$ 30,657,311

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 the California State Teachers' Retirement System (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.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Continued)

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

Provisions and Benefits	CalSTRS - STRP Defined Benefit Program and Supplement 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%	10.205%
Required Employer Contribution Rate	17.10%	17.10%
Required State Contribution Rate	10.328%	10.328%

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 contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the fiscal year ended June 30, 2020 are presented above and the total District contributions were $9,426,413.

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

At June 30, 2020, 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:

Proportionate Share of Net Pension Liability	Balance June 30, 2020
District Proportionate Share of Net Pension Liability	$ 79,478,080
State's Proportionate Share of the Net Pension Liability Associated with the District	43,360,949
Total	$ 122,839,029

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

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

The net pension liability was measured as of June 30, 2019. 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 school districts and the State, actuarially determined. At June 30, 2019, the District's proportion was 0.0880% which is a decrease of 0.0030% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of $15,211,680. In addition, the District recognized revenue and corresponding expense of $5,302,920 for support provided by the state. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 9,426,413	$ -
Differences Between Expected and Actual Experience	200,640	2,239,600
Changes of Assumptions	10,052,240	-
Changes in Proportion	1,377,813	3,243,905
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	3,061,520
Total	$ 21,057,106	$ 8,545,025

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 fiscal year ended June 30, 2021. The net differences between projected and actual earnings on the plan investments is amortized over a five-year period on a straight-line basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2019 measurement date is seven years.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

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

The remaining amounts will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2021	$ 1,641,347
2022	(480,335)
2023	1,299,313
2024	2,032,328
2024	(822,448)
2026	(584,537)
Total	$ 3,085,668

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, 2018, and rolling forward the total pension liability to June 30, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

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

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 and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect in February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	4.80%
Private Equity	13%	6.30%
Real Estate	13%	3.60%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	3.30%
Cash/Liquidity	2%	-0.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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%) 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.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate (Continued)

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%)	$ 118,349,440
Current Discount rate (7.10%)	79,478,080
1% Increase (8.10%)	47,246,320

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

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 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Benefits Provided (Continued)

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

Provisions and Benefits	CalPERS - Schools Pool Plan	
Hire Date	On or Before December 31, 2012	On or after 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%	7.00%
Required Employer Contribution Rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined 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 fiscal year ended June 30, 2020 are as presented above and the total District contributions were $7,241,867.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $71,986,301. The net pension liability was measured as of June 30, 2019. 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 school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.2470% which is a decrease of 0.0163% from its proportion measured as of June 30, 2018.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

For the fiscal year ended June 30, 2020, the District recognized pension expense of $14,916,901. In addition, the District recognized revenue and corresponding expense of $2,380,051 for support provided by the state. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 7,241,867	$ -
Differences Between Expected and Actual Experience	5,229,095	-
Changes of Assumptions	3,426,772	-
Changes in Proportion	484,133	2,748,451
Net Differences Between Projected and Actual Earnings on Pension plan Investments	-	- 667,686
Total	$ 16,381,867	$ 3,416,137

The deferred outflows of resources relating from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. The net differences between projected and actual earnings on the plan investments is amortized over a five year period on a straight-line basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2019 measurement date is 4.1 years.

The remaining amounts will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2021	$ 5,456,430
2022	314,346
2023	(232,807)
2024	185,894
Total	$ 5,723,863

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies for Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90 percent of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions (Continued)

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50%	5.98%
Fixed Income	28%	2.62%
Private Equity	8%	7.23%
Real Assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. 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 Schools Pool Plan 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%)	$ 103,763,520
Current Discount Rate (7.15%)	71,986,301
1% Increase (8.15%)	45,624,903

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary)

Plan Description

Qualified former employees of the Auxiliary are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The Auxiliary sponsors one Miscellaneous Risk Pool plan (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan 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 employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary) (Continued)

Benefits Provided (Continued)

This plan is closed to new entrants and the Auxiliary has been outsourced, so there are no longer any employees. Additionally, there were no employees hired on or after January 1, 2013. The Plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

Provisions and Benefits	CalPERS - Miscellaneous Employer Pool	
Plan	First Tier	Second Tier
Hire Date	On or Before December 31, 2012	June 26, 2011- December 31, 2012
Benefit Formula	2% at 55	2% at 60
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	60
Required Employee Contribution	N/A, there are no longer any employees	
Required Employer Contribution	$291,706	

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually 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 Auxiliary is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the fiscal year ended June 30, 2020 are presented above and the total Auxiliary contributions were $291,706.

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

As of June 30, 2020, the Auxiliary reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling $2,741,729. The net pension liability was measured as of June 30, 2019. The Auxiliary's proportion of the net pension liability was based on a projection of the Auxiliary's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Auxiliary's proportion was 0.0268% which is a decrease of 0.0032 % from its proportion measured as of June 30, 2018.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary) (Continued)

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

For the fiscal year ended June 30, 2020, the Auxiliary recognized pension expense of $528,730. At June 30, 2020, the Auxiliary reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 291,706	$ -
Differences Between Expected and Actual Experience	190,435	14,755
Changes of Assumptions	130,746	46,348
Changes in Proportion	-	349,286
Differences Between Contributions and Proportionate Share of Contributions	41,310	54,969
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	47,937
Total	$ 654,197	$ 513,295

The deferred outflows of resources related to pensions resulting from Auxiliary contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

The net differences between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the Miscellaneous Risk Pool for the June 30, 2019 measurement date is 3.8 years.

The remaining will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2021	$ 62,479
2022	(182,304)
2023	(40,665)
2024	9,686
Total	$ (150,804)

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary) (Continued)

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. No material changes in assumptions or benefits terms occurred between the actuarial date and the measurement date. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvement using Scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary) (Continued)

Actuarial Methods and Assumptions (Continued)

The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50%	5.98%
Fixed Income	28%	2.62%
Real Assets	13%	4.93%
Private Equity	8%	7.23%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Auxiliary's Pool Plan net of investment expenses and without reduction for administrative expenses. 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 Plan'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 Auxiliary'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%)	$ 3,431,396
Current Discount Rate (7.15%)	2,741,729
1% Increase (8.15%)	1,072,592

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Accumulation Program for Part-time and Limited Service Employees Plan (APPLE)

Plan Description

The Accumulation Program for Part-time and Limited Service Employees Plan (APPLE) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members are established and may be amended by the Governing Board of the District. The plan is administered by MidAmerica Administrative Solutions, Inc.

Funding Policy

The District does not contribute any percentage based on the employee's gross earnings. An employee is required to contribute 7.5% of his or her gross earnings to the pension plan. Total contributions were made by the employees in the amount of $498,829 during the fiscal year. The total amount of covered compensation was $6,651,026. Contributions made by the employee vest immediately.

NOTE 13 SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

The District has two Supplemental Employee Retirement Plans for faculty, classified and management/confidential employees. The total liability of $2,584,507 has been reflected in these financial statements.

In 2015-16 the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty employees. A total of 31 faculty employees participated in the plan. The total cost savings to the District is approximately $2.9 million. The District will pay benefits of $468,583 annually through 2020-21. The total remaining liability of $468,583 has been reflected in these financial statements.

In 2017-18 the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty and classified employees. A total of 17 faculty employees, 1 academic administrator, 10 classified managers and 25 classified employees participated in the plan. The total cost savings to the District is approximately $1.7 million. The District will pay benefits of $705,308 annually through 2022-23. The total remaining liability of $2,115,924 has been reflected in these financial statements.

NOTE 14 INTERNAL SERVICE FUNDS

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 has established a Self-Insurance Fund to account for and finance its risks of loss related to property and liability. Under this program, the Self Insurance Fund provides coverage for up to a maximum of $10,000 for each general/professional liability claim, $25,000 for each cyber liability claim and $5,000 for each property damage claim. The District participates in two JPAs to provide excess insurance coverage above the member retained limits for general/professional liability, cyber liability and property liability claims. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Funding of the Self Insurance Fund is based on estimates of the amounts needed to pay prior and current year property general/professional and cyber liability claims. Funding is provided by transfers from the General Fund. Claims paid within the member retained limit during the fiscal year ended June 30, 2020 totaled $42,215.

Prior to July 1, 2003, the District was self-insured for risks of loss related to workers' compensation. Under this program, the District provided funding ranging from $100,000 up to a maximum of $500,000, based on the claim year, for each workers' compensation claim. The District purchased commercial insurance and/or participated in a JPA to provide coverage for claims above the self-insured retention level to the statutory limit of $1 million. Settled claims have not exceeded this additional coverage in any of the past three fiscal years.

Effective July 1, 2003, the District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid during the fiscal year ended June 30, 2020 totaled $59,013.

Claims Liability

At June 30, 2020, the District accrued the workers' compensation claims liability for run-off claims in accordance with accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The amount of future liability is estimated at $194,828. Changes in the reported liability are shown below:

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	$ 194,828	$ 59,013	$ (59,013)	$ 194,828

An estimate for claims liability related to property and liability risk has not been recorded as there are no known claims at June 30, 2020.

NOTE 15 JOINT POWERS AGREEMENTS

The District participates in four Joint Powers Agreements (JPA) entities: Protective Insurance Program for Schools (PIPS), School's Association for Excess Risk (SAFER), Statewide Educational Wrap-up Program (SEWUP), and the Statewide Association of Community Colleges (SWACC).

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

SAFER provides excess insurance coverage for liability losses from $1,000,000 to $50,000,000 and $5,000,000 to $250,000,000 for excess property coverage.

SEWUP is a consolidated construction insurance program covering the job-site risks of: District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. Membership is comprised of 400 California Schools and Community College Districts. Premiums are determined for each construction project or projects.

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

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

Each JPA is independently accountable for its fiscal matters. All JPAs maintains their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

NOTE 15 JOINT POWERS AGREEMENTS (CONTINUED)

The most current condensed financial information for the fiscal year ended June 30, 2020 is as follows:

	PIPS 6/30/2020 (Audited)	SAFER 6/30/2020 (Audited)	SEWUP 6/30/2020 (Audited)	SWACC 6/30/2020 (Audited)
Total Assets	$ 146,482,024	$ 38,625,474	$ 52,562,974	$ 39,179,390
Total Liabilities	104,409,659	36,969,875	49,267,476	24,740,500
Net Position	$ 42,072,365	$ 1,655,599	$ 3,295,498	$ 14,438,890
Total Revenues	$ 330,953,357	$ 99,122,689	$ 22,150,873	$ 26,984,535
Total Expenses	322,790,995	88,729,082	21,402,762	31,681,224
Changes in Net Position	$ 8,162,362	$ 10,393,607	$ 748,111	$ (4,696,689)

Separate financial statements for the JPAs can be obtained through the District.

NOTE 16 COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Purchase Commitments

As of June 30, 2020, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $100.9 million. Projects will be funded through bond proceeds, state funds and general funds.

NOTE 17 FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the Statement of Revenues, Expenses, and Changes in Net Position. A schedule of expenses by function is shown below:

Functional Expense	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Financial Aid	Depreciation	Total
Instructional	$ 52,469,943	$ 23,416,095	$ 1,930,925	$ -	$ -	$ 77,816,963
Academic Support	9,342,627	4,006,651	753,914	93,312	-	14,196,504
Student Services	16,394,186	7,019,778	1,777,591	950,615	-	26,142,170
Operation and Maintenance of Plant	4,867,161	2,549,830	3,610,930	-	-	11,027,921
Institutional Support	12,121,240	16,417,264	7,879,422	-	-	36,417,926
Community Services and						-
Economic Development	3,380,015	1,335,387	8,549,947	-	-	13,265,349
Ancillary Services Auxiliary Operations	4,087,997	2,335,984	17,167,417	-	-	23,591,398
Student Aid	-	-	-	55,709,958	-	55,709,958
Transfers and Other Outgo	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	18,456,653	18,456,653
Total	$ 102,663,169	$ 57,080,989	$ 41,670,146	$ 56,753,885	$ 18,456,653	$ 276,624,842

NOTE 18 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2020, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 84 – *Fiduciary Activities*

The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement effective date has been postponed to fiscal year 2020-21.

Statement No. 87 – *Leases*

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement effective date has been postponed to fiscal year 2021-22.

NOTE 18 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100 percent equity interest is acquired in that component unit. The statement effective date has been postponed to fiscal year 2020-21.

Statement No. 91 – *Conduit Debt Obligations*

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 92 – *Omnibus 2020*

This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 93 – *Replacement of Interbank Offered Rates (IBOR)*

This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 94 – *Public-Private & Public-Public Partnerships and Availability Payment Arrangements*

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for the fiscal year 2022-23.

NOTE 18 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

Statement No. 96 – *Subscription-based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for the fiscal year 2022-23.

Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for the fiscal year 2021-22.

NOTE 19 SUBSEQUENT EVENTS

Los Coyotes Property Sale

On June 8, 2018 a purchase and sale agreement between the District and Olson Urban Housing, LLP (Buyer) was entered into for the purchase price of $16,625,000 for the purchase of District's surplus real property located at 3320 and 3340 Los Coyotes Diagonal and 3325 Palo Verde Avenue, Long Beach California. A good faith deposit from the Buyer of $200,000 was held in escrow and is refundable during the due diligence period. On September 10, 2019, Olson Urban Housing, LLP (Buyer) provided a notice of cancellation of escrow. As buyer terminated escrow during the due diligence period, the good faith deposit from the Buyer of $200,000, held in escrow, was refunded to the buyer. The District received a proposal from Los Coyotes Diagonal Redevelopment (LCDR), LLC and on December 12, 2019 approved a purchase and sale agreement with this firm in the amount of $14,500,000 for the purchase of the aforementioned property. On September 2, 2020, legal counsel representing the Buyer, Los Coyotes Diagonal Redevelopment LLC (LCDR), informed the District of Buyer's request to extend the close of escrow due to the inability to obtain lending until the COVID-19 pandemic ("Pandemic") is over. On September 16, 2020 the District executed Amendment #2 to the Purchase and Sale Agreement at the direction of the Board of Trustees, modifying escrow so that the closing date shall be extended to the earlier of when: (1) Buyer obtains financing; (2) forty-five (45) days after obtaining long term leases from Radnet and/or WS Property Group or any other entities; (3) forty-five (45) days after the end of the COVID-19 Pandemic is defined as the removal of the emergency orders issued by Los Angeles County and the City of Long Beach; or (4) March 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability (assets)	0.0880%	0.0910%	0.0920%	0.0930%	0.0910%	0.0880%
District's proportionate share of the net pension liability (asset)	$ 51,424,560	$ 61,264,840	$ 74,410,520	$ 86,006,400	$ 83,635,370	$ 79,478,080
State's proportionate share of the net pension liability (asset) associated with the District	31,052,681	32,402,260	42,366,818	50,881,074	47,885,396	43,360,949
Total	$ 82,477,241	$ 93,667,100	$ 116,777,338	$ 136,887,474	$ 131,520,766	$ 122,839,029
District's covered payroll	$37.4 million	$37.3 million	$47.4 million	$50.6 million	$52.3 million	$51.5 million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	137.64%	164.17%	156.88%	169.97%	159.91%	154.27%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.02%	70.04%	69.00%	71.00%	73.00%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability (assets)	0.2605%	0.2656%	0.2656%	0.2582%	0.2633%	0.2470%
District's proportionate share of the net pension liability (asset)	$ 29,573,093	$ 39,149,702	$ 51,152,660	$ 61,639,155	$ 70,204,069	$ 71,986,301
District's covered payroll	$27.5 million	$29.9 million	$30.8 million	$33.0 million	$34.9 million	$34.2 million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	107.53%	131.00%	166.22%	186.79%	201.16%	210.25%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	79.43%	73.90%	72.00%	71.00%	70.00%

California Public Employees' Retirement System - Miscellaneous Employer Plan (Auxiliary)	2015	2016	2017	2018	2019	2020
Auxiliary's proportion of the net pension liability (assets)	0.3624%	0.0803%	0.0369%	0.0329%	0.0300%	0.0268%
Auxiliary's proportionate share of the net pension liability (asset)	$ 2,254,982	$ 2,204,132	$ 3,197,081	$ 3,263,001	$ 2,893,885	$ 2,741,729
Auxiliary's covered payroll (1)	$ -	$ -	$ -	$ -	$ -	
Auxiliary's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	76.50%	79.89%	75.87%	73.00%	75.00%	78.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

(1) The Auxiliary plan is a closed plan to new entrants with no ongoing payroll.

See accompanying Notes to Required Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020
Contractually required contribution	$ 3,309,638	$ 5,089,273	$ 6,359,424	$ 7,552,499	$ 8,387,203	$ 9,426,413
Contributions in relation to the contractually required contribution	3,309,638	5,089,273	6,359,424	7,552,499	8,387,203	9,426,413
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$37.3 million	$47.4 million	$50.6 million	$52.3 million	$51.5 million	$55.1 million
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020
Contractually required contribution	$ 3,517,765	$ 3,646,749	$ 4,579,905	$ 5,419,021	$ 6,183,589	$ 7,241,867
Contributions in relation to the contractually required contribution	3,517,765	3,646,749	4,579,905	5,419,021	6,183,589	7,241,867
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$29.9 million	$30.8 million	$33.0 million	$34.9 million	$34.2 million	$36.7 million
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

California Public Employees' Retirement System - Miscellaneous Employer Plan (Auxiliary)	2015	2016	2017	2018	2019	2020
Auxiliary contractually required contribution	$ 534	$ -	$ -	$ -	$ -	$ -
Auxiliary contributions in relation to the contractually required contribution (1)	407,658	420,701	440,547	174,923	262,075	291,706
Auxiliary contribution deficiency (excess)	$ (407,124)	$ (420,701)	$ (440,547)	$ (174,923)	$ (262,075)	$ (291,706)
Auxiliary's covered payroll (2)	n/a	n/a	n/a	n/a	n/a	n/a
Auxiliary contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

(1) Actual contributions were based on billings submitted by CalPERS to the Auxiliary.
(2) The Auxiliary plan is a closed plan to new entrants with no ongoing payroll.

See accompanying Notes to Required Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2020

Total OPEB Liability	2017	2018	2019	2020
Service Cost	$ 2,270,442	$ 2,332,879	$ 2,397,033	$ 2,345,973
Interest	2,048,046	1,661,774	1,924,513	1,333,611
Assumption Changes	-	4,557,417	(8,251,888)	7,611,813
Benefit Payments	(2,709,554)	(2,817,936)	(2,673,061)	(2,862,015)
Net Change in Total OPEB Liability	1,608,934	5,734,134	(6,603,403)	8,429,382
Total OPEB Liability - beginning	35,561,906	37,170,840	42,904,974	36,301,571
Total OPEB Liability - ending (a)	$ 37,170,840	$ 42,904,974	$ 36,301,571	$ 44,730,953

Plan Fiduciary Net Position	2017	2018	2019	2020
Contributions - Employer	$ 2,774,262	$ 2,817,936	$ 2,673,061	$ 2,862,015
Net Investment Income	716,625	349,725	346,172	499,449
Investment Gains/Losses	-	91,971	98,866	2,496
Employer contributions to trust	-	-	73,926	51,706
Benefit Payments	(2,709,554)	(2,817,936)	(2,673,061)	(2,862,015)
Administrative Expense	(65,077)	(71,423)	(72,661)	(77,222)
Net Change in Plan Fiduciary Net Position	716,256	370,273	446,303	476,429
Plan Fiduciary Net Position - beginning	7,091,117	7,807,373	8,177,646	8,623,949
Plan Fiduciary Net Position - ending (b)	$ 7,807,373	$ 8,177,646	$ 8,623,949	$ 9,100,378
Net OPEB Liability- ending (a) - (b)	$ 29,363,467	$ 34,727,328	$ 27,677,622	$ 35,630,575
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.00%	19.06%	23.76%	20.34%
Covered employee payroll	$ 65,033,514	$ 71,362,047	$ 73,755,295	$ 75,608,162
Net OPEB liability as a percentage of covered-employee payroll	45.15%	48.66%	37.53%	47.13%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020

OPEB Contributions	2017	2018	2019	2020
Actuarially Determined Contribution (ADC)	$ 5,153,982	$ 4,112,718	$ 4,525,822	$ 3,631,116
Contributions in relation to the ADC	2,774,262	2,817,936	2,746,987	2,913,721
Contribution deficiency (excess)	$ 2,379,720	$ 1,294,782	$ 1,778,835	$ 717,395
District's covered payroll	$ 65,033,517	$ 71,362,047	$ 73,755,295	$ 75,608,162
Contributions as a percentage of covered-employee payroll	4.27%	3.95%	3.72%	3.85%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT
MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
YEAR ENDED JUNE 30, 2020

	Balance June 30, 2017	Balance June 30, 2018	Balance June 30, 2019	Balance June 30, 2020
Annual money-weighted rate of return, net of investment expense	4.66%	-0.69%	8.50%	-5.01%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None.

Changes of Assumptions:

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Pension Contributions – CalSTRS-STRP and CalPERS-Schools Pool Plan

The 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, 10 years of information will be presented.

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None.

2019-20

Changes of Assumptions - The discount rate and expected rate of return on assets was changed from 5.8% to 3.7%.

2018-19

Changes of Assumptions - The discount rate and expected rate of return on assets was changed from 4.5% to 5.8%.

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Postemployment Healthcare Benefits Employer Contributions

The schedule is intended to show trends about the amounts contributed in relation to the actuarially determined contribution.

Actuarially determined contribution rates are calculated as of July 1, 2019, 12 months prior to the end of the fiscal year in which contributions are reported.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	5.8%
Health Care Trend Rate	4%

Mortality rates were based on the 2009 rates used by CalSTRS and the 2014 rates used by CalPERS for pension valuations.

Schedule of Postemployment Healthcare Benefits Money-Weighted Rate of Return on Plan Assets

The schedule is intended to show trends about the rate of return on plan assets.

SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT
HISTORY AND ORGANIZATION
YEAR ENDED JUNE 30, 2020

Long Beach Community College District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 25,000 students at two distinct but highly inter-related campuses, the Liberal Arts Campus and the Pacific Coast Campus. To serve its community, Long Beach Community College District offers a comprehensive set of education programs and support services in response to student and community needs. The District plays a key role in transfer preparation, workforce development, basic skills, associate degrees, and economic development.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2020 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Ms. Vivian Malauulu	President	December 2020
Mr. Uduak-Joe Ntuk	Vice President	December 2022
Dr. Virginia L. Baxter	Member	December 2022
Mr. Douglas W. Otto	Member	December 2020
Ms. Sunny Zia	Member	December 2022
Ms. Jena Jimenez	Student Trustee	May 2021

DISTRICT ADMINISTRATORS

Ms. Lou Anne Bynum	Interim Superintendent-President
Ms. Marlene Drinkwine	Vice President, Business Services
Dr. Kathleen Scott	Executive Vice President, Academic Affairs
Dr. Mike Munoz	Vice President, Student Support Services
Mr. Gene Durand	Vice President, Human Resources

Auxiliary Name	Auxiliary Director's Name	Establishment and Master Agreement Date
Long Beach City College Auxiliary	Robert Rapoza	Organized as an auxiliary organization in 2008 and has a signed master agreement dated July 1, 2013.
Long Beach City College Foundation	Paul Kaminski	Organized as an independent organization in 1983 and has a signed master agreement dated January 1, 2016 and amended December 11, 2019.

See accompanying Notes to Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
Department of Education			
Direct:			
Student Financial Aid Cluster			
Supplemental Educational Opportunities Grant (SEOG)	84.007	n/a	$ 636,174
Administrative Allowance - Campus Based Programs	84.000	n/a	89,863
Federal Work Study (FWS)	84.033	n/a	990,748
Administrative Allowance - Pell	84.063	n/a	57,565
Pell Grant	84.063	n/a	40,302,541
William D. Ford Direct Loan Program	84.268	n/a	3,372,266
Total Student Financial Aid Cluster			45,449,157
TRIO Cluster			
Student Support Services-Project Go	84.042A	n/a	261,271
Upward Bound	84.047A	n/a	333,639
Total TRIO Cluster			594,910
COVID-19 Higher Education Emergency Relief Funds (HEERF) / Coronavirus Aid, Relief and Economic Security Act (CARES Act)			
COVID-19 HEERF CARES Act - Institutional	84.425F	n/a	3,054,678
COVID-19 HEERF CARES Act - Minority Serving Institutions	84.425L	n/a	171,036
COVID-19 HEERF CARES Act - Student Aid	84.425E	n/a	3,305,500
Total HEERF / CARES Act			6,531,214
Developing Hispanic-Serving Institutions Program	84.031S	n/a	172,161
Pass-Through Program from the California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C (Basic Grants to States)	84.048	(1)	772,119
Career Technical Education Transitions	84.048A	(1)	46,195
Total Career Technical Education			818,314
Total Department of Education			53,565,756
Department of Agriculture			
Direct:			
Child Nutrition Program	10.558	n/a	48,072
U.S. Small Business Administration			
Direct:			
Small Business Development Center (SBDC)	59.037	n/a	3,720,172
COVID-19 Small Business Administration, Small Business Development Center Coronavirus Aid, Relief and Economic Security Act (CARES Act)	59.037	n/a	47,807
Total U.S. Small Business Administration			3,767,979

See accompanying Notes to Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Veterans Affairs			
Direct:			
Post 9/11 Veteran Education Assistant -GI Bill Chapter 33	64.028	n/a	$ 75,367
Veterans 33 Certifications	64.028	n/a	659
Total Department of Veterans Affairs			76,026
Department of Health and Human Services			
Pass-Through Program from the California Department of Education:			
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	(1)	26,926
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	(1)	12,377
Total Child Care and Development Fund Cluster			39,303
Pass-Through Program from the California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	111,845
Foster Care - Title IV - E	93.658	(1)	92,138
Total Department of Health and Human Services			243,286
Department of Transportation			
Pass through from the California State University Los Angeles Foundation			
CSULA Construction Pre-App	20.215	(1)	57,751
Corporation for National and Community Service (CNCS)			
Direct:			
AmeriCorps National Service Awards	94.006	n/a	120,703
Total Federal Grants			$ 57,879,573
Amount Provided to Subrecipients			
Small Business Development Center (SBDC)	59.037	n/a	
Economic Development Collaboration - Ventura			$ 444,917
El Camino Community College District			293,117
Los Angeles Chamber of Commerce			145,432
Pacific Coast Regional Small Business Development Corporation			268,176
Pasadena Community College District			227,893
Santa Clarita Community College District			317,856
University of La Verne			183,137
			$ 1,880,528

(1) Pass-Through entity identifying number not readily available
n/a Pass-Through entity identifying number not applicable

See accompanying Notes to Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE STATE FINANCIAL ASSISTANTS – GRANTS
YEAR ENDED JUNE 30, 2020

Program Name	Program Revenues: Cash Received	Program Revenues: Accounts Receivable/ (Payable)	Program Revenues: Unearned Revenue	Program Revenues: Total	Total Program Expenditures
State Categorical Aid Programs:					
Access to Print and Electronic Info	$ 11,554	$ -	$ -	$ 11,554	$ 11,554
Adult Education	2,762,948	-	1,587,489	1,175,459	1,175,459
Board Financial Assistance Program (BFAP) - Student Financial Aid Administration (SFAA)	844,279	-	-	844,279	844,279
Cal Grant	4,203,087	(3,773)	-	4,199,314	4,199,314
CA College Promise Implementation	2,028,261	-	1,073,144	955,117	955,117
College Rapid Rehousing Funds	700,000	-	683,926	16,074	16,074
CalWORKs	689,400	-	-	689,400	689,400
Childcare Taxbailout	58,426	-	-	58,426	58,426
Classified Professional Development	97,658	-	80,438	17,220	17,220
Cooperative Agencies Resources for Education (CARE)	267,159	-	25,443	241,716	241,716
Deaf and Hard of Hearing	380,450	-	-	380,450	380,450
Disabled Student Program and Services (DSPS)	1,704,107	-	-	1,704,107	1,704,107
Equal Employment Opportunity	105,360	-	70,219	35,141	35,141
Extended Opportunities Program and Services (EOPS)	1,788,924		116,620	1,672,304	1,672,304
Financial Aid Tech Grant	206,648	-	118,445	88,203	88,203
Foster Care Education Program	140,836	-	-	140,836	140,836
Guided Pathways	1,214,109	-	716,609	497,500	497,500
Hunger Free Campus	255,284	-	113,867	141,417	141,417
Hunger Free - CCC Foundation	34,263	-	-	34,263	34,263
Innovation Award	563,477	-	-	563,477	563,477
Mental Health Program	206,852	77,794	38,565	246,081	246,081
Nextup	306,985	-	19,395	287,590	287,590
Nursing Education Program Support	135,193	-	56,895	78,298	78,298
Certified Nursing Assistant Program	102,903	-	89,640	13,263	13,263
General Child Care and Development Program	113,435	1,818	-	115,253	115,253
Part-Time Faculty Compensation	410,987	-	-	410,987	410,987
Physical Plant and Instructional Planning - Block Grant	1,006,660	-	606,586	400,074	400,074
State Preschool Program	755,304	(62,981)	-	692,323	692,323
Strong Workforce Program	5,165,834	231,592	2,286,252	3,111,174	3,111,174
Student Success Completion Grant	2,634,631	(13,649)	-	2,620,982	2,620,982
Student Equity and Achievement	7,621,013	-	1,506,225	6,114,788	6,114,788
Veterans Resource Center	265,542	-	199,626	65,916	65,916
Veterans Resource Center Grant	77,114	-	26,826	50,288	50,288
Total State Categorical Aid Programs	$ 36,858,683	$ 230,801	$ 9,416,210	$ 27,673,274	$ 27,673,274

See accompanying Notes to Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2020

	Annual - Factored FTES		
Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit[1]	51.51	-	51.51
2. Credit[1]	1,675.13	-	1,675.13
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit[1]	-	-	-
2. Credit[1]	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	12,796.26	-	12,796.26
(b) Daily Census Contact Hours	1,243.99	-	1,243.99
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	390.87	-	390.87
(b) Credit[1]	458.17	-	458.17
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,726.34	-	1,726.34
(b) Daily Census Contact Hours	1,493.80	-	1,493.80
(c) Noncredit Independent Study/Distance Education Courses	0.02	-	0.02
D. Total FTES	19,836.09	-	19,836.09
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	-	-	-
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	366.68	-	366.68
(b) Credit[1]	303.18	-	303.18
CCFS 320 Addendum			
CDCP Noncredit FTES	393.94	-	393.94
Centers FTES			
(a) Credit[1]	3,255.02	-	3,255.02
(a) Noncredit[1]	361.94	-	361.94

[1] Including Career Development and College Preparation (CDCP) FTES

See accompanying Notes to Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

The audit resulted in no adjustments to the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles.

	Governmental Funds
Unrestricted General Fund Balance	$ 39,184,203
Restricted General Fund Balance	4,856,860
Bond Interest and Redemption Fund Balance	40,445,094
Bond Construction Fund Balance (2008 and 2016 Election)	100,638,873
Capital Projects Fund Balance	18,910,463
Child and Adult Development Fund Balance	1,974,354
Other Special Revenue Funds Balance (Veteran's Stadium Operation and Contract/Community Education)	1,124,294
Other Trust Fund Balance (Retiree Benefits)	33,693,008
Student Financial Aid and Trust Fund Balance	121,523
Self Insurance Fund Balance	3,854,979
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	244,803,651
Auxiliary (not reported on CCFS-311)	3,656,395
Total Ending Fund Balance	$ 248,460,046

In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 248,460,046
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets. Net capital assets of $4,366 are already reported in the Auxiliary Fund.	437,306,248
Amounts for 2019-20 property taxes levied for debt service not received as of June 30, 2020 are accrued on the statement of net position which increases the total net assets reported.	3,576,012
Deferred outflows associated with advanced refunding of debt increases total net position reported.	25,742,234

See accompanying Notes to Supplementary Information.

Deferred outflows associated with pension costs result from pension contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	38,093,170
Deferred outflows associated with other postemployment retirement benefits costs result from contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net other postemployment retirement benefits liability or amortized to benefits expense, as applicable, in subsequent periods.	9,952,139
Compensated absences and load banking are not due and payable in the current period and therefore are not reported in the governmental funds. However, the District has recorded compensated absences of $182,922 in the Unrestricted General Fund.	(7,276,419)
Interest expense related to bonds incurred through June 30, 2020 is accrued as a current lability on the statement of net position which reduces the total net assets reported.	(4,799,579)
Estimated claims liability for self-insured risk of loss is not accrued in the governmental funds.	(194,828)
Liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(635,766,491)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(154,206,110)
The liability associated with other postemployment retirement benefits, is recognized as a liability, which reduces the total net position reported.	(35,630,575)
The liability associated with Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP), is recognized as a liability, which reduces the total net position reported.	(510,184)
The liability associated with supplemental employee retirement plans is not due and payable in the current period, and therefore is not reported as a liability in the governmental funds.	(2,584,507)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(12,474,457)
Deferred inflows of resources associated with other postemployment retirement benefits result from actuarially determined adjustments. These amounts will be amortized to other postemployment retirement benefits expense in subsequent periods.	(6,617,733)
Amounts held in an irrevocable trust for other postemployment retirement benefits are reported in the trust statement of net position.	(9,100,378)
Total net position	$ (106,031,412)

See accompanying Notes to Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
YEAR ENDED JUNE 30, 2020

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) 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	$ 26,042,961	$ -	$ 26,042,961	$ 26,042,961	$ -	$ 26,042,961
Instructional Salaries - Other	1300	18,022,581	-	18,022,581	18,022,581	-	18,022,581
Total Instructional Salaries		44,065,542	-	44,065,542	44,065,542	-	44,065,542
Non-Instructional Salaries - Contract or Regular	1200	-	-	-	9,445,464	-	9,445,464
Non-Instructional Salaries - Other	1400	-	-	-	1,119,645	-	1,119,645
Total Non-Instructional Salaries		-	-	-	10,565,109	-	10,565,109
Total Academic Salaries		44,065,542	-	44,065,542	54,630,651	-	54,630,651
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-	-	-	22,140,319	-	22,140,319
Non-Instructional Salaries - Other	2300	-	-	-	1,136,082	-	1,136,082
Total Non-Instructional Salaries		-	-	-	23,276,401	-	23,276,401
Instructional Aides - Regular Status	2200	2,658,328	-	2,658,328	2,658,328		2,658,328
Instructional Aides - Other	2400	834,368	-	834,368	834,368		834,368
Total Instructional Aides		3,492,696	-	3,492,696	3,492,696		3,492,696
Total Classified Salaries		3,492,696	-	3,492,696	26,769,097	-	26,769,097
Employee Benefits	3000	22,286,677	-	22,286,677	41,526,912	-	41,526,912
Supplies and Materials	4000	-	-	-	602,982	-	602,982
Other Operating Expenses	5000	-	-	-	9,260,931	-	9,260,931
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		69,844,915	-	69,844,915	132,790,573	-	132,790,573
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900	779,425		779,425	779,425		779,425
Student Health Services Above Amount Collected	6441			-			-
Student Transportation	6491			-			-
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-	527,381		527,381
Objects to Exclude							
Rents and Leases	5060			-	64,296		64,296
Lottery Expenditures							
Academic Salaries	1000			-			-
Classified Salaries	2000			-			-
Employee Benefits	3000			-			-
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Other Operating Expenses and Services	5000			-	3,152,880		3,152,880
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Other Outgo	7000			-			-
Total Exclusions		779,425	-	779,425	4,523,982	-	4,523,982
Total for ECS 84362, 50% Law		69,065,490	-	69,065,490	128,266,591	-	128,266,591
Percent of CEE (Instructional Salary Cost/Total CEE)		53.85%	0%	53.85%	100%	0%	100%
50% of Current Expense of Education					64,133,296	-	64,133,296

See accompanying Notes to Supplementary Information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
EDUCATION PROJECTION ACCOUNT (EPA) EXPENDITURE REPORT
YEAR ENDED JUNE 30, 2020

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 10,196,496
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 10,196,496	$	$	$ 10,196,496
					-
					-
					-
					-
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					-
					-
					-
					-
Total Expenditures for EPA*		$ 10,196,496	$ -	$ -	10,196,496
Revenue less Expenditures					-

*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.

See accompanying Notes to Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the fiscal year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District uses an indirect cost rate, approved by the U.S. Department of Health and Human Services, as allowed under the Uniform Guidance. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Schedule of State Financial Assistance - Grants

The Schedule of State Financial Assistance was prepared on the full accrual basis of accounting.

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

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and the total net position reported on the audited financial statements based on the full accrual basis of accounting.

Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50 percent law calculation (Education Code Section 84362).

Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Propositions 55 Education Protection Act were expended.

OTHER INDEPENDENT AUDITORS’ REPORTS

INDEPENDENT AUDITORS' 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
Long Beach Community College District
Long Beach, California

We have audited, 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*, the basic financial statements of the Long Beach Community College District (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated February 4, 2021.

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 opinion 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 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.

Board of Trustees
Long Beach Community College District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 4, 2021

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Long Beach Community College District
Long Beach, California

Report on Compliance for Each Major Federal Program

We have audited Long Beach Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' 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 fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, 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.

Purpose of this Report

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 4, 2021

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Long Beach Community College District
Long Beach, California

We have audited the Long Beach Community College District's (the District) compliance with the types of compliance requirements described in the *2019-20 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the fiscal year ended June 30, 2020. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below.

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 *2019-20 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

Board of Trustees
Long Beach Community College District

Compliance Requirements Tested

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

Section	Description	Procedures Performed
411	SCFF Data Management Control Environment	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded From Other Sources	Not applicable
424	Student Center Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment - College and Career Access Pathways (CCAP) and Non-CCAP	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Not applicable
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Not applicable
490	Proposition 1D and 51 State Bond Funded Projects	Yes
491	Education Protection Account (EPA) Funds	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the fiscal year ended June 30, 2020.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2019-20 Contracted District Audit Manual*, published by the California Community College Chancellor's Office. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
February 4, 2021

FINDINGS AND QUESTIONED COSTS

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
JUNE 30, 2020

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.000, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.425F, 84.425L, 84.425E	Higher Education Emergency Relief Funds / Coronavirus Aid, Relief and Economic Security Act (CARES Act)

Dollar threshold used to distinguish between Type A and Type B programs: Type A $ 1,736,387 Type B $434,097

Auditee qualified as low-risk auditee? __x__ yes ______ no

State Awards

1. Internal control over state programs:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
2. Type of auditors' report issued on compliance for state programs: Unmodified

Section II – Financial Statement Findings

There were no findings and questioned costs related to basic financial statements for the fiscal year ended June 30, 2020.

Section III – Findings and Questioned Costs – Major Federal Programs

There were no findings and questioned costs related to federal awards for June 30, 2020.

Section IV – Findings and Questioned Costs – State Award

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2020.

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
JUNE 30, 2020

Except as specified in previous sections of this report, summarized below is the status of all audit findings reported in the prior year's schedule of audit findings and questioned costs and of any other unresolved audit finding from previous years.

2019-001 SMALL BUSINESS DEVELOPMENT CENTER - PROCUREMENT

Recommendation: We recommend the District update its purchasing manual and processes to ensure compliance with the standards contained in the Uniform Guidance.

Current Status: Implemented. Please see the attached Status of Prior Year Findings and Questioned Costs.

Explanation if not fully implemented: Not applicable.

2019-002 STATE COMPLIANCE: SECTION 427 DUAL ENROLLMENT (NON-CCAP) – TEN PERCENT OF SPECIAL PART-TIME ENROLLMENT IN PHYSICAL EDUCATION COURSES

Recommendation: Implement processes and procedures to ensure physical education course sections with special part-time or full-time students that have more than ten percent of the enrollment claimed for apportionment for each course section are properly excluded prior to the submission of the CCFS-320 Apportionment Attendance Report.

Current Status: Implemented.

Explanation if not fully implemented: Not applicable.

CONTINUING DISCLOSURE INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2020

	(Budget) 2021	2020	2019	2018
	Amount	Amount	Amount	Amount
Combined General Fund:				
Revenue				
Federal	$ 20,213,872	$ 10,055,014	$ 6,785,551	$ 6,969,541
State	130,993,119	123,586,118	113,647,685	112,466,031
County, local, and other	49,519,174	47,089,664	49,441,489	49,944,835
Other Financing Sources	20,351	346,746	355,046	323,339
Total Revenue	200,746,516	181,077,542	170,229,771	169,703,746
Expenditures				
Academic salaries	62,381,899	60,256,308	56,279,241	57,566,489
Classified salaries	43,696,299	38,900,679	35,795,798	36,995,878
Employee benefits	51,629,022	48,958,394	45,785,616	42,433,709
Supplies and materials	5,386,312	3,675,074	2,049,457	2,422,677
Other operating expenses and services	37,930,077	19,506,178	17,973,265	22,866,379
Capital outlay	3,869,034	4,368,592	3,826,166	3,557,970
Other uses	3,418,093	2,482,952	2,368,804	3,852,447
Total Expenditures	208,310,736	178,148,177	164,078,347	169,695,549
Change in fund balance	$ (7,564,220)	$ 2,929,365	$ 6,151,424	$ 8,197
Ending fund balance	$ 36,476,843	$ 44,041,063	$ 41,111,698	$ 34,960,274
Available reserve	$ 22,030,565	$ 20,746,498	$ 19,731,659	$ 22,022,662
Available reserve %	10.58%	11.65%	12.03%	12.98%
Full-time equivalent students	19,983	19,836	19,517	18,915
Total long term debt	$ 831,472,879	$ 774,870,704	$ 656,058,806	$ 680,107,535

IMPORTANT NOTES:

The California Community College Chancellor's Office has provided guidelines that recommend a minimum prudent ending fund balance reserve of 5% of unrestricted expenditures. In addition, the District's Board policy requires a 5.5% unrestricted ending fund balance. In accordance with the Chancellor’s Office’s Institutional Effectiveness Partnership Initiative (IEPI), the District has established minimum reserve goals in addition to the reserve policy. The short-term reserve goal is 12.5% and the long-term reserve goal is 15.0%.

Full-time equivalent students (FTES) represents credit and non-credit factored FTES and excludes FTES generated by non-residents.

The 2021 budget is the Plan and Budget adopted by the Board of Trustees on September 9, 2020.

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

Assessed valuation for fiscal year 2019-20	$65,380,490,747	(2)
Secured tax levies for fiscal year 2019-20	$13,184,965	(1)
Secured tax delinquencies for fiscal 2019-20	$376,437	(1)
Secured tax collections for fiscal year 2019-20	$12,808,528	(1)

2019-20 Largest Local Secured Taxpayers (2)

	Property Owner	Land Use	2019/20 Assessed Valuation	Percentage of Total (3)
1.	Participants in Long Beach Unit	Industrial – Petroleum	$ 698,100,655	1.07%
2.	Hanjin America Inc.	Industrial – Terminal Operations	408,678,000	0.63%
3.	Tidelands Oil Production Co.	Industrial – Petroleum	380,046,572	0.58%
4.	Macerich Lakewood LLC	Shopping Center	379,908,608	0.58%
5.	International Trans Serv.	Industrial – Terminal Operations	350,929,593	0.54%
7.	The Boeing Company	Industrial	252,521,179	0.39%
6.	OOCL LLC	Industrial – Terminal Operations	243,888,328	0.37%
8.	SSAT-Long Beach LLC	Industrial – Terminal Operations	212,129,738	0.32%
9.	Tesoro Logistics Operations LLC	Industrial – Petroleum	205,162,667	0.31%
10.	Signal Hill Petroleum	Industrial – Petroleum	200,353,796	0.31%
11.	Massachusetts Mutual Life Insurance	Shopping Center	177,052,393	0.27%
12.	Kilroy Realty LP	Office Building	164,748,810	0.25%
13.	2009 CUSA Community Owner LLC	Apartments	158,895,804	0.24%
14.	John Hancock Life Insurance	Office Building	148,903,344	0.23%
15.	AGNL Clinic LP	Office Building	148,614,550	0.23%
16.	TABC Inc.	Industrial	139,096,273	0.21%
17.	Pacific Maritime Services LLC	Industrial – Terminal Operations	138,965,000	0.21%
18.	Studio Management Services Inc.	Commercial	134,514,540	0.21%
19.	IMT Capital IV Gallery LLC	Commercial	125,246,750	0.19%
20.	Hyatt Long Beach	Hotel	112,496,641	0.17%
			$ 4,780,253,241	7.31%

(1) Information obtained from the Los Angeles County Auditor-Controller’s Office
(2) Information obtained from California Municipal Statistics, Inc.
(3) % of total assessed valuation for the fiscal year 2019-20 of $65,380,490,747

U.S Small Business Administration

Long Beach Community College respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: July 1, 2018 – June 30, 2019

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2019 – 001 – Small Business Development Center – Procurement

Condition: We noted during our audit that the District's purchasing manual was not updated to meet the procurement standards contained in the Uniform Guidance.

Status: Corrective action was taken. The Purchasing Manual was updated to include references to 2 CFR sections 200.318 – 326 and define the purchasing procedures for purchases over $10,000 when using Federal Funds. Training documents were updated to reflect the changes as well. All departmental end users and budget approval managers for federal funds, as well as Purchasing staff, received email notification about purchases over $10,000 and the requirements outlined in the applicable CFR's.

If the U.S Small Business Administration has questions regarding this schedule, please call Alan Moloney, Deputy Director, Purchasing and Contracts at (562) 938-4541.

FINDINGS— STATE AWARDS AUDIT

California Community Colleges Chancellor's Office

2019 – 002 – State Compliance: Section 427 Dual Enrollment (Non-CCAP) – Ten Percent of Special Part-Time Enrollment in Physical Education Courses

Condition: The District only has Non-College and Career Access Pathways (Non-CAAP) dual enrollment opportunities. Out of a sample of 33 physical education course sections with special part-time or full-time students, the audit identified 2 courses that exceeded ten percent of the maximum allowance for the enrollment claimed for apportionment for each course section. Per the Contracted District Audit Manual (CDAM), "In the view of the Chancellor's Office, this ten percent limit serves as a limit on how many students may be claimed for apportionment in each course section, not how many may actually be enrolled in a class section." This District claimed all special part-time or full-time students enrolled in the physical education course sections.

Status: The immediate corrective action was to submit a recalculation report (CFSS-317) to the CCCCO prior to the November 1, 2019 deadline. The updated submission removed claims on FTES generated by the two sections with confirmed dual enrollment over 10% of FTES.

First, Admissions and Records update the end of term processing to include a Dual Enrollment validation date of birth and graduation fields. Validation errors are corrected. The student group table will be updated after the end of each term.

Second, an age validation was added to the CCFS-320 report to ensure students are not inappropriately tagged as dual enrolled students. Admissions and Records will review the tagged as dual enrolled students and address errors as appropriate.

Third, Instructional and Information Technology Systems department (IITS), will add a validation code to identify physical education activity courses that have more than 10% of FTES generated by dual enrolled students. If identified as exceeding the 10% cap, these sections will be excluded from apportionment reporting.

If the Department of Education has questions regarding this schedule, please call Yvonne Gutierrez, Interim Dean of Enrollment Services at (562) 938-4631.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Disclosure Undertaking") is executed and delivered by the Long Beach Community College District (the "District") as of March 25, 2021, in connection with the execution and delivery of $84,615,000 aggregate principal amount of the District's General Obligation Refunding Bonds, 2021 Series I (Federally Taxable) (collectively, the "Bonds"). The Bonds are being issued pursuant to Resolutions adopted by the Board of Trustees of the District on February 24, 2021 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriters described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist RBC Capital Markets, LLC and Piper Sandler & Co. (the "Underwriters") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolutions, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Undertaking.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any dissemination agent, or any alternate or successor dissemination agent, designated in writing by the Superintendent-President or the Vice President, Business Services (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

"Financial Obligation" means (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) the guarantee of a debt obligation or any such derivative instrument; provided, that "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Undertaking.

"MSRB" means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") website located at http://emma.msrb.org, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated March 4, 2021.

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year ending June 30, 2020, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the EMMA system. Information regarding requirement for submissions to EMMA is available at http://emma.msrb.org.

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 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) State funding received by the District for the last completed fiscal year;

(ii) outstanding District indebtedness;

(iii) assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(iv) top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value; and

(v) summary financial information on revenues, expenditures and fund balances for the District's General Fund reflecting adopted budget for the current year.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Listed Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the District; or

(x) Default, an event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States 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 governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(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, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) Incurrence of a Financial Obligation of the District, if material, or an agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect the Owners, if material.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent-President or Executive Vice President of Finance, Facilities and Technology Services may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 the obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder 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 Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom the such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

IN WITNESS WHEREOF, Long Beach Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

LONG BEACH COMMUNITY COLLEGE DISTRICT

By: ____
Vice President, Business Services

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Long Beach Community College District

Name of Issue: $84,615,000 Long Beach Community College District General Obligation Refunding Bonds, 2021 Series I (Federally Taxable)

Date of Issuance: March 25, 2021

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated March 25, 2021. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: _____________________

[ISSUER/DISSEMINATION AGENT]

By: ____________________________________

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix 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 will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds 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 "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC") 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 has a Standard & Poor's rating of "AA+". 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. *The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

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 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) 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).

Principal, premium, if any and interest payments 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 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments 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, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

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 thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, 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 registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered 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 complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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APPENDIX F

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles (the "County") manages, in accordance with California Government Code Section 53600 et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool (the "Treasury Pool") as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. The Treasurer maintains a website, the address of which is http://ttc.lacounty.gov, on which the Treasurer periodically places information relating to the Treasury Pool. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the purchase of Bonds. The District makes no 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 is correct as of any time subsequent to this date.*

Los Angeles County Pooled Surplus Investments

The Treasurer has the delegated authority to invest funds on deposit in the County treasury (the "Treasury Pool"). As of January 31, 2021, 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	$17.252
Schools and Community Colleges	17.828
Discretionary Participants	3.912
Total	$38.992

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	89.97%
Discretionary Participants:	
Independent Public Agencies	9.12%
County Bond Proceeds and Repayment Funds	0.91%
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 County Board of Supervisors ("Board of Supervisors") on an annual basis. The Investment Policy adopted on March 31, 2020, 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 February 26, 2021, the January 31, 2021, book value of the Treasury Pool was approximately $38.992 billion and the corresponding market value was approximately $38.899 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 auditor (the "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 annual accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of January 31, 2021:

Type of Investment	% of Pool
Certificates of Deposit	7.82
U.S. Government and Agency Obligations	59.52
Bankers Acceptances	0.00
Commercial Paper	32.39
Municipal Obligations	0.08
Corporate Notes & Deposit Notes	0.19
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of January 31, 2021 approximately 46% of the investments mature within 60 days, with an average of 975 days to maturity for the entire portfolio.

None of the District, the Municipal Advisor or the Underwriters have made an independent investigation of the investments in the Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the 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 Treasury Oversight Committee and 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 Pool will not vary significantly from the values described herein.