MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Mt. San Antonio College Auxiliary Services), and the aggregate remaining fund information of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2016-2017 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 to the financial statements, in 2017, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 23, and other required supplementary schedules on pages 74 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co, LLP

Rancho Cucamonga, California
December 6, 2017

Mt. San Antonio College
1100 North Grand Avenue
Walnut, CA 91789-1399
909.274.7500 • www.mtsac.edu

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Mt. San Antonio Community College District (the District) for the year ended June 30, 2017. This discussion is prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

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

Mt. San Antonio Community College District has emerged as a leader in education not only in the San Gabriel Valley, but in the State of California. The District is the largest, single-campus community college district in the State. The District proudly celebrates over 69 years of educational excellence. The District will continue to offer access to quality programs and services, as well as provide an environment for educational excellence throughout the 21st century.

Accounting Standards

In June 1999, the Governmental Accounting Standard's Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applied new reporting standards to public colleges and universities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow the new standards under the Business Type Activity (BTA) model. Nearly all public Colleges and Universities nationwide have selected the BTA reporting model. As such, the District is reporting its financial statements according to these standards.

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

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

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

FINANCIAL HIGHLIGHTS

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

Selected Highlights

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

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

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

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

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

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

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

  The College has been operating under the fiscal independence status since the fiscal year 2012-13, evidence of compliance is included in the Fiscal Independence oversight reports issued by the Los Angeles County Office of Education. In March 2017, the College received a commendation from the Accrediting Commission for Community and Junior Colleges for successfully completing the rigorous testing to achieve fiscal independence status.

- On November 6, 2001, the voters of the District approved a $221 million general obligation bond (Measure R) under Proposition 39 to provide better facilities for the students, faculty, and the community. Originally, there were 17 construction projects planned, but due to the increase in construction costs, three of these projects were eliminated; which left 14 major projects to be undertaken. Ground breaking began, for some of the projects, during 2001-02 and continued through 2015-16. The proceeds of these general obligation bond funds were completely expensed on June 30, 2015. The following bonds were issued:

    - $40 million Series A were issued in May 2002,
    - $75 million Series B were issued in February 2004,
    - $75.7 million refunding bonds were issued in September 2005. This issuance refunded certain Series A and B bonds,
    - $80 million Series C were issued in September 2006,
    - $26 million Series D were issued in July 2008,
    - $29.9 million refunding bonds were issued in June 2012. This issuance refunded certain 2005 refunding bonds,
    - $74.9 million Series A and $48.2 million Series B refunding bonds were issued in August 2013. These issuances refunded certain 2006 Series C bonds, 2005 refunding bonds, and 2012 refunding bonds.
    - $19.4 million 2015 refunding bonds were issued in September 2015. This issuance refunded certain 2008 Series D bonds.

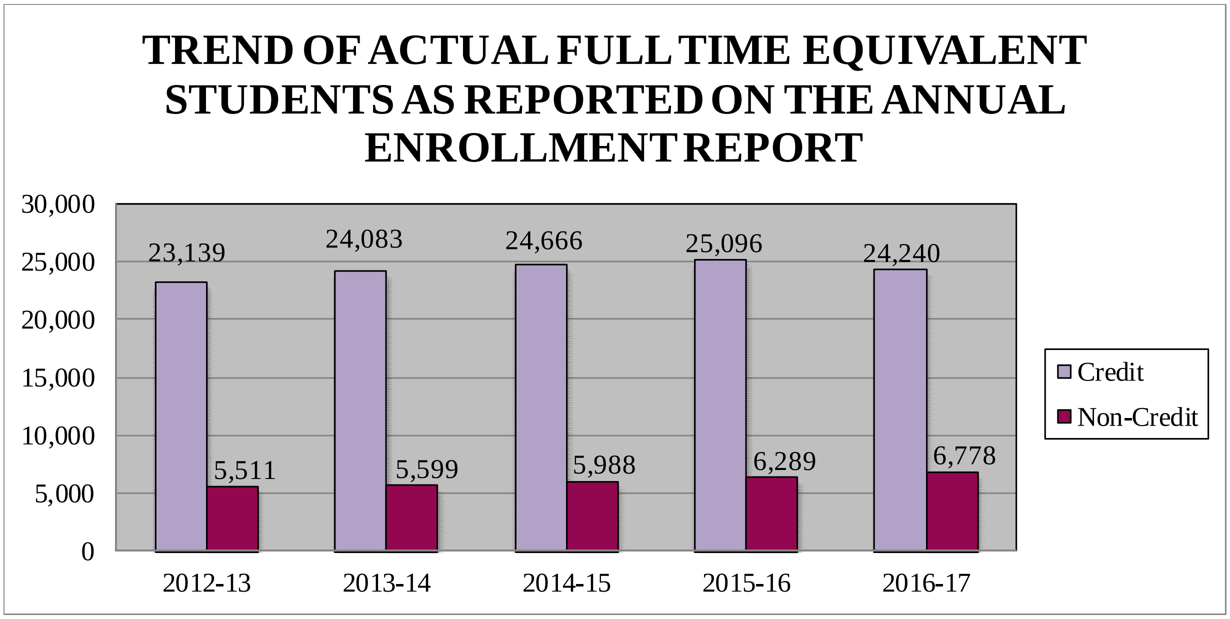
- On November 4, 2008, the voters of the District approved a $353 million general obligation bond (Measure RR) under Proposition 39 to finance the repair, upgrade and acquisition of equipment and instructional facilities for the science and computer labs, library, fire academy training facility, classrooms for nursing, paramedics and police officers, classrooms for education and vocational job training, a new computer technology center, and the establishment of a 2008 lease revenue bonds escrow account. The following bonds were issued:

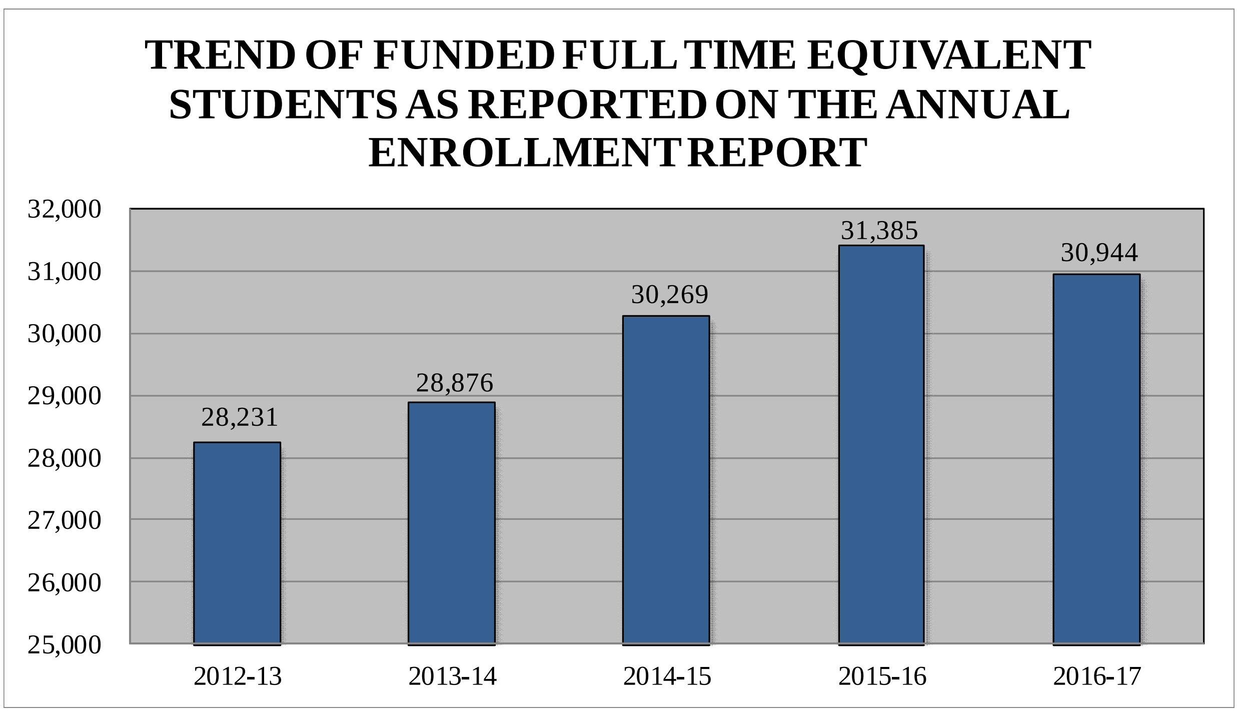
    - $205.6 million Series A and $11.7 million Series B were issued in August 2013.
    - $20 million Series C were issued in September 2015.

- On May 1, 2010, the District issued $65 million in bond anticipation notes. This was the result of the District's inability to issue bonds from the 2008 election (Measure RR) due to the decreased property valuations and the need to continue with scheduled construction projects. These bond anticipation notes financed the repair, upgrade, acquisition, construction and equipment of certain District property and facilities, and an escrow account was established to retire the debt for the 2008 lease revenue bonds. The District retired this bond anticipation notes obligation in August 2013 with the issuance of Series A and B 2008 Election general obligation bonds.

- On April 6, 2017, the District issued $90 million, under the Measure RR authorization, in bond anticipation notes. When assessed value improves, the College will sell general obligation bonds and retire this obligation. These bond anticipation notes will finance the remaining cost of the Business Project, the startup cost of the Athletics Complex, the Design of the Campus Center, and other campus-wide improvements.

- As of June 30, 2017, the total actual full-time equivalent students (FTES) decreased from 31,385 to 31,018, a 1.2 percent decrease for credit and noncredit courses. Funded credit and noncredit FTES are the basis for which the District receives State apportionment funding. The District estimated funded FTES for credit and noncredit decreased from 31,018 in 2015-16 to 30,944 in 2016-17. State law mandates Districts to receive funding their first year of decline. Therefore, the District received funding for the decline in FTES in the fiscal year 2016-17. The final funded FTES for the fiscal year 2016-17 will be known with the apportionment recalculation in February or March 2018.





- The District ended the fiscal year 2016-17 with an ending fund balance of $43.9 million in the Unrestricted General Fund, which represents 23.03 percent well above the 10 percent unassigned fund balance board policy. The District continues to end the fiscal year with a strong fund balance (reserves) due to fiscal prudence. These healthy fund balances and the efficient use of its resources have allowed the District to serve its students and the community at a high level, while allowing for careful consideration of budget plans for the fiscal year 2017-18 and beyond.

Financial Statement Presentation and Basis of Accounting

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

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

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, 2017 Annual Financial and Budget Report (CCFS-311), based upon governmental accounting principles and the modified accrual basis of accounting, and the total net position recorded on the full accrual basis of accounting is as follows:

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance:		
General Funds	$ 47,264,209	
Child Development	701,455	
Health Services	975,968	
Debt Service	16,823,894	
Capital Outlay	103,888,998	
Bond Construction	18,960,317	
Farm Operations	299,485	
Fiduciary Funds	3,625,775	
Total Fund Balance per CCFS-311	192,540,101	
Funds not included in the CCFS-311 report	80,310,820	
Total Fund Balance - All District Funds		272,850,921
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	603,282,277	
Accumulated depreciation is	(146,308,668)	456,973,609
Amounts held in trust on behalf of others (Trust and Agency Funds)		(83,861,618)
Cash held with trustee for property and liability insurance		562,823
The District has refunded debt obligations. The difference between the amount that was sent to escrow agent for the payment of the old debt and the actual remaining debt obligations will be amortized as an adjustment to interest expense. The balance represents the unamortized deferred charges on refunding amounts as of June 30, 2017.		2,768,766
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(2,509,227)

(Continued)

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to the measurement date	$ 16,258,638	
Net change in proportionate share of net pension liability	2,185,111	
Difference between projected and actual earnings on pension plan investments	20,469,710	
Differences between expected and actual experience in the measurement of the total net pension liability	3,127,181	
Total Deferred Outflows of Resources related to Pensions		$ 42,040,640
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	2,725,107	
Differences between expected and actual experience in the measurement of the total net pension liability	2,819,157	
Changes in assumption	2,184,470	
Total Deferred Inflows of Resources related to Pensions		(7,728,734)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	446,442,511	
Premium on bonds	21,271,544	
Notes payable	64,184	
Other postemployment benefits (OPEB) obligation	26,227,876	
Aggregate net pension obligation	188,277,216	
In addition, the District issued "capital appreciation" general obligation bonds. The accretion of interest on those bonds to date is the following:	42,964,910	
		(725,248,241)
Total Net Position		**$ (44,151,061)**

Statement of Net Position

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

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

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

The Net Position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net position; this net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

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

(Amounts in thousands)

	2017	2016	Change
ASSETS			
Current Assets			
Cash and investments	$ 240,475	$ 188,321	$ 52,154
Accounts receivable and other assets	8,675	8,707	(32)
Total Current Assets	249,150	197,028	52,122
Capital Assets (net)	456,974	414,714	42,260
Total Assets	706,124	611,742	94,382
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,769	10,178	(7,409)
Deferred outflows related to pensions	42,040	33,858	8,182
Total Deferred Outflows of Resources	44,809	44,036	773
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	34,652	25,301	9,351
Unearned revenue	17,384	17,511	(127)
Current portion of long-term obligations other than pensions	13,175	11,835	1,340
Total Current Liabilities	65,211	54,647	10,564
Long-Term Obligations	722,144	592,222	129,922
Total Liabilities	787,355	646,869	140,486
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	7,729	31,301	(23,572)
NET POSITION			
Net investment in capital assets	91,064	97,084	(6,020)
Restricted	41,546	37,950	3,596
Unrestricted	(176,761)	(157,426)	(19,335)
Total Net Position	$ (44,151)	$ (22,392)	$ (21,759)

This schedule has been prepared from the District *Statement of Net Position* (page 24), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated and all liabilities of the District are recognized.

Cash and short-term investments consist primarily of funds held in the County Treasury. The changes in cash position are explained in the *Statement of Cash Flows* (pages 26-27).

- The total cash balance had a net increase of $52.2 million. The General Fund cash increased by $10 million primarily as result of property tax revenues received for the Educational Revenue Augmentation Fund (ERAF) and Redevelopment. The Capital Outlay and Bond Interest Redemption funds also experienced increases in revenues of $1.3 million. The Bond Construction Fund had a net increase of $40.9 million. While the cash increased by $89.8 million as result of the receipt of Measure RR Bond Anticipation Notes in April 2017, the cash decreased by $48.9 million primarily for the payments made for the Business and Computer Technology Building, Athletics Complex Phase 2, Central Plant Chilled Water Project, Temporary Space Portable Building 40, Portable Building 16E, Portable Athletic Buildings, and Language Lab Expansion in Building 66.

- The total account receivables and other assets had a net minor decrease of $32 thousand. While the Education Protection Account and Lottery receivables decreased by $2,756 thousand, the Health Retirees Premiums Reimbursements, the Southern California Edison Rebate for the Central Plant Chilled Water Project, Categorical Programs and Grants, and Interest receivables increased by $2,724. The increase in the Retirees Health Premiums is due to a change in the financial statements presentation of the Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust. In the 2016-17 fiscal year, the trust is presented in the Statement of Fiduciary Net Position. This results in a Due From in the District Statement of Net Position and a Due To in the Statement of Fiduciary Net Position. On May 27, 2015, the Board of Trustees approved a funding plan for the OPEB, which consists on funding $2,500,000 from the Unrestricted General Fund and paying the Retirees Health Premiums from the interest earned on the OPEB Trust.

- Capital assets had a net increase of $42.3 million. The District had additions of $64.5 million related to equipment purchases, site and site improvement, capitalized interest, and construction in progress. The District recognized depreciation expense of $13.2 million during 2016-17. The capital asset section of this discussion and analysis provides greater information.

- The deferred charges on refunding decreased by $7.4 million. This decrease is the result of the amortization for the Measure R general obligation refunding bonds series 2013A, 2013B and 2015.

- Changes in Net Pension Obligation attributable to experience gain/losses, assumption changes, and differences between projected and actual earnings on investments not recognized as expense during the 2016-17 fiscal year are accounted for as deferred inflows and outflows of resources.

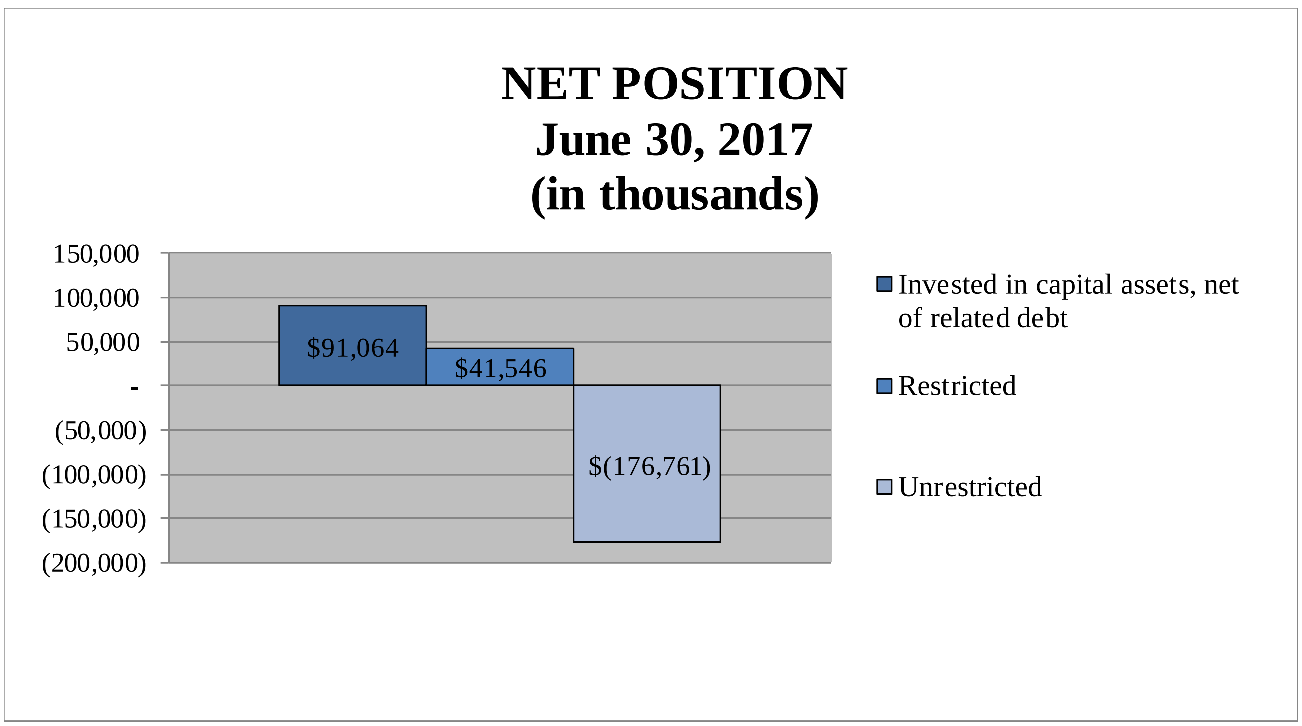
  The deferred outflows of resources related to pensions increased by $8.2 million. This increase is due to the District's share of deferred outflows between projected and actual pension plan investments. CalSTRS and CalPERS budgeted a higher rate of return on their assets than they actually earned. CalSTRS deferred outflows of resources increased by $3.2 million, while CalPERS deferred outflows increased by $5 million. The deferred inflows of resources related to pensions decreased by $23.6 million. CalSTRS deferred inflows decreased by $12 million, while CalPERS deferred inflows decreased by $11.6 million. See Note 13 for detailed information related to the aggregate net pension liability and the associated deferred inflows and outflows of resources.

- The accounts payable and accrued liabilities had a net increase of $9.4 million. The accounts payable increased in the general fund by $5.9 million due to receiving property taxes higher than estimated in the fiscal year 2016-17. The accounts payable also increased in the bond construction funds by $3.2 million mainly for payments made for the Business and Computer Technology Building, Portable Building 16E, Central Plant Chilled Water Project, and the Athletic Complex Phase 2. The accrued liabilities had a minor decrease.

- The long-term debt liabilities (current and noncurrent) net increase of $131.3 million is mainly attributed to the issuance of $90 million Measure RR bond anticipation notes, $4.5 million increase in OPEB obligations, and $36.2 million increase in the net pension obligation. The funded status of CalSTRS and CalPERS decreased in the latest actuarial report. Therefore, the District's share of its funded status also decreased, causing an increase in the pension liability.

- The District's net position was $(44.2) million for the fiscal year ended June 30, 2017. Of this amount, $(176.8) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board's ability to use that net position for day-to-day operations.

The following is a graphic representation of the Net Position as of June 30, 2017:



Statement of Revenues, Expenses, and Change in Net Position

Change in net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Change in Net Position (page 25). The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not, by the District, the operating and nonoperating expenses incurred, whether paid or not, by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

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

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

(Amounts in thousands)

	2017	2016	Change
Operating Revenues			
Tuition and fees	$ 19,650	$ 19,035	$ 615
Enterprise sales and charges and other operating revenues	508	471	37
Total Operating Revenues	20,158	19,506	652
Operating Expenses			
Salaries and benefits	200,380	180,020	20,360
Supplies, materials, and other operating expenses	34,469	39,463	(4,994)
Student financial aid	45,460	48,904	(3,444)
Depreciation	13,220	12,705	515
Total Operating Expenses	293,529	281,092	12,437
Loss on Operations	(273,371)	(261,586)	(11,785)
Nonoperating Revenues (Expenses)			
State apportionments	108,808	112,174	(3,366)
Property taxes	66,421	54,237	12,184
Grants and contracts	84,508	79,296	5,212
State revenues	10,378	24,880	(14,502)
Net interest expense	(24,229)	(16,965)	(7,264)
Other nonoperating revenues (expenses)	1,914	(784)	2,698
Total Nonoperating Revenues	247,800	252,838	(5,038)
Other Revenues and (Losses)			
State, local capital income and (losses)	3,812	4,100	(288)
Net Change in Net Position	(21,759)	(4,648)	(17,111)
Net Position, Beginning of Year	(22,392)	(17,744)	(4,648)
Net Position, End of Year	$ (44,151)	$ (22,392)	$ (21,759)

The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding; the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of $273.4 million is balanced by other funding sources. Total District expenses exceeded total revenues by $21.8 million for the year ended June 30, 2017.

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

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

- Net enrollment, tuition and fees increased by approximately $0.6 million. This increase is attributed to the decrease in Board of Governors fee waivers due to decline in student enrollment during the fiscal year 2016-17.

- The net increase in operating expenses of $12.4 million is mainly due to an ongoing one percent salary increase including increases in the annual health and welfare allocations for all employee groups, new positions approved through the Colleges' New Resources Allocation Process, increases in CalSTRS and CalPERS employer contributions due to rate increases, increase in pension obligations as established by GASB 68 Accounting and Financial Reporting for Pensions, and an increase in Depreciation expense. As new buildings are completed, depreciation expense is recognized.

- Since the fiscal year 2012-13, the District's base apportionment sources of funding include property taxes, enrollment fees, State apportionment, and the Education Protection Account (EPA). Districts' State aid is reduced by one dollar for each dollar received from EPA, local property taxes, and enrollment fees. The EPA was created in November 2012 by Proposition 30 and has been amended with Proposition 55 on November 2016. Proposition 55 extends the temporary personal income tax increases enacted in 2012 until December 2030. The State apportionment noncapital decreased by $3.4 million primarily as a result of not earning growth funding.

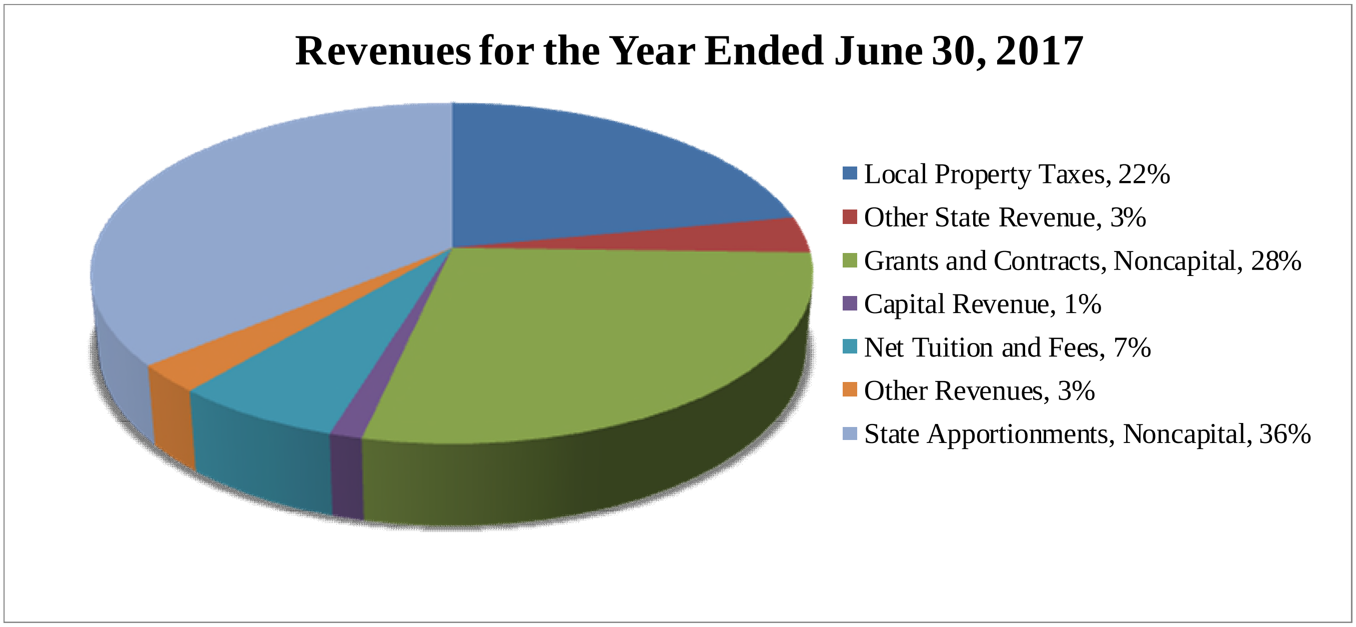
- Property taxes levied for general purposes and for other specific purposes increased by $12.2 million. The property taxes levied for general purposes decreased by $9.5 million as a result of greater collections of the Education Revenue Augmentation Fund (ERAF) in the 2016-17 fiscal year, when compared to the 2015-16 fiscal year. Property taxes for other specific purposed increased by $2.7 million due to the collections of the general obligation bond repayments.

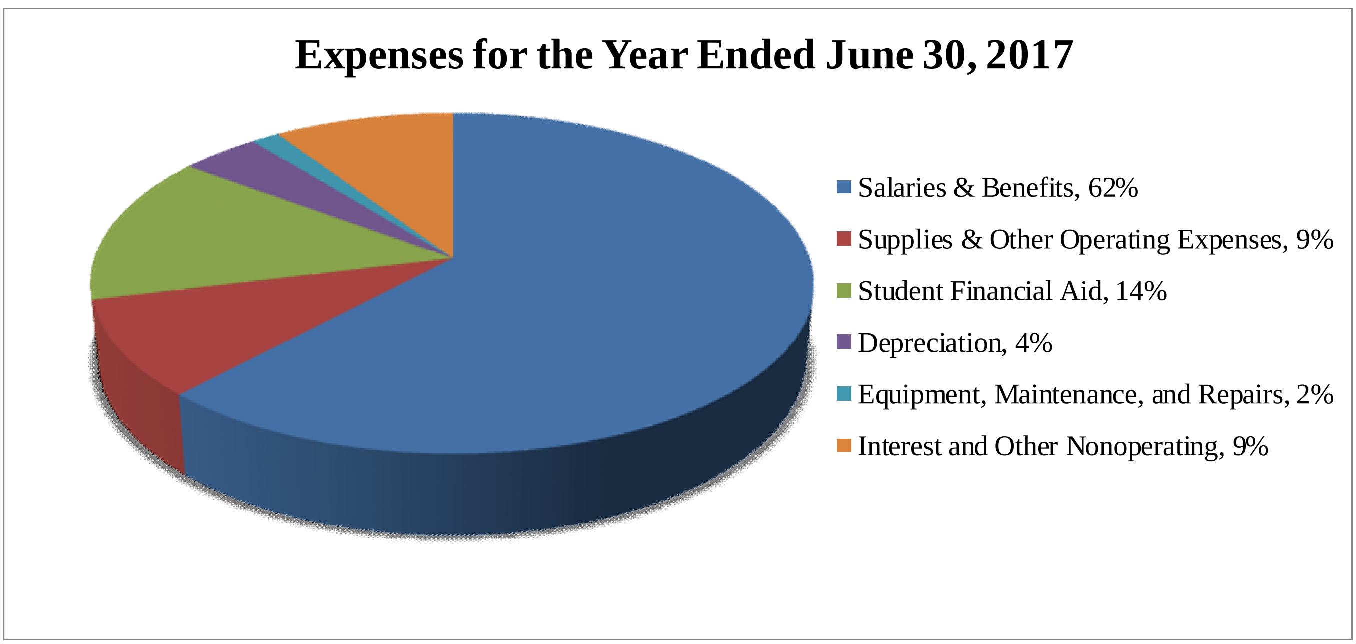
- Grants and Contracts had a net increase of $5.2 million. State grants increased by $9.4 million with the most significant increases in the Strong Workforce Program, Student Success and Support Program, Student Equity Program, Cal Grants, Board Financial Assistance Program (BFAP), Center of Excellence, and Course Identification Program. Federal Grants decreased by $4.2 million with the most notable decrease in Pell grants.

- State revenues decreased by $14.5 million primarily due to the decrease in one-time State Mandated Costs Reimbursement.

- Net interest expense increased by $7.3 million essentially as a result of the amortization for the Measure R general obligation refunding bonds series 2013A, 2013B and 2015.

- Functional expenses are detailed in Note 16 of the financial statements.





Statement of Cash Flows

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

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

(Amounts in thousands)

	2017	2016	Change
Cash Provided by (Used in)			
Operating activities	$ (250,751)	$ (239,895)	$ (10,856)
Noncapital financing activities	259,947	261,875	(1,928)
Capital financing activities	41,552	(16,403)	57,955
Investing activities	1,406	408	998
Net Increase (Decrease) in Cash	52,154	5,985	46,169
Cash, Beginning of Year	188,321	182,336	5,985
Cash, End of Year	$ 240,475	$ 188,321	$ 52,154

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

- Cash receipts from "operating activities" are from student enrollment, tuition and other fees. Uses of cash include payments to employees, vendors and students related to the instructional programs. The net increase in cash used by operating activities is primarily due to the timing of when revenue is received and payments are paid.

- Cash received from "noncapital financing activities" decreased by $1.9 million. The main contributors to this net decrease were the result of increases in property taxes revenues received for the Educational Revenue Augmentation Fund (ERAF) and Redevelopment and the decrease in one-time State Mandated Costs Reimbursement.

- The cash from "capital financing activities" had a net increase of $58 million. The cash increased by $89.8 million as result of the issuance of Measure RR Bond Anticipation Notes in April 2017. The cash decreased primarily for the payments made for the Business and Computer Technology Building, Athletics Complex Phase 2, Central Plant Chilled Water Project, Temporary Space Portable Building 40, Portable Building 16E, Portable Athletic Buildings, and Language Lab Expansion in Building 66.

- Cash provided by "investing activities" includes interest earned on bank accounts and cash invested through the Los Angeles County Investment Pool.

District's Fiduciary Responsibility

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

The Mt. San Antonio Community College District OPEB Trust was established in 2008-09. The Trust is an irrevocable government trust for the purpose of funding post-employment health benefits. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been discretely presented in the financial statements.

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

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

Capital Assets

As of June 30, 2017, the District had over $454.4 million invested in depreciable capital assets. The total cost of capital assets of $603.3 million consist of land, buildings and building improvements, construction in progress, vehicles, data processing equipment and other office equipment. These assets have accumulated depreciation of $146.3 million. Significant capital asset additions and deletions of $55.1 million, which is mainly a net increase in construction in progress totaling $42.2 million, a net increase in equipment totaling $4.1 million, and a net increase in site improvements totaling $8.8 million, occurred during 2016-2017. Depreciation expense of $13.2 million was recorded for the fiscal year.

During 2016-2017, the following projects were capitalized:

Administration Building Remodel – Site Improvement
Building 2 Rigging
Re-Roofing Buildings 28A, 28B, and 48
Library Flooring Replacement Phase 2
Wildlife Sanctuary Improvement
Utility Infrastructure NW Quadrant Student Services Building
Utility Infrastructure NW Quadrant Food Services Building
Utility Infrastructure SW Sewer
Utility Infrastructure SW Quadrant Wildlife
Portable Buildings 18C and 18D
Professional Organizational Development Remodel
Building 9C Improvements
Physical Education Building 45 Renovation

Construction in progress during 2016-17 includes the following projects:

Solar Photovoltaic System
Student Center
Business and Computer Technology
Child Development Corrective Measures
Athletics Complex Phase 2
Fire Academy Site Preparation
Parking Structure
Central Plant Chilled Water
Wildlife Sanctuary Improvement
Central Plan Chilled Water
Utility Infrastructure NE Quadrant Building 40
Temporary Space Portable Building 40
Portable Building 16E
Portable Building 46A
Portable Building Athletics
Food Service Building
Building 66 Language Lab Expansion
Student Services Annex
Child Development Building 70
Agricultural Science Improvements Building 5
Physical Education, Wellness Facility

	2017	2016
Land, collections, and construction in progress	$ 148,849	$ 106,676
Buildings and improvements	407,183	398,383
Furniture and equipment	47,251	43,117
Total Capital Assets	603,283	548,176
Less accumulated depreciation	(146,309)	(133,462)
Capital Assets, Net	$ 456,974	$ 414,714

Debt

On June 30, 2017, the District had $735.3 million in debt. The balance includes the remaining principal debt for the Measure R (Election 2001) bonded debt, the Measure RR (Election 2008) bonded debt, the 2017 Measure RR bond anticipation Notes, the OPEB obligation, and the Net Pension Liability for CalSTRS and CalPERS. The outstanding bond debt of Measure R consists of $0.8 million in Series D general obligation bonds issued in July 2008, $67.4 million Series A general obligation refunding bonds issued August 2013, $41.0 million Series B general obligation refunding bonds issued August 2013, and $19.1 million general obligation refunding bonds issued September 2015. The outstanding bond debt of Measure RR consists of $243.1 million Series A general obligation bonds, $8.5 million Series B general obligation bonds issued in August 2013, and $19.5 million Series C general obligation bonds issued in September 2015. The general obligation bonds were issued to finance the repair, upgrade, acquisition, construction and equipment of certain District property and facilities. The balance also includes $90 million in 2017 Measure RR bond anticipation Notes issued in April 2017. The general obligation bonds and net pension liability comprise approximately 95 percent of the District's total long-term debt. Debt payments on the bond will be funded through property tax receipts collected over the term of the bonds. The District's bond rating of AA, Standard & Poor's has not changed from the prior year.

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

	2017	2016
General obligation bonds and notes payable	$ 510,743	$ 420,908
Compensated absences and load banking	10,071	9,366
Net other postemployment benefits (OPEB)	26,228	21,751
Aggregate net pension obligation	188,277	152,032
Total Long-Term Obligations	$ 735,319	$ 604,057

Economic Factors that May Affect the Future

As of June 30, 2017, the District's overall financial position is strong due to prior year's prudent fiscal management, which resulted in a healthy balance of $43.9 million in the Unrestricted General Fund.

The 2017-18 Adopted Budget reflects the Governor's ongoing commitment to public higher education. Among the most significant increases, the 2017-18 budget includes $2.5 million for Cost-of-Living Adjustment (COLA), $4.5 million for a base allocation increase, and $2.1 million for Physical Plant and Instructional Equipment (one-time). The Governor's budget includes $150 million in one-time funds for the Guided Pathways Program and $57.8 million for (1%) growth funding. Accordingly, the District plans to increase course offerings for the fiscal year 2017-18. However, as the economy continues to improve, historically, community colleges tend to experience a decline in enrollment. Community colleges throughout the State will have a significant growth challenges.

The economic position of the District is closely tied to the State of California. A significant concern that may affect the District in future years is the escalating cost increases in employer contributions due to State's adopted STRS and PERS funding plan, where rates will increase every year through 2020-21.

Subsequent Events

Effective July 1, 2017, Faculty and Management employee groups will receive a 2.00 percent salary and health and welfare increase, the confidential employee group will receive a 2.19 percent salary increase, and the CSEA 262 employee group will receive 2.22 percent salary increase.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2017

ASSETS	
Current Assets	
Cash and cash equivalents - unrestricted	$ 297,123
Cash and cash equivalents - restricted	805,427
Investments - unrestricted	72,179,441
Investments - restricted	167,193,504
Accounts receivable	6,810,352
Student receivable, net	848,038
Due from Auxiliary	38,829
Due from fiduciary funds	977,424
Total Current Assets	249,150,138
Noncurrent Assets	
Nondepreciable capital assets	148,848,668
Depreciable capital assets, net of depreciation	308,124,941
Total Noncurrent Assets	456,973,609
TOTAL ASSETS	706,123,747
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	2,768,766
Deferred outflows of resources related to pensions	42,040,640
Total Deferred Outflows of Resources	44,809,406
LIABILITIES	
Current Liabilities	
Accounts payable	31,999,836
Accrued interest payable	2,509,227
Due to Auxiliary	142,622
Unearned revenue	17,384,225
Current portion of long-term obligations other than pensions	13,175,000
Total Current Liabilities	65,210,910
Noncurrent Liabilities	
Compensated absences and load banking payable	10,071,329
Bonds payable	497,503,965
Notes payable	64,184
Other postemployment benefits	26,227,876
Aggregate net pension obligation	188,277,216
Total Noncurrent Liabilities	722,144,570
TOTAL LIABILITIES	787,355,480
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	7,728,734
NET POSITION	
Net investment in capital assets	91,064,407
Restricted for:	
Debt service	14,314,667
Capital projects	23,749,044
Educational programs	3,481,875
Unrestricted	(176,761,054)
TOTAL NET POSITION	$ (44,151,061)

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES	
Student Tuition and Fees	$ 39,949,612
Less: Scholarship discount and allowance	(20,299,662)
Net tuition and fees	19,649,950
Enterprise Sales and Charges	
Farm operations	211,836
Other Operating Revenues	296,641
TOTAL OPERATING REVENUES	20,158,427
OPERATING EXPENSES	
Salaries	146,456,768
Employee benefits	53,923,489
Supplies, materials, and other operating expenses and services	29,736,130
Student financial aid	45,460,176
Equipment, maintenance, and repairs	4,732,770
Depreciation	13,220,132
TOTAL OPERATING EXPENSES	293,529,465
OPERATING LOSS	(273,371,038)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	108,807,524
Local property taxes, levied for general purposes	46,420,792
Taxes levied for other specific purposes	20,000,456
Federal grants	45,526,370
State grants	38,981,948
State taxes and other revenues	10,377,893
Investment income	1,615,596
Interest expense on capital related debt	(25,931,178)
Investment income on capital asset-related debt, net	86,875
Transfer to fiduciary funds	(4,001,000)
Other nonoperating revenue	5,915,173
TOTAL NONOPERATING REVENUES (EXPENSES)	247,800,449
LOSS BEFORE OTHER REVENUES AND (LOSSES)	(25,570,589)
OTHER REVENUES AND (LOSSES)	
State revenues, capital	1,322,241
Local revenues, capital	2,528,619
Loss on disposal of capital assets	(38,952)
TOTAL OTHER REVENUES AND (LOSSES)	3,811,908
CHANGE IN NET POSITION	(21,758,681)
NET POSITION, BEGINNING OF YEAR	(22,392,380)
NET POSITION, END OF YEAR	$ (44,151,061)

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 19,211,495
Payments to vendors for supplies and services	(88,325,439)
Payments to or on behalf of employees	(136,685,221)
Payments to students for scholarships and grants	(45,460,176)
Enterprise sales and charges	508,477
Net Cash Flows From Operating Activities	(250,750,864)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	109,657,407
Grant and contracts	96,459,596
Property taxes - nondebt related	46,420,792
State taxes and other apportionments	7,049,376
Other nonoperating	360,431
Net Cash Flows From Noncapital Financing Activities	259,947,602
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(52,272,112)
Proceeds from capital debt	103,565,415
State revenue, capital projects	1,322,241
Property taxes - related to capital debt	21,229,075
Principal paid on capital debt	(13,729,966)
Interest paid on capital debt	(18,649,344)
Interest received on capital asset-related debt	86,875
Net Cash Flows From Capital Financing Activities	41,552,184
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	1,405,827
NET CHANGE IN CASH AND CASH EQUIVALENTS	52,154,749
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	188,320,746
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 240,475,495

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

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (273,371,038)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	13,220,132
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables, net	(33,406)
Accounts payable and accrued liabilities	166,608
Unearned revenue	(405,049)
Deferred outflows of resources related to pensions	(8,182,631)
Compensated absences and load banking	705,514
Net OPEB obligation	4,476,994
Aggregate net pension obligation	36,244,707
Deferred inflows of resources related to pensions	(23,572,695)
Total Adjustments	22,620,174
Net Cash Flows From Operating Activities	$ (250,750,864)

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 1,102,550
Cash in county treasury	239,372,945
Total Cash and Cash Equivalents	$ 240,475,495

NONCASH TRANSACTIONS	
On behalf payments for benefits	$ 7,041,359

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	District Retiree OPEB Trust	STRS and PERS Trust	Other Trusts
ASSETS			
Cash and cash equivalents	$ 2,984,224	$ 629,802	$ -
Investments	70,057,506	7,616,712	3,648,690
Accounts receivable	-	-	12,212
Student receivable	-	-	28,407
Total Assets	73,041,730	8,246,514	3,689,309
LIABILITIES			
Accounts payable	-	-	32,178
Due to District	977,424	-	-
Due to Auxiliary	-	-	1,877
Amounts held on behalf of others	-	-	104,456
Total Liabilities	977,424	-	138,511
NET POSITION			
Restricted	72,064,306	8,246,514	-
Unrestricted	-	-	3,550,798
Total Net Position	$ 72,064,306	$ 8,246,514	$ 3,550,798

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

Component Unit Auxiliary Retiree OPEB Trust	Agency Funds
$ 175,787	$ -
3,284,527	130,824
-	-
-	-
3,460,314	$ 130,824
-	$ 1,888
-	-
-	-
-	128,936
-	$ 130,824
3,460,314	
-	
$ 3,460,314	

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	District Retiree OPEB Trust	STRS and PERS Trust
ADDITIONS		
Local revenues	$ -	$ -
Contributions	2,500,000	-
Interest and investment income	6,195,449	253,631
Net realized and unrealized losses	(2,632,405)	-
Total Additions	6,063,044	253,631
DEDUCTIONS		
Classified salaries	-	-
Employee benefits	3,900,335	7,117
Books and supplies	-	-
Services and operating expenditures	29,054	-
Capital outlay	-	-
Total Deductions	3,929,389	7,117
OTHER FINANCING SOURCES		
Transfer from primary government	-	4,000,000
Change in Net Position	2,133,655	4,246,514
Net Position - Beginning of Year	69,930,651	4,000,000
Net Position - End of Year	$ 72,064,306	$ 8,246,514

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

Other Trusts	Component Unit Auxiliary Retiree OPEB Trust
$ 1,871,668	$ -
-	-
-	248,142
-	(22,161)
1,871,668	225,981
217,121	-
33,806	-
80,507	-
1,353,546	3,816
35,363	-
1,720,343	3,816
1,000	-
152,325	222,165
3,398,473	3,238,149
$ 3,550,798	$ 3,460,314

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF AUXILIARY SERVICES
NET POSITION - COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2017

ASSETS	
Current Assets	
Cash and cash equivalents	$ 329,871
Investments	1,199,381
Accounts receivable	88,429
Notes receivable, current portion	3,529
Due from District	142,622
Due from fiduciary funds	1,877
Prepaid expenses	543,014
Inventories	2,065,502
Total Current Assets	4,374,225
Noncurrent Assets	
Notes receivable	14,117
Net other postemployment benefits (OPEB) asset	78,440
Depreciable capital assets, net of depreciation	172,323
Total Noncurrent Assets	264,880
TOTAL ASSETS	4,639,105
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	866,025
LIABILITIES	
Current Liabilities	
Accounts payable	393,574
Due to District	38,829
Total Current Liabilities	432,403
Noncurrent Liabilities	
Compensated absences payable	68,339
Aggregate net pension obligation	2,908,635
Total Noncurrent Liabilities	2,976,974
TOTAL LIABILITIES	3,409,377
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	353,150
NET POSITION	
Net investment in capital assets	172,323
Unrestricted	1,570,280
TOTAL NET POSITION	$ 1,742,603

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN AUXILIARY SERVICES NET POSITION - COMPONENT UNIT FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUE		
Sales, net	$ 4,653,130	
Less: Cost of goods sold	(3,570,930)	
Gross Margin on Sales		$ 1,082,200
Book rentals		303,671
Food service commissions		178,077
Vending		64,434
Contribution for capital outlay		425,000
Miscellaneous revenues		271,196
TOTAL OPERATING REVENUE		2,324,578
OPERATING EXPENSES		
Salaries		694,979
Employee benefits		135,242
Supplies and materials		195,669
Other operating expenses and services		893,090
Financial aid		23,000
Depreciation		32,159
TOTAL OPERATING EXPENSES		1,974,139
NET OPERATING INCOME		350,439
NONOPERATING REVENUE		
Interest income		8,942
CHANGE IN NET POSITION		359,381
NET POSITION, BEGINNING OF YEAR		1,383,222
NET POSITION, END OF YEAR		$ 1,742,603

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF AUXILIARY SERVICES
CASH FLOWS - COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Auxiliary enterprise sales and charges	$ 5,570,530
Contribution for capital outlay	425,000
Payments to vendors for supplies and services	(4,552,057)
Payments to or on behalf of employees	(1,301,066)
Other operating	(117,934)
Net Cash Flows From Operating Activities	24,473
CASH FLOWS FROM INVESTING ACTIVITIES	
Notes receivable collections	3,529
Interest received from investments	7,683
Net Cash Flows From Investing Activities	11,212
NET CHANGE IN CASH AND CASH EQUIVALENTS	35,685
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,493,567
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,529,252

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF AUXILIARY SERVICES
CASH FLOWS - COMPONENT UNIT, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

RECONCILIATION OF NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	$ 350,439
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation expense	32,159
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	100,022
Due from District/fiduciary funds	(101,684)
Prepaid expenses	(158,075)
Inventories	149,569
Net other postemployment benefits (OPEB) asset	(78,440)
Deferred outflows of resources related to pensions	(677,487)
Accounts payable	102,795
Due to District/fiduciary funds	6,750
Compensated absences	2,498
Aggregate net pension obligation	602,387
Deferred inflows of resources related to pensions	(306,460)
Total Adjustments	(325,966)
Net Cash Flows From Operating Activities	$ 24,473
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 329,871
Cash in County treasury	1,199,381
Total Cash and Cash Equivalents	$ 1,529,252

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

NOTE 1 - ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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

Mt. San Antonio College Auxiliary Services

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

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

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

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

Mt. San Antonio College Foundation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2017, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Investments

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and ancillary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District has recorded an allowance for uncollectible related to student receivables. The amount of allowance for doubtful accounts was $417,329 at June 30, 2017. When receivables are determined to be uncollectible, a direct write-off is recorded.

Prepaid Expenses

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

Inventories

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

Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition or fair value at the date of gift. The District's capitalization policy includes all items with a unit cost of $5,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements that cost more than $150,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred. The cost of capital assets includes ancillary charges necessary to place an asset in its intended location and condition for use, including capitalized interest incurred during construction. Capitalizable interest is calculated as total interest expense on the indebtedness over the capitalization period offset by the interest revenue earned on the reinvested debt proceeds.
The following estimated useful lives are used to compute depreciation:

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

Accrued Liabilities and Long-Term Obligations

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

Debt Issuance Costs, Premiums, and Discounts

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the deferred charges on the refunding of general obligation bonds and pension related items. Deferred charges on refunding are amortized using the straight-line method over the remaining life of the new debt.

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

Pensions

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements. At year end, there were balances of $5,795,467 and $4,275,862 outstanding for accrued vacation and load banking liabilities, respectively.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Sick leave with pay is provided when employees are absent for health or personal reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

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

Noncurrent Liabilities

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

Net Position

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $41,545,586 of restricted net position.

State Apportionments

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

Property Taxes

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

The voters of the District passed General Obligation bonds in 2001 and 2008 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

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

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

The District has implemented the provisions of this Statement as of June 30, 2017.

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

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

The District has implemented the provisions of this Statement as of June 30, 2017.

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

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

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

The District has implemented the provisions of this Statement as of June 30, 2017.

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

The District has implemented the provisions of this Statement as of June 30, 2017.

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

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, consist of the following:

Primary government	$ 240,475,495
Fiduciary funds	85,067,758
Total Deposits and Investments	$ 325,543,253

Deposits and investments of the Fiduciary Funds as of June 30, 2017, consist of the following:

Cash on hand and in banks	$ 175,168
Cash in revolving	100,000
Cash with fiscal agent	4,441,408
Investments	320,826,677
Total Deposits and Investments	$ 325,543,253

Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Investment Type	Carrying Value	Fair Value	Weighted Average Maturity in Days	Average Credit Rating
Mutual funds	$ 3,416,652	$ 3,416,652	No maturity	Not available
Equities	25,815,457	25,815,457	No maturity	Not available
Preferred stock	1,024,000	1,024,000	No maturity	Not available
Municipal bonds	3,022,381	3,022,381	2,127	AA
Corporate and other bonds	44,395,728	44,395,728	5,636	BB
Los Angeles County Investment Pool	243,152,459	241,705,019	672	Not rated
Total	$ 320,826,677	$ 319,379,237		

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance of $281,553 was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

NOTE 4 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District categorizes the fair value measurements of its investments as follows at June 30, 2017:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Mutual funds	$ 3,416,652	$ 3,416,652	$ -
Equities	25,815,457	25,815,457	-
Preferred stock	1,024,000	1,024,000	-
Municipal bonds	3,022,381	3,022,381	-
Corporate and other bonds	44,395,728	44,395,728	-
Los Angeles County Investment Pool	241,705,019	-	241,705,019
Total	$ 319,379,237	$ 77,674,218	$ 241,705,019

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 1,829,950	$ -
State Government		
Categorical aid	1,045,059	-
Lottery	1,073,774	-
Other State sources	307,158	-
Local Sources		
Interest	803,647	12,212
Reimbursable construction	1,300,000	-
Other local sources	450,764	-
Total	$ 6,810,352	$ 12,212
Student receivables	$ 1,262,945	$ 30,829
Less allowance for bad debt	(414,907)	(2,422)
Student receivables, net	$ 848,038	$ 28,407

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Capital Assets Not Being Depreciated				
Land	$ 619,480	$ -	$ -	$ 619,480
Collections - art	128,058	-	-	128,058
Construction in progress	105,928,169	51,143,482	8,970,521	148,101,130
Total Capital Assets Not Being Depreciated	106,675,707	51,143,482	8,970,521	148,848,668
Capital Assets Being Depreciated				
Buildings and improvements	398,383,450	8,799,586	-	407,183,036
Furniture and equipment	43,116,583	4,545,932	411,942	47,250,573
Total Capital Assets Being Depreciated	441,500,033	13,345,518	411,942	454,433,609
Total Capital Assets	548,175,740	64,489,000	9,382,463	603,282,277
Less Accumulated Depreciation				
Buildings and improvements	103,374,289	9,567,477	-	112,941,766
Furniture and equipment	30,087,237	3,652,655	372,990	33,366,902
Total Accumulated Depreciation	133,461,526	13,220,132	372,990	146,308,668
Net Capital Assets	$ 414,714,214	$ 51,268,868	$ 9,009,473	$ 456,973,609

Depreciation expense for the year was $13,220,132.

Interest expense on capital related debt for the year ended June 30, 2017, was $26,513,588. Of this amount, $582,410 was capitalized.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 5,900,715	$ 6,920
Apportionment	12,134,255	-
State categorical	70,000	-
Construction	11,041,309	-
Vendor payables	2,853,557	27,146
Total	$ 31,999,836	$ 34,066

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	Primary Government
Federal categorical aid	$ 7,429
State categorical aid	10,075,672
Other state	4,740,055
Enrollment fees	1,462,607
Other local	1,098,462
Total	$ 17,384,225

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. As of June 30, 2017 for the primary government, the amounts owed from and to the Auxiliary Services were $38,829 and $142,622, respectively. The amount owed from the fiduciary funds to the Auxiliary Services was $1,877. Additionally, the amount owed from the fiduciary funds to the primary government was $977,424.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. The amount transferred to the fiduciary funds from the primary government amounted to $4,001,000.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due in One Year
Bonds and Notes Payable					
General obligation bonds - 2001 Election (Measure R)					
General obligation bonds - Series 2006C	$ 1,000,000	$ -	$ 1,000,000	$ -	$ -
Unamortized debt premium	140,705	-	140,705	-	-
General obligation bonds - Series 2008D	1,604,364	101,900	895,000	811,264	880,000
Unamortized debt premium	324,716	-	324,716	-	-
2013 General obligation refunding bonds - Series A	70,910,000	-	3,500,000	67,410,000	4,200,000
Unamortized debt premium	7,606,223	-	633,852	6,972,371	-
2013 General obligation refunding bonds - Series B	44,045,000	-	3,055,000	40,990,000	3,980,000
2015 General obligation refunding bonds	19,130,000	-	-	19,130,000	-
Unamortized debt premium	3,122,094	-	183,653	2,938,441	-
General obligation bonds - 2008 Election (Measure RR)					
General obligation bonds - Series 2013A	231,797,232	13,102,922	1,790,000	243,110,154	255,000
Unamortized debt premium	10,364,603	-	383,874	9,980,729	-
General obligation bonds - Series 2013B	9,555,000	-	1,095,000	8,460,000	1,110,000
General obligation bonds - Series 2015C	20,000,000	-	500,000	19,500,000	2,750,000
Unamortized debt premium	1,218,496	-	203,083	1,015,413	-
2017 General Obligation Bond Anticipation Note	-	89,996,003	-	89,996,003	-
Unamortized debt premium	-	364,590	-	364,590	-
Loan payable - City of Walnut	89,267	-	25,083	64,184	-
Total Bonds and Notes Payable	420,907,700	103,565,415	13,729,966	510,743,149	13,175,000
Other Liabilities					
Compensated absences and load banking	9,365,815	705,514	-	10,071,329	-
Other postemployment benefits (OPEB)	21,750,882	6,976,994	2,500,000	26,227,876	-
Aggregate net pension obligation	152,032,509	36,244,707	-	188,277,216	-
Total Other Liabilities	183,149,206	43,927,215	2,500,000	224,576,421	-
Total Long-Term Obligations	$ 604,056,906	$ 147,492,630	$ 16,229,966	$ 735,319,570	$ 13,175,000

Description of Debt

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

Measure R General Obligation Bonds

In November 2001, voters authorized a total of $221,000,000 in general obligation bonds. In September 2006, the District issued Election of 2001 Series 2006C General Obligation Bonds in the amount of $79,996,203. The bonds were issued as current interest bonds in the aggregate principal amount of $78,755,000 and as capital appreciation bonds in the principal amount of $1,241,203. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 4.00 to 5.00 percent. Principal and interest payments are due each September 1 and March 1 through September 1, 2016. As of June 30, 2017, the principal balance was paid in full.

In July 2008, the District issued Election of 2001 Series 2008D General Obligation Bonds in the amount of $26,003,609. The bonds were issued as current interest bonds in the aggregate principal amount of $20,065,000 and as capital appreciation bonds in the principal amount of $5,938,609. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.92 to 5.00 percent. These bonds were refunded in the 2016 fiscal year with the issuance of the 2015 General Obligation Refunding Bonds. Principal and interest payments are due each June 1 and December 1 through June 1, 2018. At June 30, 2017, the principal balance outstanding was $811,264. The premium received on issuance of the bonds was fully amortized as of June 30, 2017.

In August 2013, the District issued 2013 General Obligation Refunding Bonds, Series A and Series B, in the amount of $74,910,000 and $48,190,000, respectively. The bonds were issued to refund certain general obligation refunding bonds (2005 Refunding, Series C, and 2012 Refunding). The bonds bear interest rates of 0.72 to 5.00 percent. Principal and interest payments for Series A are due each September 1 and March 1 through September 1, 2028. Principal and interest payments for Series B are due each August 1 and February 1 through August 1, 2023. At June 30, 2017, the principal balance outstanding for Series A and Series B was $67,410,000 and $40,990,000, respectively. Unamortized premium received on issuance of the bonds amounted to $6,972,371 as of June 30, 2017.

In September 2015, the District issued 2015 General Obligation Refunding Bonds in the amount of 19,440,000. The proceeds of $22,700,512 (representing the principal amount of $19,440,000 plus premium on issuance of $3,260,512) from the issuance were used to advance refund a portion of the District's outstanding 2001 General Obligation Bonds, Series 2008D and to pay the cost of the issuance associated with the refunding bonds. The bonds bear interest rates of 2.00 to 5.00 percent. Principal and interest payments are due each June 1 and December 1 through June 1, 2033. At June 30, 2017, the principal balance outstanding was $19,130,000. Unamortized premium received on issuance of the bonds amounted to $2,938,441 as of June 30, 2017.

Measure RR General Obligation Bonds

In November 2008, voters authorized a total of $353,000,000 in general obligation bonds. In August 2013, the District issued Election of 2008 Series 2013A and 2013B General Obligation Bonds in the amounts of $205,586,691 and $11,715,000, respectively. The bonds were issued as current interest bonds in the aggregate principal amount of $5,280,000, current interest term bonds in the principal amount of $22,520,000, capital appreciation bonds in the aggregate principal amount of $28,534,146, and convertible capital appreciation term bonds in the aggregate principle amount of $149,252,545. The Series 2013B bonds were issued as current interest bonds in the aggregate principal amount of $11,715,000. The bonds were issued to liquidate bond anticipation notes held by the District and to pay for certain capital improvements. The bonds bear interest rates of 0.72 to 4.10 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2043. At June 30, 2017, the principal balance outstanding for Series A and Series B was $243,110,154 and $8,460,000, respectively Unamortized premium received on issuance of the bonds amounted to $9,980,729 as of June 30, 2017.

In September 2015, the District issued Election of 2008 Series 2015C General Obligation Bonds in the amount of $20,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2022. At June 30, 2017, the principal balance outstanding was $19,500,000. Unamortized premium received on issuance of the bonds amounted to $1,015,413 as of June 30, 2017.

General Obligation Bond Anticipation Note Payable

In March 2017, the District issued the 2017 General Obligation Bond Anticipation Notes. The notes were issued as capital appreciation notes in the original principal amount of $89,996,003. The notes mature and are due in full on April 1, 2022 with an appreciated maturity value of $101,275,000. The notes are payable from either proceeds from the future sale of general obligation bonds or other funds of the District lawfully available for the purpose of repaying the Notes. The District has covenanted in its resolution authorizing the issuance of the notes to take all actions required to authorize, sell, and issue, on or before April 1, 2022, general obligation bonds or certificates of participation in an aggregate principal amount sufficient to pay the maturity value of the notes. At June 30, 2017, the principal balance outstanding was $89,996,003. Unamortized premium received on issuance of the bonds amounted to $364,590 as of June 30, 2017.

Loan Payable

The District entered into an agreement on November 24, 1993 with the Walnut Improvement Agency (the Agency) on behalf of the City of Walnut (the City), whereby the Agency shall contribute a maximum of $1,000,000 to the District for the construction of the Performing Arts Center. The District will reimburse the City for the Agency's contribution over a period of twenty years. The District must pay the City on a quarterly basis $1 for every ticket sold for all performances during the quarter. The District also receives credit towards the loan for the City's usage of the facility. During the year ended June 30, 2017, the District made payments of $11,105 to the City and received $13,978 in facility usage credits. At June 30, 2017, the principal balance outstanding was $64,184.

Debt Maturity

General Obligation Bonds

Issue Date	Series	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2017
9/8/2006	2006C	9/1/2016	4.00%-5.00%	$79,996,203	$ 1,000,000	$ -	$ -	$ 1,000,000	$ -
7/9/2008	2008D	6/1/2018	2.92%-5.00%	26,003,609	1,604,364	-	101,900	895,000	811,264
8/1/2013	2013A*	9/1/2028	2.00%-5.00%	74,910,000	70,910,000	-	-	3,500,000	67,410,000
8/1/2013	2013B*	8/1/2023	0.72%-4.10%	48,190,000	44,045,000	-	-	3,055,000	40,990,000
9/11/2015	2015*	6/1/2033	2.00%-5.00%	19,440,000	19,130,000	-	-	-	19,130,000
				Subtotal Measure R	136,689,364	-	101,900	8,450,000	128,341,264
8/1/2013	2013A	8/1/2043	2.00%-4.00%	205,586,691	231,797,232	-	13,102,922	1,790,000	243,110,154
8/1/2013	2013B	8/1/2023	0.72%-4.10%	11,715,000	9,555,000	-	-	1,095,000	8,460,000
9/11/2015	2015C	8/1/2022	2.00%-4.00%	20,000,000	20,000,000	-	-	500,000	19,500,000
				Subtotal Measure RR	261,352,232	-	13,102,922	3,385,000	271,070,154
				Total General Obligation Bonds	$ 398,041,596	$ -	$13,204,822	$ 11,835,000	$ 399,411,418

*General Obligation Refunding Bonds

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

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2018	$ 811,264	$ 68,736	$ 880,000

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 4,200,000	$ 3,265,500	$ 7,465,500
2019	4,945,000	3,036,875	7,981,875
2020	5,195,000	2,783,375	7,978,375
2021	5,455,000	2,517,125	7,972,125
2022	5,725,000	2,237,625	7,962,625
2023-2027	33,215,000	6,482,625	39,697,625
2028-2029	8,675,000	266,875	8,941,875
Total	$ 67,410,000	$ 20,590,000	$ 88,000,000

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 3,980,000	$ 1,354,718	$ 5,334,718
2019	4,595,000	1,255,448	5,850,448
2020	5,230,000	1,118,491	6,348,491
2021	5,925,000	938,566	6,863,566
2022	6,700,000	712,412	7,412,412
2023-2024	14,560,000	597,787	15,157,787
Total	$ 40,990,000	$ 5,977,422	$ 46,967,422

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ -	$ 922,400	$ 922,400
2019	865,000	922,400	1,787,400
2020	900,000	896,450	1,796,450
2021	950,000	851,450	1,801,450
2022	995,000	803,950	1,798,950
2023-2027	5,765,000	3,222,500	8,987,500
2028-2032	8,375,000	1,564,850	9,939,850
2033	1,280,000	64,000	1,344,000
Total	$ 19,130,000	$ 9,248,000	$ 28,378,000

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

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2018	$ 255,000	$ -	$ 1,131,100	$ 1,386,100
2019	-	-	1,126,000	1,126,000
2020	248,381	46,619	1,126,000	1,421,000
2021	471,594	128,406	1,126,000	1,726,000
2022	678,700	246,300	1,126,000	2,051,000
2023-2027	23,018,464	14,021,536	15,363,847	52,403,847
2028-2032	37,244,871	26,115,129	75,105,191	138,465,191
2033-2037	50,823,808	33,486,192	95,783,030	180,093,030
2038-2042	82,008,383	84,421,617	59,161,563	225,591,563
2043-2044	48,360,953	49,784,047	6,298,594	104,443,594
Total	$ 243,110,154	$ 208,249,846	$ 257,347,325	$ 708,707,325

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 1,110,000	$ 267,930	$ 1,377,930
2019	1,135,000	242,076	1,377,076
2020	1,160,000	210,251	1,370,251
2021	1,195,000	172,364	1,367,364
2022	1,240,000	128,840	1,368,840
2023-2024	2,620,000	107,561	2,727,561
Total	$ 8,460,000	$ 1,129,022	$ 9,589,022

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 2,750,000	$ 567,000	$ 3,317,000
2019	2,500,000	475,750	2,975,750
2020	3,380,000	358,150	3,738,150
2021	3,555,000	255,000	3,810,000
2022	3,615,000	165,225	3,780,225
2023	3,700,000	55,500	3,755,500
Total	$ 19,500,000	$ 1,876,625	$ 21,376,625

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

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2022	$ 89,996,003	$ 11,278,997	$ 101,275,000

Compensated Absences

At June 30, 2017, the liability for compensated absences was $10,071,329, which is comprised of accrued vacation liability of $5,795,467 and a load banking liability of $4,275,862.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2017, was $6,541,113, and contributions made by the District during the year were $2,500,000. Interest on the net OPEB obligation and adjustments to the annual required contribution were $1,087,544 and $(651,663), respectively, which resulted in an increase to the net OPEB obligation of $4,476,994. As of June 30, 2017, the net OPEB obligation was $26,227,876. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Aggregate Net Pension Obligation

As of June 30, 2017, the aggregate net pension obligation was $188,277,216. See Note 13 for additional information.

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

Plan Description

Plan administration. The District's Governing Board administers the Postemployment Benefits Plan (the "Plan"), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for the District.

Management of the Plan is vested in the District management. Management of the trust assets is vested with the Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust Investment Committee, which is comprise of three appointed plan members.

Plan membership. At June 30, 2017, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	571
Active plan members	1,065
	1,636

Benefits provided. The Plan provides medical insurance benefits to eligible retirees. For eligible employees hired prior to January 1, 1996, the Plan also provides medical insurance benefits to their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The District Governing Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions. The contribution requirements of plan members and the District are established and may be amended by the District and the Mt. San Antonio College Faculty Association (MSACFA), the local California School Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Governing Board and management. For fiscal year 2016-2017, the District contributed $2,500,000 to the plan, which was a contribution to the irrevocable trust assets. The District contributed $3,900,335 for current premiums; however, the District was reimbursed for these costs from the irrevocable trust. Plan members are not required to contribute to the plan.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Trust Investment Committee by a majority vote of its members. It is the policy of the Trust Investment Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
Equity instruments	35%
Long-term bonded instruments	65%
Total	100%

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 3.70 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB of the District

The component of the net OPEB liability of the District as June 30, 2017, were as follows:

Total OPEB liability	$ 105,366,963
Plan fiduciary net position	72,064,306
District's net OPEB liability	33,302,657
Plan fiduciary net position as a percentage of the total OPEB liability	68%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of March 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	5.00 percent
Healthcare cost trend rates	4.00 percent

Mortality rates were based on the 2009 CalSTRS Mortality tables for certificated employees, and the 2014 CalPERS Active Mortality for Miscellaneous Employees tables for classified employees.

The actuarial assumptions used in the March 1, 2016 valuation were based on the results of an actuarial experience study as of February 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017, are summarized in the following table:

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

Discount rate. The discount rate used to measure the total OPEB liability was 5.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount and healthcare cost trend rates. The OPEB liability is based on the actuarial report that relies on estimates and assumptions that affect the amounts reported. Particularly, changes in the discount and healthcare cost trend rates used can have a significant impact on the resulting actuarially determined OPEB liability. Actual results may differ from these estimates and assumptions.

NOTE 12 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the first $25,000 of each general liability or property damage claim. During fiscal year ending June 30, 2017, the District contracted with Alliance for Schools for Cooperative Insurance Programs (ASCIP) and Schools Excess Liability Fund (SELF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. These have not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2016-2017, the District participated in the Southern California Community College District Joint Powers Authority (SCCCD-JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2017, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 115,568,294	$ 20,036,018	$ 5,544,264	$ 11,037,991
CalPERS	72,708,922	22,004,622	2,184,470	9,710,028
Total	$ 188,277,216	$ 42,040,640	$ 7,728,734	$ 20,748,019

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2017, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	12.58%	12.58%
Required State contribution rate	8.828%	8.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the District's total contributions were $9,710,823.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	115,568,294
State's proportionate share of net pension liability associated with the District		65,790,968
Total	$	181,359,262

The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.1429 percent and 0.1472 percent, respectively, resulting in a net decrease in the proportionate share of 0.0043 percent.

For the year ended June 30, 2017, the District recognized pension expense of $11,037,991. In addition, the District recognized pension expense and revenue of $6,359,390 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,710,823	$ -
Net change in proportionate share of net pension liability	1,137,572	2,725,107
Differences between projected and actual earnings on the pension plan investments	9,187,623	-
Differences between expected and actual experience in the measurement of the total pension liability	-	2,819,157
Total	$ 20,036,018	$ 5,544,264

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows of Resources
2018	$ 200,443
2019	200,443
2020	5,340,797
2021	3,445,940
Total	$ 9,187,623

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ (741,182)
2019	(741,182)
2020	(741,182)
2021	(741,182)
2022	(741,182)
Thereafter	(700,782)
Total	$ (4,406,692)

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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 166,328,839
Current discount rate (7.60%)	115,568,294
1% increase (8.60%)	73,409,536

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.00%
Required employer contribution rate	13.888%	13.888%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the total District contributions were $6,547,815.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $72,708,922. The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.3681 percent and 0.3592 percent, respectively, resulting in a net increase in the proportionate share of 0.0089 percent.

For the year ended June 30, 2017, the District recognized pension expense of $9,710,028. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,547,815	$ -
Net change in proportionate share of net pension liability	1,047,539	-
Differences between projected and actual earnings on the pension plan investments	11,282,087	-
Differences between expected and actual experience in the measurement of the total pension liability	3,127,181	-
Changes of assumptions	-	2,184,470
Total	$ 22,004,622	$ 2,184,470

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows of Resources
2018	$ 1,582,462
2019	1,582,462
2020	5,172,638
2021	2,944,525
Total	$ 11,282,087

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ 674,774
2019	658,123
2020	657,353
Total	$ 1,990,250

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.71%
Global debt securities	20%	2.43%
Inflation assets	6%	3.36%
Private equity	10%	6.95%
Real estate	10%	5.13%
Infrastructure and Forestland	2%	5.09%
Liquidity	1%	1.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.65%)	$ 108,482,117
Current discount rate (7.65%)	72,708,922
1% increase (8.65%)	42,920,698

CalSTRS/CalPERS Irrevocable Trust

During the 2015-2016 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fiduciary fund of the District. For the year ended June 30, 2017, the District contributed a total of $4,000,000 to the trust. As of June 30, 2017, the balance of the trust was $8,246,514.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2017, which amounted to $7,041,359 (8.828 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2017. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a MetLife defined contribution plan qualifying under Sections 401 of the Internal Revenue Code that is administered by Alliance of Schools for Cooperative Insurance (ASCIP). The plan covers part-time, seasonal, and temporary employees, as well as employees not covered by Section 3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the ASCIP Board of Trustees. The District contributes 3.0 percent of covered compensation for eligible employees, and employees contribute 4.5 percent. During the year ended June 30, 2017, the District made contributions of $368,861.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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

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

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

During the year ended June 30, 2017, the District made payments of $846,730 and $2,544,676 to ASCIP and SCCCD-JPA, respectively.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

Construction Commitments

As of June 30, 2017, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately $48.5 million to be funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 16 - FUNCTIONAL EXPENSES CLASSIFICATION

The District's operating expenses by functional classification for the fiscal year ended June 30, 2017, are:

	Salaries	Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional Activities	$ 83,850,876	$ 28,487,512	$ 2,703,685	$ -	$ -	$ 115,042,073
Academic Support	6,377,682	1,875,833	135,337	-	-	8,388,852
Student Services	25,603,920	7,701,251	1,665,673	-	-	34,970,844
Plant Operations and Maintenance	7,167,624	2,948,578	2,576,008	-	-	12,692,210
Instructional Support Activities	15,258,109	10,458,725	3,063,122	-	-	28,779,956
Community Services and Economic Development	1,921,867	511,919	243,591	-	-	2,677,377
Ancillary Services and Auxiliary Operations	4,872,433	1,515,910	586,136	-	-	6,974,479
Student Aid	-	-	-	45,460,176	-	45,460,176
Physical Property and Related Acquisitions	1,404,257	423,761	23,495,348	-	-	25,323,366
Depreciation	-	-	-	-	13,220,132	13,220,132
Total	$146,456,768	$ 53,923,489	$ 34,468,900	$ 45,460,176	$ 13,220,132	$ 293,529,465

REQUIRED SUPPLEMENTARY INFORMATION

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2017

	2017
Total OPEB Liability*	
Annual required contribution	$ 6,541,113
Interest on net OPEB obligation	1,087,544
Adjustment to annual required contribution	(651,663)
Contributions made to Irrevocable Trust	(2,500,000)
Net Changes in Total OPEB Liability	4,476,994
Total OPEB Liability - Beginning	21,750,882
Total OPEB Liability - Ending	**$ 26,227,876**
Plan Fiduciary Net Position**	
Contributions - employer	$ 2,500,000
Net investment income	6,195,449
Net realized and unrealized losses	(2,632,405)
Benefit payments	(3,900,335)
Administrative expense	(29,054)
Net Change in Plan Fiduciary Net Position	2,133,655
Plan Fiduciary Net Position - Beginning	69,930,651
Plan Fiduciary Net Position - Ending	**$ 72,064,306**

Note : In the future, as data become available, ten years of information will be presented.
* The Total Net OPEB Liability was measured in accordance with GASB Statement No. 45.
** The Plan Fiduciary Net Position was measured in accordance with GASB Statement No. 74.

See accompanying note to required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2017

		2017
Actuarially determined contribution	$	6,541,113
Contributions in relations to the actuarially determined contribution		2,500,000
Contribution deficiency (excess)	$	4,041,113
Covered-employee payroll	$	96,100,034
Contribution as a percentage of covered-employee payroll		2.60%

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

See accompanying note to required supplementary information.

SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2017

	2017
Annual money-weighted rate of return, net of investment expense	3.70%

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

See accompanying note to required supplementary information.

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017

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

* Entry age normal method

See accompanying note to required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
District's proportion of the net pension liability (assets)	0.1429%	0.1472%	0.1448%
District's proportionate share of the net pension liability	$ 115,568,294	$ 99,092,060	$ 84,733,650
State's proportionate share of the net pension liability associated with the District	65,790,968	52,408,776	51,166,350
Total	$ 181,359,262	$ 151,500,836	$ 135,900,000
District's covered-employee payroll	$ 71,864,548	$ 68,809,122	$ 66,400,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.81%	144.01%	127.50%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
CalPERS			
District's proportion of the net pension liability	0.3681%	0.3592%	0.3587%
District's proportionate share of the net pension liability	$ 72,708,922	$ 52,940,449	$ 40,721,184
District's covered-employee payroll	$ 43,907,285	$ 39,968,541	$ 38,100,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.60%	132.46%	106.86%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%

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

See accompanying note to required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 9,710,823	$ 7,711,066	$ 6,110,250
Contributions in relation to the contractually required contribution	9,710,823	7,711,066	6,110,250
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 77,192,552	$ 71,864,548	$ 68,809,122
Contributions as a percentage of covered-employee payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 6,547,815	$ 5,201,696	$ 4,704,697
Contributions in relation to the contractually required contribution	6,547,815	5,201,696	4,704,697
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 47,147,285	$ 43,907,285	$ 39,968,541
Contributions as a percentage of covered-employee payroll	13.888%	11.847%	11.771%

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

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

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

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the OPEB plan.

Change in assumptions – There were no changes in economic assumptions for the OPEB plan.

Schedule of District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Valuation Date: Actuarially determined contribution rates are calculated as of March 1, 2016, which is within two years of the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar method
Amortization period	30 years
Asset Valuation method	Because plan assets are primarily short term, no smoothing formula was used
Inflation	2.75 percent
Health care cost trend rates	4.00 percent
Salary increases	2.75 percent
Investment rate of return	5.0 percent
Retirement age	Certificated: 2009 CalSTRS Retirement Rates Classified, hired before January 1,2013: 2009 CalPERS Retirement Rates for School Employees Classified, hired after December 31, 2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees
Mortality	Certificated: 2009 CalSTRS Mortality tables Classified: 2014 CalPERS Active Mortality tables for Miscellaneous Employees tables

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Schedule of OPEB Investment Returns

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

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

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

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

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

***Changes in Benefit Terms* –** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

***Changes in Assumptions* –** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions for Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2017

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

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Rosanne M. Bader	President	November 2020
Manuel Baca	Vice President	November 2020
Robert Hidalgo	Clerk	November 2018
Dr. David K. Hall	Member	November 2018
Jay Chen	Member	November 2020
Judy Chen Haggerty	Member	November 2018
Laura Santos	Member	November 2018
Elizabeth Santos	Student Trustee	June 30, 2017

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

ADMINISTRATION

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

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		$ 780,750
FSEOG Administrative Allowance	84.007		53,622
Federal Work-Study Program (FWS)	84.033		412,885
FWS Administrative Allowance	84.033		6,067
Federal Pell Grant Program (PELL)	84.063		38,243,659
PELL Administrative Allowance	84.063		57,405
Federal Direct Student Loans	84.268		1,308,250
Total Student Financial Assistance Cluster			40,862,638
TRIO Cluster			
Achieving in College, Ensuring Success (ACES)	84.042A		155,503
Upward Bound	84.047A		300,075
Total TRIO Cluster			455,578
Asian American Native American Pacific Islander Serving Institutions (AANAPISI)	84.382B		338,080
Developing Hispanic Serving Institutions, Title V, Building Pathways of Persistence and Completion	84.031S		662,454
Child Care Access Means Parents in School (CCAMPIS)	84.335A		375,000
Passed through East-West Center			
Enhancing Undergraduate Chinese Language and Culture Studies	84.016A	HC 13564	5,150
Passed through California Department of Education			
WIA, Title II: Adult Education and Family Literacy Act, Section 225, Section 231 and English Literacy and Civics Education	84.002A	14508, 13978, 14109	1,150,101
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education (CTE), Perkins Title I, Part C	84.048	16-C01-034	1,007,719
CTE Transitions	84.048A	16-C01-034	43,748
Total U.S. Department of Education			44,900,468
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	13666	105,871
U.S. DEPARTMENT OF LABOR			
Passed through East San Gabriel Valley ROP/TC			
Employment and Training Administration (ETA) Youth Career Connect	17.274	58110.0	79,423

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Total Program Expenditures
NATIONAL SCIENCE FOUNDATION			
Research and Development Cluster			
Field Based Professional Development for Environmental-STEM (ESTEM) Undergraduates, Pathways in Geoscience	47.050		$ 5,434
Advance Technological Education (ATE) Science, Technology, Engineering and Mathematics (STEM) Teacher Preparation Program	47.076		180,908
Collaborative Research: Geodesy Curriculum	47.076		2,524
Total Research and Development Cluster			188,866
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Services	64.027		4,218
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Yosemite Community College District			
Child Development Training Consortium	93.575	16-17-4472	6,476
TANF Cluster			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	[1]	116,542
Passed through Los Angeles County Department of Public Social Services			
Temporary Assistance for Needy Families	93.558	[1]	124,506
Total TANF Cluster			241,048
Total U.S. Department of Health and Human Services			247,524
Total Expenditures of Federal Awards			$ 45,526,370

[1] Pass through number not available

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Program
Adult Education Block Grant (AEBG) Data and Accountability
Adult Education Block Grant (AEBG) Regional Consortium
Assessment, Remediation & Retention (ARR) Associate Degree Nursing
Basic Skills
Basic Skills and Student Outcomes
Board Financial Assistance Program (BFAP)
Board Financial Assistance Program (BFAP) - Full-Time Student Success
California Community College (CCC) Makerspace
California State Preschool Program
CalSTRS On-behalf Payments
CalWORKS
CARE
Career Technical Education - Enhancement Fund (Local and Regional Share)
Career Technical Education - Pathways Program (LA County Ring Colleges)
Center of Excellence - Economic Development
Child Care Food Program
Child Care General Center and Development Program
Child Care Tax Bailout
Child Development Center - CSPP Quality Improvement Block Grant
Child Development Workforce Initiative
Course Identification (C-ID) Program
Disabled Student Programs and Services (DSPS)
Enrollment Growth AA Nursing
Extended Opportunity Programs and Services (EOPS)
Instructional Equipment and Library Materials
Proposition 39 - Clean Energy Workforce
Song-Brown Registered Nurse Program
Song-Brown Registered Nurse Special Program
Strong Workforce Program (Local)
Strong Workforce Program (Regional)
Student Equity
Student Success and Support Program (SSSP) - Credit
Student Success and Support Program (SSSP) - Noncredit
Technical Assistance Provider - Contract Education
Total

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
$ 158,385	$ -	$ 102,684	$ -	$ 55,701	$ 55,701
1,462,181	-	917,903	-	544,278	544,278
52,440	4,560	-	-	57,000	57,000
1,864,957	-	695,619	-	1,169,338	1,169,338
515,876	-	337,523	-	178,353	178,353
2,051,897	-	193,924	-	1,857,973	1,857,973
349,891	-	1,291	-	348,600	348,600
20,000	2,131	-	-	22,131	22,131
314,447	38,038	-	-	352,485	352,485
-	-	-	-	464,882	464,882
660,182	-	-	70,000	590,182	590,182
188,779	-	-	-	188,779	188,779
231,642	-	-	-	231,642	231,642
47,732	33,830	-	-	81,562	81,562
80,000	176,814	-	-	256,814	256,814
4,457	1,088	-	-	5,545	5,545
537,580	58,294	-	-	595,874	595,874
93,681	-	-	-	93,681	93,681
125,000	-	110,791	-	14,209	14,209
63,013	-	-	-	63,013	63,013
-	486,043	-	-	486,043	486,043
3,470,202	-	-	-	3,470,202	3,470,202
194,120	16,880	-	-	211,000	211,000
1,147,145	-	-	-	1,147,145	1,147,145
2,831,773	-	1,555,830	-	1,275,943	1,275,943
99,520	-	-	-	99,520	99,520
91,077	-	60,486	-	30,591	30,591
8,295	37,866	-	-	46,161	46,161
2,493,730	-	1,318,587	-	1,175,143	1,175,143
-	85,721	-	-	85,721	85,721
5,631,790	-	1,360,782	-	4,271,008	4,271,008
8,606,360	-	2,495,914	-	6,110,446	6,110,446
2,919,317	-	924,338	-	1,994,979	1,994,979
95,010	103,794	-	-	198,804	198,804
$ 36,410,479	$ 1,045,059	$ 10,075,672	$ 70,000	$ 27,774,748	$ 27,774,748

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2017

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2016 only)			
1. Noncredit	3,203.02	-	3,203.02
2. Credit	1,405.99	-	1,405.99
B. Summer Intersession (Summer 2017 - Prior to July 1, 2017)			
1. Noncredit	0.02	-	0.02
2. Credit	0.62	-	0.62
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	18,273.18	-	18,273.18
(b) Daily Census Contact Hours	2,432.99	-	2,432.99
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	3,574.54	-	3,574.54
(b) Credit	809.26	-	809.26
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	737.30	-	737.30
(b) Daily Census Contact Hours	580.71	-	580.71
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	31,017.63	-	31,017.63
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	5,728.05	-	5,728.05
2. Credit	2,672.95	-	2,672.95
CCFS-320 Addendum			
CDCP Noncredit FTES	5,080.40	-	5,080.40

* Annual report revised as of November 1, 2017.

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 36,846,710	$ -	$ 36,846,710	$ 36,846,710	$ -	$ 36,846,710
Other	1300	32,277,112	-	32,277,112	32,277,112	-	32,277,112
Total Instructional Salaries		69,123,822	-	69,123,822	69,123,822	-	69,123,822
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	12,904,830	-	12,904,830
Other	1400	-	-	-	1,583,845	-	1,583,845
Total Noninstructional Salaries		-	-	-	14,488,675	-	14,488,675
Total Academic Salaries		69,123,822	-	69,123,822	83,612,497	-	83,612,497
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	31,022,155	-	31,022,155
Other	2300	-	-	-	3,785,661	-	3,785,661
Total Noninstructional Salaries		-	-	-	34,807,816	-	34,807,816
Instructional Aides							
Regular Status	2200	1,766,721	-	1,766,721	1,766,721	-	1,766,721
Other	2400	1,095,878	-	1,095,878	1,095,878	-	1,095,878
Total Instructional Aides		2,862,599	-	2,862,599	2,862,599	-	2,862,599
Total Classified Salaries		2,862,599	-	2,862,599	37,670,415	-	37,670,415
Employee Benefits	3000	23,835,308	-	23,835,308	43,290,670	-	43,290,670
Supplies and Material	4000	-	-	-	2,434,081	-	2,434,081
Other Operating Expenses	5000	6,706	-	6,706	13,871,216	-	13,871,216
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		95,828,435	-	95,828,435	180,878,879	-	180,878,879

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 1,156,250	$ -	$ 1,156,250	$ 1,156,250	$ -	$ 1,156,250
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	442,978	-	442,978
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,350,345	-	1,350,345
Objects to Exclude							
Rents and Leases	5060	-	-	-	270,658	-	270,658
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 4,779,204	$ -	$ 4,779,204
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,156,250	-	1,156,250	7,999,435	-	7,999,435
Total for ECS 84362, 50 Percent Law		$ 94,672,185	$ -	$ 94,672,185	$ 172,879,444	$ -	$ 172,879,444
Percent of CEE (Instructional Salary Cost/Total CEE)		54.76%		54.76%	100.00%		100.00%
50% of Current Expense of Education					$ 86,439,722		$ 86,439,722

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2017.

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2017

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 23,217,395
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 23,217,395	-	-	$ 23,217,395
Total Expenditures for EPA		$ 23,217,395	-	-	$ 23,217,395
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS OF THE COMBINED GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	(Budget*) 2018		2017	
	Amount	%	Amount	%
GENERAL FUND				
Revenues				
Federal	$ 6,050,560	2.4	$ 4,712,840	2.1
State	156,057,840	61.3	152,940,215	68.8
Local	67,016,037	26.3	68,708,795	30.9
Total Revenues	229,124,437	90.0	226,361,850	101.8
Expenditures				
Academic salaries	94,466,507	37.1	88,927,671	40.0
Classified salaries	61,351,229	24.1	53,924,668	24.2
Employee benefits	45,511,551	17.9	48,698,706	21.9
Supplies and materials	7,840,221	3.1	4,630,969	2.1
Other operating expenses	35,539,945	14.0	19,111,477	8.6
Capital outlay	6,993,272	2.7	5,691,207	2.6
Other sources and uses, net	2,920,237	1.1	1,338,856	0.6
Total Expenditures and Other Uses	254,622,962	100.0	222,323,554	100.0
INCREASE (DECREASE) IN FUND BALANCE	$ (25,498,525)	(0.1)	$ 4,038,296	1.8
Assigned fund balance	-	0.0	21,115,185	9.5
Unassigned fund balance	21,640,461	8.5	22,742,126	10.2
Restricted fund balance	125,223	0.0	3,406,898	1.5
TOTAL ENDING FUND BALANCE	$ 21,765,684	8.5	$ 47,264,209	21.2
FULL-TIME EQUIVALENT STUDENTS	31,699		31,018	
TOTAL LONG-TERM OBLIGATIONS, INCLUDING RETIREE BENEFIT LIABILITY	N/A		$ 714,048,026	

IMPORTANT NOTES:

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

* Unrestricted General Fund expenditure and fund balance for 2017-2018 budget year is projected to be $206,961,399 and $21,640,461 respectively, which meets the District's policy of 10 percent unrestricted ending fund balance.

All percentages are of total unrestricted and restricted expenditures combined.

* The 2017-2018 budget presents the budget adopted by the Board of Trustees on September 13, 2017. The budget has been included for analytical purposes and has not been subjected to audit.

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

See accompanying note to supplementary information.

2016 Amount	2016 %	2015 Amount	2015 %
$ 4,994,250	2.3	$ 4,700,320	2.7
162,152,290	73.9	130,922,506	75.2
59,332,714	27.0	43,012,239	24.7
226,479,254	103.2	178,635,065	102.6
84,236,976	38.4	76,240,937	43.8
49,976,687	22.8	44,139,686	25.3
37,945,952	17.3	29,335,375	16.8
3,832,786	1.7	3,583,471	2.1
18,112,050	8.3	14,895,486	8.6
6,371,181	2.9	5,375,511	3.1
18,948,123	8.6	638,815	0.3
219,423,755	100.0	174,209,281	100.0
$ 7,055,499	3.2	$ 4,425,784	2.5
20,205,035	9.2	10,069,209	5.8
20,731,836	9.4	24,437,641	14.0
2,289,042	1.0	1,663,564	1.0
$ 43,225,913	19.6	$ 36,170,414	20.8
31,385		30,654	
$ 604,056,906		$ 528,434,906	

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON
FOR THE COMBINED GENERAL FUND
JUNE 30, 20172017

	General Fund		
	Revised Budget*	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal revenues			
Higher Education Act	$ 1,030,769	$ 1,875,064	$ 844,295
Temporary Assistance for Needy Families	112,789	241,048	128,259
Student Financial Aid	711,601	111,027	(600,574)
Veterans Education	-	4,218	4,218
Vocational and Technical Education Act	1,051,467	1,051,467	-
Other federal revenues	2,853,457	1,430,016	(1,423,441)
State revenues			
General apportionments	114,669,998	108,807,524	(5,862,474)
Categorical apportionments	38,364,066	37,208,288	(1,155,778)
Other state revenues	9,668,073	6,924,403	(2,743,670)
Local revenues			
Property taxes	38,228,070	46,420,792	8,192,722
Interest and investment income	400,000	774,016	374,016
Student fees and charges	16,145,761	17,708,414	1,562,653
Contributions	-	167,099	167,099
Other local revenues	3,037,247	3,638,474	601,227
TOTAL REVENUES	226,273,298	226,361,850	88,552
EXPENDITURES			
Academic salaries	94,190,904	88,927,671	5,263,233
Classified salaries	57,799,436	53,924,668	3,874,768
Employee benefits	43,915,072	48,698,706	(4,783,634)
Supplies and materials	7,754,799	4,630,969	3,123,830
Other operating expenses	38,288,893	19,111,477	19,177,416
Capital outlay	6,777,864	5,691,207	1,086,657
TOTAL EXPENDITURES	248,726,968	220,984,698	27,742,270
EXCESS OF REVENUES OVER EXPENDITURES	(22,453,670)	5,377,152	27,830,822
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of non-capitalized equipment	10,000	27,252	17,252
Interfund transfers in	1,540,458	931,117	(609,341)
Interfund transfers out	(3,199,814)	(2,192,930)	1,006,884
Student financial aid	(718,498)	(858,096)	(139,598)
Other financing sources	2,526,688	2,526,688	-
Other financing uses	-	(1,772,887)	(1,772,887)
TOTAL OTHER FINANCING SOURCES (USES)	(2,367,854)	(1,338,856)	275,197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(24,821,524)	4,038,296	28,106,019
FUND BALANCE, BEGINNING OF YEAR	43,225,913	43,225,913	-
FUND BALANCE, END OF YEAR	$ 18,404,389	$ 47,264,209	$ 28,106,019

* The 2016-2017 budget has been included for analytical purposes and has not been subjected to audit.

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 20172017

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance. The District did not pass through Federal funds to subrecipients during the year ended June 30, 2017.

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment

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

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

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

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 20172017

Schedule of Financial Trends and Analysis of the Combined General Fund

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

Schedule of Budgetary Comparison for the Combined General Fund

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

INDEPENDENT AUDITOR'S REPORTS

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2017.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 to the financial statements, in 2017, the District adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Vavrinek, Trine, Day & Co, LLP

Rancho Cucamonga, California
December 6, 2017

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

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

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

Report on Compliance for Each Major Federal Program

We have audited Mt. San Antonio Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2017. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 6, 2017

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

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on State Compliance

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

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2017.

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

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment of K-12 Students in Community College Credit Courses
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP)
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Proposition 55 Education Protection Account Funds

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

The District does not offer any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District did not receive funding for Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 6, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

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

Identification of major Federal programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,365,791
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Unmodified

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

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

Federal Program Affected

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

Criteria or Specific Requirement

34 CFR Section 668.173(b):
Return of Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic funds transfer initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew, or the date on the cancelled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

Condition

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

Questioned Costs

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

Context

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

Effect

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

Cause

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

Recommendation

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

Current Status

Implemented.

State Awards Findings

2016-002 SECTION 424 - STATE GENERAL APPORTIONMENT FUNDING SYSTEM

Criteria or Specific Requirement

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

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

Condition

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

Questioned Costs

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

Context

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

Effect

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

Cause

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

Recommendation

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

Current Status

Implemented.

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017

Assessed valuation for fiscal year 2016-167	$ 79,704,009,047	(2)
Secured tax levies for fiscal year 2016-17	19,478,692	(1)
Secured tax delinquencies for fiscal year 2016-17	790,822	(1)
Secured tax collections for fiscal year 2016-17	18,687,870	(1)

	Property Owner	Land Use	2016-2017 Assessed Valuation (2)	% of Total (3)
1.	Plaza West Covina LLC	Shopping Center	$ 263,965,089	0.33%
2.	Industry East Land LLC - Lessee	Industrial	221,465,271	0.28%
3.	Fairway Sub A-E LLC	Industrial	174,109,079	0.22%
4.	BRE DDR BR Eastland CA LLC	Shopping Center	165,400,934	0.21%
5.	Tropicana Manufacturing Company Inc.	Industrial	117,141,008	0.15%
6.	JCC California Properties LLC	Commercial	114,573,374	0.14%
7.	Newage PHM LLC	Shopping Center	102,591,011	0.13%
8.	301 South Glendora Ave	Commercial	99,764,554	0.13%
9.	Crow Family Holdings Industrial LP	Industrial	98,399,366	0.12%
10.	Rowland Ranch Properties LLC	Commercial	94,621,823	0.12%
11.	1301 East Gladstone Street	Shopping Center	92,985,295	0.12%
12.	LBA Realty Fund III-Co VII LLC	Industrial	91,719,745	0.12%
13.	Quemtco West LLC	Industrial	83,517,028	0.10%
14.	Adcor Realty Corp.	Industrial	77,711,533	0.10%
15.	Target Corporation	Commercial	70,170,930	0.09%
16.	Wal Mart Real Estate Business Trust	Shopping Center	66,572,240	0.08%
17.	New Age Kaleidoscope LLC	Shopping Center	66,542,910	0.08%
18.	Kaiser Foundation Health	Medical Buildings	63,694,494	0.08%
19.	Costco Wholesale Corp.	Commercial	62,925,097	0.08%
20.	Catellus Development Corp.	Industrial	62,382,673	0.08%
			$ 2,190,253,454	2.75%

(1) Source: Los Angeles County Auditor-Controller's Office
(2) Source: California Municipal Statistics, Inc.
(3) Percentage of total assessed valuation for the fiscal year 2016-2017 of $79,704,009,047