LONG BEACH COMMUNITY COLLEGE DISTRICT
LOS ANGELES COUNTY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2019

LONG BEACH COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
June 30, 2019

LONG BEACH COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
June 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Long Beach Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinions on the effectiveness of the entity's internal control. Accordingly, we express no such opinions. 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.

INDEPENDENT AUDITORS' REPORT

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

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

Opinions

In our opinions, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the business-type activities and the fiduciary activities of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

INDEPENDENT AUDITORS' REPORT

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's financial statements as a whole. The supplementary schedules as referenced in the table of contents, including the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

<u>Other Reporting Required by Government Auditing Standards</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 2, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Long Beach Community College District (the District) for the year ended June 30, 2019. This discussion is prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

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

Accounting Standards

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

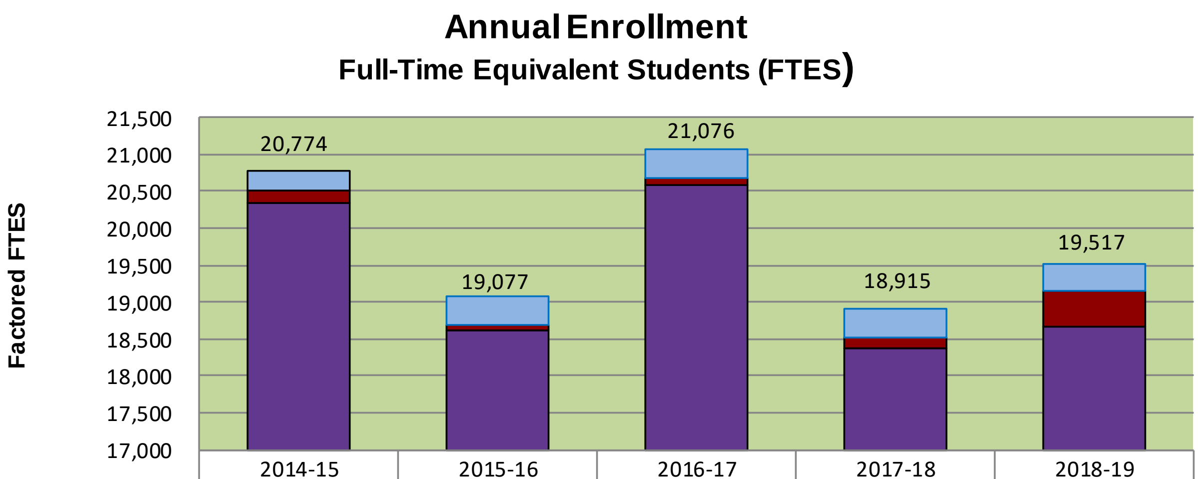
Selected Highlights

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

- Cash balance (cash and cash equivalents) current and restricted decreased $36.1 million (-18.5%) from $195.6 million to $159.5 million mainly due to spending bond funds as planned on construction projects. (More details in subsequent pages.)

- Total operating, non-operating and other revenues increased $0.4 million (0.1%) from $267.8 million to $268.2 million due to an increase in state apportionment, offset by a decrease in property taxes and other revenue decreases. (More details in subsequent pages.)

- The District's primary funding source is "State Apportionment Funding" received from the State of California through the State Chancellor's Office. This funding is one component of the overall funding based formula for community colleges. The other two components are local property taxes and student enrollment fees, which were $46 per unit in the year ended June 30, 2019. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our total apportionment eligible FTES reported was 19,517 for the 2018-19 fiscal year. This represents an increase of 602 FTES.



	2014-15	2015-16	2016-17	2017-18	2018-19
CDCP Noncredit	272	395	387	406	372
Noncredit	155	59	108	123	478
Credit	20,347	18,623	20,581	18,386	18,667

- Total ending fund balances (modified accrual basis of accounting) decreased $26.9 million (-15.0%) from $179.2 million to $152.3 million due mainly to spending as planned in bond funds for construction and other capital expenditures.

- Net position (full accrual basis of accounting) deficit increased $3.3 million (3.4%) from -$98.4 million to -$101.7 million, which was mainly due to the $5.8 million increase in net pension liability.

- The primary expenditure of the District is for the salaries and benefits for academic, classified, and administrative personnel. These costs increased from the previous fiscal year by $1.8 million to $152.7 million. This 1.2% net increase is due to staff and salary increases, the increased STRS, PERS and health insurance rates, offset by savings from retirements, including one-time savings from temporary vacancies.

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

Location	% Complete
Liberal Arts Campus	
Building D, First and Second Floors Modernization	100%
Language Arts Department (Building P) Modernization	100%
Auditorium (Building J)	60%
Pacific Coast Campus	
ADA Site Barrier Removal Project	100%
ADA Building Barrier Removal Project	75%
Water Conservation Project	100%

Projects in the planning and design stages are:
- Parking Structure (Building P2) – Pacific Coast Campus
- Construction Trades, Phase I (Building MM) Renovation – Pacific Coast Campus
- Kinesiology Labs and Aquatic Center (Building W) – Liberal Arts Campus
- Liberal Arts Classroom (Building M) – Liberal Arts Campus
- ADA Site and Building Barrier Removal Projects – Liberal Arts Campus
- Central Plant Expansion (Building X) – Liberal Arts Campus
- Energy Efficiency Measure 2 – Districtwide

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

- The District provided student financial aid to qualifying students of the District in the amount of $44.8 million. This represents a $0.9 million decrease from the 2017-18 fiscal year. This aid is provided through grants and loans from the Federal and State programs. Federal Pell Grant maximums increased 3.0% to $6,095 per student in 2018-19. As the economy has improved, the number of financial aid eligible students has leveled off in recent years.

Financial Statement Presentation and Basis of Accounting Governmental Funds

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

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

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting, which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2019 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net position recorded on the full accrual basis of accounting is shown in the supplemental information of the audit report.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2019.

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

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

Cash balance (cash and cash equivalents) current and restricted decreased $36.1 million (-18.5%) from $195.6 million to $159.5 million mainly due to planned spending of bond cash for construction projects offset by other net increases.

Capital assets increased 3.1% from $396.9 million to $409.2 million. This is the result of the District's continuing investment in constructing and renovating buildings, and equipment purchases at both of the District's two campuses, less accumulated depreciation expense.

Receivables increased $4.1 million (25.8%) from $15.8 million to $19.9 million due to receivables from the state for state capital outlay project reimbursements and increases to general receivables.

Prepaid expenses increased $2.5 million due to increased prepayment for services including insurance for bond projects.

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

Deferred outflows from pensions was $43.5 million at June 30, 2019. That offsets the pension liability of $156.7 million and the deferred inflows from pensions of $6.5 million, which makes the net impact of reporting pensions $119.7 million, which is up 8.9% from the prior year.

Deferred outflows from OPEB was $3.6 million at June 30, 2019. That offsets the OPEB liability of $27.7 million and deferred inflows from OPEB of $3.6 million, which makes the net impact of reporting the OPEB liability $31.6 million, which is up 2.7% from the prior year.

Long-term liabilities less current portion decreased $26.7 million (-3.8%) from $701.2 million to $674.5 million due to the $26.7 million in bond principal payments.

The components of net position are investment in capital assets, restricted assets and unrestricted assets. The negative $59.5 million in net position invested in capital assets consists of $409.2 million in capital assets, net of accumulated depreciation and including the Bond Construction Fund balance of $22.5 million, less $491.2 million in bond debt, including bond premiums and deferred outflows.

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

The $53.3 million of restricted net position are assets that must be used to meet the goals and purposes of the Federal, State, local, or private agencies providing the assets, including capital projects, student financial aid, restricted parking and student health fees, or amounts designated for debt services.

The value of unrestricted net position was negative $95.5 million at June 30, 2019. The negative balance is primarily due to the recognition of $156.7 million net pension liability for STRS and PERS. The net impact of financial reporting for pensions is a negative $119.7 million ($9.8

million increase from prior year). In addition, with the implementation of GASB Statements No. 74 and No. 75 in the 2016-17 fiscal year, we are now required to report our net Other Post-employment Benefits (OPEB) liability on our statement of net position. The net OPEB liability decreases the net position deficit an additional $31.6 million. Without recognizing these net liabilities, the unrestricted net position would be a positive $55.8 million, which is a $3.8 million increase from prior year. Much of the positive portion of unrestricted net position has been designated by the Board for such purposes as outstanding commitments on contracts, child development, community education and retiree health benefits and general reserves for the ongoing financial health of the District.

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

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

	(in thousands) June 30, 2019	(in thousands) June 30, 2018	Change
Assets			
Current assets			
Cash and cash equivalents	$ 87,543	$ 83,494	4.8%
Receivables	19,847	15,776	25.8%
Prepaid expenses	4,206	1,678	150.7%
Total current assets	111,596	100,948	10.5%
Non-current assets			
Restricted cash and cash equivalents	71,942	112,091	-35.8%
Capital assets, net of depreciation	409,186	396,861	3.1%
Total non-current assets	481,128	508,952	-5.5%
Total Assets	592,724	609,900	-2.8%
Deferred Outflows of Resources			
Deferred charge on refunding	22,172	23,697	-6.4%
Deferred outflows - pensions	43,455	46,223	-6.0%
Deferred outflows - OPEB	3,608	4,083	-11.6%
Total Deferred Outflows of Resources	69,235	74,003	-6.4%
Total Assets and Deferred Outflows of Resources	$ 661,959	$ 683,903	-3.2%

	(in thousands) June 30, 2019	(in thousands) June 30, 2018	Change
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 25,877	$ 28,092	-7.9%
Due to fiduciary fund	229	235	-2.6%
Unearned revenue	15,235	13,765	10.7%
Amounts held in trust for others	9	9	0.0%
Estimated claims liability	195	195	0.0%
Long-term liabilities - current portion	33,663	33,514	0.4%
Total current liabilities	75,208	75,810	-0.8%
Non-current liabilities			
Long-term liabilities less current portion	674,480	701,166	-3.8%
Total non-current liabilities	674,480	701,166	-3.8%
Total Liabilities	749,688	776,976	-3.5%
Deferred Inflows of Resources			
Deferred inflows - pensions	6,462	5,235	23.4%
Deferred inflows - OPEB	7,509	92	8062.0%
Total Deferred Outflows of Resources	13,971	5,327	162.3%
Net Position			
Net investment in capital assets	(59,471)	(63,409)	6.2%
Restricted	53,284	53,812	-1.0%
Unrestricted	(95,513)	(88,803)	-7.6%
Total Net Position	(101,700)	(98,400)	-3.4%
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 661,959	$ 683,903	-3.2%

This schedule has been prepared from the Statement of Net Position presented on pages 2 and 3.

Statement of Revenues, Expenses and Change in Net Position

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

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

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

	(in thousands) June 30, 2019	(in thousands) June 30, 2018*	Change
Operating Revenues			
Net tuition and fees	$ 13,078	$ 12,133	7.8%
Grants and contracts, non-capital	84,988	87,314	-2.7%
Auxiliary commissions and stadium concessions	878	1,004	-12.5%
Total operating revenues	98,944	100,451	-1.5%
Operating Expenses			
Salaries and benefits	152,683	150,925	1.2%
Supplies, materials and other operating expenses and services	37,168	41,211	-9.8%
Financial aid	44,787	45,658	-1.9%
Depreciation	16,724	16,012	4.4%
Total operating expenses	251,362	253,806	-1.0%
Operating loss	(152,418)	(153,355)	-0.6%
Non-operating revenues			
State apportionments, non-capital	81,499	77,193	5.6%
Local property taxes	32,909	36,835	-10.7%
State taxes and other revenues	4,820	5,333	-9.6%
Investment income, net	2,142	1,338	60.1%
Total non-operating revenues	121,370	120,699	0.6%
Other revenues, (expenses), gains or (losses)			
State apportionments, capital	2,636	1,868	41.1%
Local property taxes and other revenues, capital	43,905	43,276	1.5%
Investment income, capital	1,313	1,496	-12.2%
Interest expense and costs of issuing capital asset - related debt	(20,135)	(18,615)	8.2%
Net gain (loss) on disposal of capital assets	29	28	3.6%
Total other revenues, (expenses), gains or (losses)	27,748	28,053	-1.1%
Changes in net position	(3,300)	(4,603)	-28.3%
Net position, beginning of year	(98,400)	(93,797)	4.9%
Net position, end of year	$ (101,700)	$ (98,400)	3.4%

*Certain reclassifications to the June 30, 2018 information have been made to conform with the June 30, 2019 presentation.

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Position on page 4.

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

	(in thousands) June 30, 2019	(in thousands) June 30, 2018*	Change
Revenues			
Operating Revenues	$ 98,944	$ 100,451	-1.5%
Non Operating Revenues	121,370	120,699	0.6%
Other Revenues	47,884	46,668	2.6%
	268,198	267,818	0.1%
Expense			
Operating Expenses	251,363	253,806	-1.0%
Other Expenses	20,135	18,615	8.2%
Total Expenses	271,498	272,421	-0.3%
Change in Net Position	(3,300)	(4,603)	-28.3%
Net position, beginning of year	(98,400)	(93,797)	4.9%
Net Position End of Year	$ (101,700)	$ (98,400)	3.4%

*Certain reclassifications to the June 30, 2018 information have been made to conform with the June 30, 2019 presentation.

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This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position presented on page 4.

Operating revenues decreased $1.5 million (-1.5%) due to the decrease in grant revenue partially offset by the increase in tuition and fee revenue.

Other revenues increased $1.2 million due mainly to the increases in state capital project funds and in property tax revenue through the Bond Interest and Redemption Fund collected for general obligation bond debt, which fluctuates according to the repayment schedule.

Operating expenses decreased by $2.4 million due mainly to the decrease in supplies, materials and services partially offset by the increase in salaries and benefits.

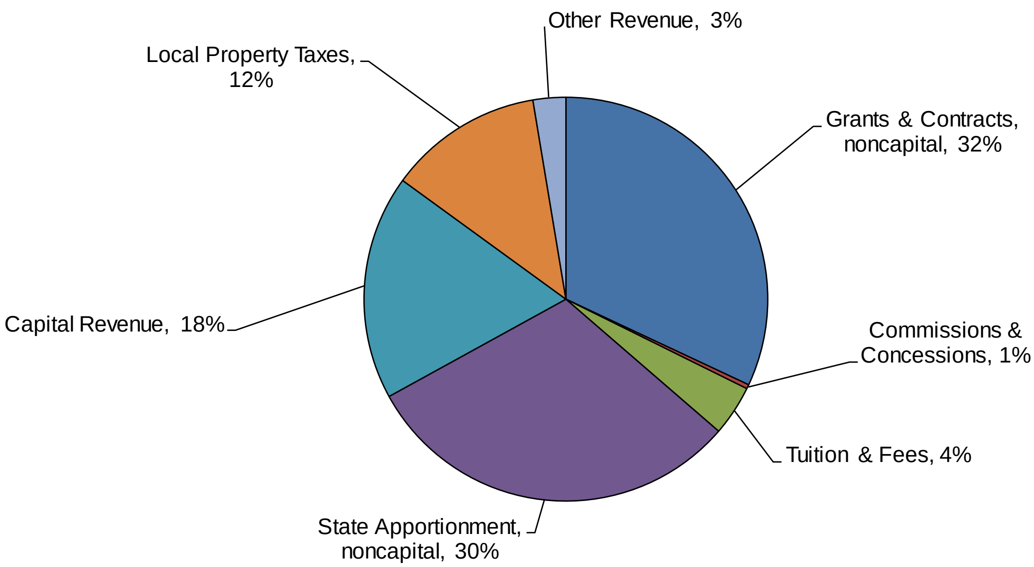
Total revenues were $268.2 million while total expenditures were $271.5 million. This yields a decrease in net position of $3.3 million.

Pronouncements effective in recent years require the District to reflect its proportionate share of pension liabilities in the financial statements. In addition, the implementation of GASB Statements No. 74 and No. 75 last year require us to report the full value of our net OPEB liability. As a result, most community college districts will show a negative net position on their financial statements.

The combined net effect of pension liabilities for STRS and PERS and the OPEB and MPP liability, including deferred inflows and outflows, is $152.1 million as of June, 30, 2019. The District's net position would be higher by that amount if the liabilities were not required in the financial statements.

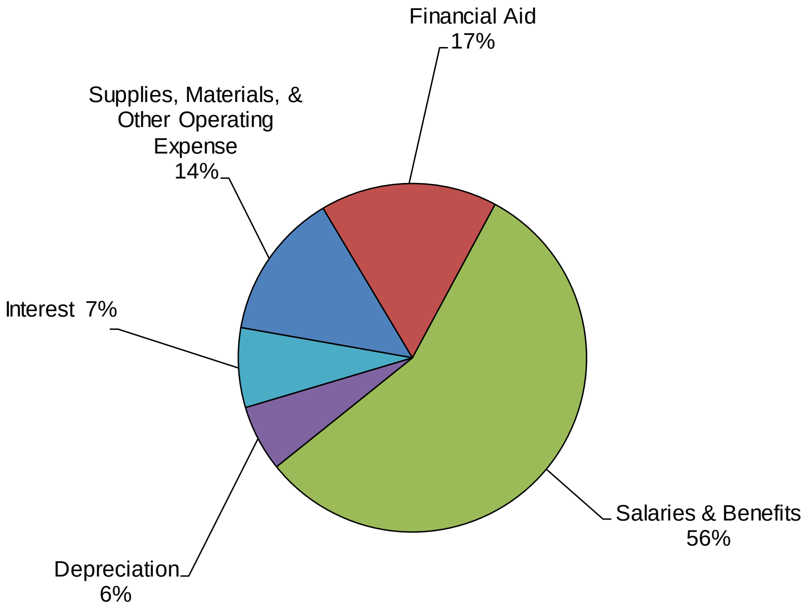
The following chart shows the sources of revenue to the District. The largest sources are State apportionment; non-capital (30%) which is derived from the State's funding formula for Community Colleges; and Grants & Contracts, non-capital (32%).

Revenue 2018-19



The following chart shows where the District's money is spent. The largest category of expenses (56%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to carry out its educational mission.

Expenses 2018-19



Statement of Cash Flows

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

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

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

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

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

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

The net change in cash, considering all sources and uses, was a decrease of $36.1 million. This results in an end of year cash balance of $159.5 million. As a matter of prudent financial management, the District maintains a positive cash position at all times.

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

	(in thousands) June 30, 2019	(in thousands) June 30, 2018	Change
Cash Provided By (Used in)			
Operating activities	$ (125,886)	$ (129,615)	2.9%
Non-capital financing activities	114,350	122,187	-6.4%
Capital and related financing activities	(26,502)	(9,397)	-182.0%
Investing activities	1,938	1,039	86.5%
Net increase/(decrease) in cash and cash equivalents	(36,100)	(15,786)	-128.7%
Cash balance, beginning of year	195,585	211,371	-7.5%
Cash balance, end of year	$ 159,485	$ 195,585	-18.5%

This schedule has been prepared from the Statement of Cash Flow presented on page 5.

Net cash flows used in operating activities increased by $3.7 million, which is due mainly to the decrease in inflows from grants less the decrease to outflows to suppliers and employees.

Cash provided by non-capital financing activities decreased $7.8 million due mainly to changes in state apportionment and local property tax collections.

Cash flows used in capital and related financing activities increased $18.3 million. This is mainly due to the net inflow from the issuance of general obligation refunding bonds during the 2017-18 year along with the increase in outflows for capital purchases less the decrease in outflows for capital principal and interest payments.

Cash provided by investing activities increase by $0.9 million due to average county interest rates increasing from 1.4% to 2.0%.

Capital Assets and Debt Administration

Capital Assets

In accordance with financial statement reporting requirements, all assets, including land, is recorded at historical cost. Actual fair-market value of land is substantially higher than historical cost. This is due to the fact that land for the Liberal Arts Campus and the Pacific Coast Campus was acquired approximately eighty years ago and land values in Southern California have increased over this time. On June 30, 2018, the District had $396.9 million, net of depreciation, in a broad range of capital assets including land, buildings, equipment and construction in progress. During the 2018-19 fiscal year, the District continued to modernize various facilities throughout the District at a cost of $29.0 million. At the end of the year capital assets, net of depreciation, were valued at $409.2 million, which is a 3.1% increase.

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

	(in thousands) Balance June 30, 2019	(in thousands) Balance June 30, 2018	Change
Land	$ 25,976	$ 25,976	0.0%
Construction in progress	21,869	20,455	6.9%
Site and site improvements	473,514	448,190	5.7%
Equipment	22,538	20,235	11.4%
Totals at historical cost	543,897	514,856	5.6%
Less accumulated depreciation for:			
Site and site improvements	118,113	104,025	13.5%
Equipment	16,598	13,970	18.8%
Total accumulated depreciation	134,711	117,995	14.2%
Capital assets, net	$ 409,186	$ 396,861	3.1%

Long-Term Debt

As of June 30, 2018, the District had $734.7 million in long-term debt. During the 2018-19 fiscal year, long-term debt decreased by $17.9 million. This is due to the $25.1 million net decrease in G.O. bond debt due mainly to repayments offset by the net $7.2 million increase in employee/retiree related debt including pension liability. The District's bond rating is AA (S&P) and Aa2 (Moody's).

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

	(in thousands) Balance June 30, 2019	(in thousands) Balance June 30, 2018	Change
General obligation bonds, net	$ 513,373	$ 538,500	-4.7%
Compensated absences	6,049	5,612	7.8%
Net other postemployment benefits other than pensions & MPP Program	28,230	34,727	-18.7%
Net pension liability	156,733	150,909	3.9%
Supplemental employee retirement plan	3,758	4,932	-23.8%
Total long term debt	708,143	734,680	-3.6%
Total short term portion	(33,663)	(33,514)	0.4%
Total long term portion	$ 674,480	$ 701,166	-3.8%

District's Fiduciary Responsibility

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

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

Economic Factors Affecting the Future of Long Beach Community College District

State Economy

The economic position of Long Beach Community College District is closely tied to the economic health of the State of California. State apportionment, non-capital, tuition and fees, and local property taxes of $114.4 million support 48.8% of total operating expenses, excluding depreciation.

State Budget. On June 27, 2019, Governor Newsom signed his first State Budget, which continues and expands upon many of the themes from Governor Brown including supporting the Student Centered Funding Formula (SCFF), expanding the California College Promise Program and continuing commitments to build reserves and pay down state liabilities. The Budget includes an $81 billion dollar investment in Proposition 98 (K-14 education), which is an increase of $3 billion over last year. Along with continuing deposits into the state rainy day fund, the Budget includes a first time deposit of $389 million into the Public School System Stabilization Account. The Budget also includes a one-time $3.15 billion non-Proposition 98 appropriation to provide pension relief to school employers.

Student-Centered Funding Formula (SCFF). 2019-20 is the second year of the Student Centered Funding Formula (SCFF). Adjustments to the formula continue. Districts state-wide have worked to improve funding metrics. As a result, 2018-19 initial (period 1) revenues earned by districts exceeded state revenue available. The state responded by adjusting and limiting degree and transfer counts for the Student Success Allocation portion of the SCFF and by capping the apportionment revenue growth for districts. The Chancellor's Office and other stakeholders continue to advocate for provisions by which the state would provide additional General Fund Support if SCFF costs increase or if offsetting revenues do not materialize.

Some of the main features of the SCFF are:

- Maintain SCFF Allocations — The formula will continue to provide 70% base allocation, 20% for equity allocation, and 10% for the student success allocation again in 2019-20 (a 70-20-10 split).
    - Base Grants (70%) — District base grants determined by three-year rolling average of credit FTES enrollment. Noncredit, special admit credit and incarcerated credit FTES are funded at existing rates.
    - Supplemental Grant (20%) — Supplemental grants based on the number of low-income students that the district enrolls based on prior year head count for three factors: (1) headcount of all students who receive a College Promise Grant fee waiver (formerly known as the BOG Waiver); (2) Pell Grant recipient headcount enrollment; and (3) AB540 students per the California Dream Grant application.

  - Student Success Incentive Grant (10%) — Funding based on an elaborate point system derived from metrics related to student progress, outcomes (degrees and transfers) and wages after graduation. These success metrics are now based on a three year average (the prior year and the two previous years' data).
- "Summer Shift" – continues. This provision continues the district's ability to choose the fiscal year in which to report specified summer FTES for summer enrollment that overlaps fiscal years.
- Hold Harmless Provision – extended to four years. Districts that do not earn apportionment equal to 2017-18 funding under the new formula would be held harmless to at least 2017-18 funding levels plus COLA for 2018-19, 2019-20, 2020-21 and 2021-22.

<u>Challenges</u>

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

Increasing Pension Obligations. Underfunded statewide pensions have been addressed in recent years by increased contribution rates for the state, employees and employers. As noted above the Governor provided one-time allocations in the 2019-20 State Budget to reduce the burden on employers. While those allocations are very helpful, STRS and PERS rates are still increasing and are projected to increase in future years. STRS employer contribution rates, which started at 8.25% are projected to increase to as high as 18.40%. PERS employer's contributions are expected to increase to 25.40% by 2022-23. These steep increases pose a significant budget challenge to districts going forward.

Although contributions from districts have increased in recent years, unfunded pension liabilities have remained high. This reminds us of two things: 1) investment gains or losses have greater short-term impact on liability balances than contribution increases, and 2) pension contributions are long-term investments. The goal of increased contributions is to curb the negative trend and to help ensure that the pension funds are solvent in the long term. So, the positive impact of current contribution increases is expected to be seen some 20 to 30 years in the future when those contributions grow over years with net investment earnings. The District's proportionate share of pension liabilities are reported on our financial statements, which leads to our deficit net position.

Enrollment. The SCFF reduced the impact of enrollment (full-time equivalent students or FTES) on apportionment revenue from 100% to 70%. Though it is reduced, it is still by far the largest factor. Declining enrollment is an issue throughout the state. The Department of Finance projects statewide K-12 enrollment will decline by an average annual rate of 0.4% through 2027-28. Due to the countercyclical nature of community college enrollment, the strong economy typically results in lower enrollment. After a huge decrease in 2017-18 FTES due to declining enrollment and shifted summer school enrollment, we were able to increase 2018-19 enrollment by 602 FTES. We have budgeted 19,375 FTES, a slight decrease for 2019-20. However, due to high school outreach efforts and efforts to increase student persistence, fall 2019 enrollment data indicates strong improvements from the prior year. We continue to explore enrollment strategies to try to improve our enrollment to avoid decreased apportionment funding.

SCFF Challenges. The three year averaging feature of the SCFF presents challenges for districts trying to increase metrics. Averaging was implemented to soften the impacts of the volatility of the metrics. However, in a year of increased metrics, which may be accompanied by additional cost, the positive impacts are divided by three. One significant inequity with the SCFF is that we are funded on the three year average for credit FTES, but full-time faculty (FON) calculations are based on current year credit FTES numbers. The Chancellor's Office will recalculate the SCFF funding rates based on state wide metrics and available funding in December 2019. The impact of those rate changes is not known at this time.

Student Success Metrics. We continue to work to improve the timely completion of students' goals including certificates, degrees and transfers as well as encouraging Pell applicants. Our goal is to achieve overall metrics that allow us to achieve apportionment revenue above the hold harmless level when that four-year provision ends. Our efforts toward that goal incur additional expenses, but do not provide additional revenues during this hold harmless period. We have projected SCFF metrics for the next three years. However, it is very difficult to do future year projections given the ongoing possibility of significant impacts of future funding rate changes and future changes to the funding formula.

Deficit Spending. The District's 2019-20 Unrestricted General Fund Adopted Budget includes $3.6 million in deficit spending. $1.2 million of that is due to one-time projects, leaving a budgeted structural deficit of $2.4. Multi-year projections show deficits for the next two years as well. The District began a three-phase deficit reduction plan at the beginning of 2018-19, which has produced positive results. However, some of the savings generated in recent years are due to one-time savings due to temporary vacancies and the reorganization process.

Next Recession. Former Governor Brown warned of the impacts of the next recession as he unveiled each of his State Budgets for the past several years. That recession has not yet come and we are now in the longest period of economic expansion in history. While we continue to enjoy the benefits of the current strong economy and low unemployment, we also need to keep the warnings of Governor Brown in mind. Due to the state's progressive tax structure and the heavy reliance on the high income earners, state revenue is extremely volatile. UCLA economists forecast a slowing economy in the short term with greater chances of recession in the long term. Reduced state funding would put even more strain on community colleges to provide all of the services and programs that they are asked to provide.

Other Updates

Retiree Health Fund. In past years, the District funded the Retiree Health Fund with contributions of at least the actuarial determined Annual Required Contribution (ARC) amount. Now that the net OPEB liability is fully reported on these financial statements, the ARC is not calculated as part of our Actuarial Studies. However, the ARC estimate provided by our Actuary is $4.1 million as of July 1, 2019. The Retiree Health Fund, ended the 2018-19 year with a $31.5 million fund balance. Of that balance, $8.6 million represents the ending fund balance of the irrevocable Retiree Benefit Trust reported in a separate statement of net position and statement of changes in net position for Other Postemployment Benefits Plan.

State Facilities Bonds. The 2019-20 State Budget includes funding for an additional capital project, the Music/Theatre Complex, Buildings G & H at LAC as well as continued funding for the District's two previously approved state capital projects. Budgets included in our Adopted Budget for 2019-20 for those projects are:

- Buildings M & N at the Liberal Arts Campus $25,200,806
- Construction Trades Phase 1, Building MM at the Pacific Coast Campus $6,712,000
- Music/Theatre Complex, Buildings G & H at the Liberal Arts Campus $1,681,000

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

Contacting the District

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

BASIC FINANCIAL STATEMENTS

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2019

	Primary Governmental
Assets	
Current assets:	
Cash and cash equivalents	$ 87,543,087
Accounts receivable, net	19,846,730
Prepaid expenses	4,206,540
Total Current Assets	111,596,357
Non-Current Assets:	
Restricted cash and cash equivalents	71,942,300
Capital assets, net	409,185,739
Total Non-Current Assets	481,128,039
Total Assets	592,724,396
Deferred Outflows of Resources	
Deferred charge on refunding	22,172,307
Deferred outflows - pension	43,454,797
Deferred outflows - other postemployment benefits plan	3,607,955
Total Deferred Outflows of Resources	69,235,059
Total Assets and Deferred Outflows of Resources	$ 661,959,455

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2019

	Primary Governmental
Liabilities	
Current Liabilities:	
Accounts payable	$ 16,653,121
Accrued interest payable	4,567,363
Accrued liabilities	4,657,225
Due to fiduciary fund	229,329
Unearned revenue	15,235,145
Amounts held in trust for others	8,649
Estimated claims liability	194,828
Current portion of long-term debt	33,662,764
Total Current Liabilities	75,208,424
Non-Current Liabilities	
Long-term debt	674,479,180
Total Non-Current Liabilities	674,479,180
Total Liabilities	749,687,604
Deferred Inflows of Resources	
Deferred inflows - pensions	6,461,708
Deferred inflows - other postemployment benefits plan	7,509,107
Total Deferred Outflows of Resources	13,970,815
Net Position	
Net investment in capital assets	(59,470,948)
Restricted for:	
Capital projects	18,549,726
Debt service	29,714,869
Scholarship and loans	121,522
Other special purposes	4,899,052
Unrestricted	(95,513,185)
Total Net Position	(101,698,964)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 661,959,455

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2019

	Primary Governmental
Operating Revenues	
Tuition and fees (gross)	$ 28,031,139
Less: Scholarship discounts and allowances	(14,952,753)
Net tuition and fees	13,078,386
Grants and contracts, non-capital:	
Federal	45,054,618
State	34,764,846
Local	5,169,151
Auxiliary commissions and stadium concessions	877,516
Total Operating Revenues	98,944,517
Operating Expenses	
Salaries	94,867,316
Employee benefits	57,815,151
Supplies, materials, and other operating expenses and services	34,210,578
Financial aid	44,788,019
Utilities	2,957,117
Depreciation	16,724,277
Total Operating Expenses	251,362,458
Operating Income (Loss)	(152,417,941)
Non-Operating Revenues (Expenses)	
State apportionments, non-capital	81,499,170
Local property taxes	32,908,849
States taxes and other revenue	4,820,317
Interest and investment income	2,141,619
Total Non-Operating Revenues (Expenses)	121,369,955
Income Before Other Revenues, Expenses, Gains and Losses	(31,047,986)
Other Revenues, Expenses, Gains and Losses	
State apportionments, capital	2,636,557
Local property taxes and revenues, capital	43,905,042
Interest and investment income, capital	1,313,523
Interest expense and costs of issuing capital asset-related debt	(20,135,420)
Proceeds from sale of capital assets	29,338
Total Other Revenues, Expenses, Gains and Losses	27,749,040
Changes in Net Position	(3,298,946)
Net Position, Beginning of Year	(98,400,018)
Net Position, End of Year	$ (101,698,964)

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019

	Primary Governmental
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees (net)	$ 13,238,397
Federal grants and contracts	44,718,338
State grants and contracts	33,894,132
Local grants and contracts	5,011,941
Auxiliary commissions and stadium concessions	877,516
Payments to suppliers	(37,404,391)
Payments to/on-behalf of employees	(141,288,536)
Payments to/on-behalf of students	(44,926,288)
Amounts received/(paid) in trust	(6,878)
Net cash used by operating activities	(125,885,769)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments and receipts	76,117,601
Local property taxes	32,908,849
State taxes and other revenue	5,324,228
Net cash provided by non-capital financing activities	114,350,678
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local revenue for capital purposes	45,126,555
Interest on investments, capital funds	1,359,091
Net purchase and sale of capital assets	(29,560,001)
Principal paid on capital related debt	(28,830,000)
Interest paid on capital related debt	(14,597,737)
Net cash used by capital and related financing activities	(26,502,092)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,937,705
Net cash provided by investing activities	1,937,705
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,099,478)
CASH BALANCE - Beginning of Year	195,584,865
CASH BALANCE - End of Year	$ 159,485,387

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019

Reconciliation of Operating Loss to
Net Cash Used by Operating Activities

	Primary Governmental
CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (152,417,941)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	16,724,277
Changes in assets and liabilities:	
Receivables, net	(1,860,333)
Prepaid expenses	(2,528,297)
Deferred outflows of resources - pensions	2,768,022
Deferred outflows of resources - OPEB	474,731
Accounts payable	2,153,332
Accrued liabilities	918,195
Due to fiduciary	(6,086)
Unearned revenue	656,140
Amounts held for others	(792)
Compensated absences	436,696
Net other postemployment retiree benefits (OPEB)	(7,049,706)
Net pension liabilities	5,824,768
Medical premium payment	551,188
Supplemental Employee Retirement Plan (SERP)	(1,173,891)
Deferred inflows of resources - pensions	1,226,792
Deferred inflows of resources - OPEB	7,417,136
Net cash used by operating activities	$ (125,885,769)
Breakdown of ending cash balance:	
Cash and cash equivalents	$ 87,543,087
Restricted cash and cash equivalents	71,942,300
Total	$ 159,485,387

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

		Student Trust Funds
Assets		
Cash and cash equivalents	$	3,460,424
Accounts receivable		12,304
Due from Governmental funds		229,329
Prepaid expenses		14,679
Total Assets		3,716,736
Liabilities		
Accounts payable		174,528
Amount held for others		637,628
Unearned revenue		155,648
Total Liabilities		967,804
Net Position		
Restricted for:		
Held in trust - Student Representation Fee		73,423
Held in trust - Associated Students		2,675,509
Total Net Position	$	2,748,932

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2019

	Student Trust Funds
Additions	
Student fees	$ 972,452
Other local revenues	83,552
Interest and investment income	34,485
Total Additions	1,090,489
Deductions	
Salaries	212,607
Employee benefits	97,100
Supplies, materials, and other operating expenses and services	709,433
Total Deductions	1,019,140
Net increase in net position	71,349
Net Position, Beginning of Year	2,677,583
Net Position, End of Year	$ 2,748,932

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF
OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
June 30, 2019

	Retiree (OPEB) Trust
Assets	
Investments	$ 8,623,949
Total Assets	8,623,949
Net Position - Restricted for Other Postemployment Benefits	$ 8,623,949

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN
OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
For the Fiscal Year Ended June 30, 2019

	Retiree (OPEB) Trust
Additions	
Employer contributions	$ 2,746,987
Investment income:	
Interest and investment income	346,172
Realized gain on investments	161,331
Unrealized gain on investments	(62,465)
Investment expense	(72,661)
Net investment income	372,377
Total Additions	3,119,364
Deductions	
Benefit payments	2,673,061
Total Deductions	2,673,061
Net increase in net position	446,303
Net Position - Restricted for Other Postemployment Benefits, Beginning of Year	8,177,646
Net Position - Restricted for Other Postemployment Benefits, End of Year	$ 8,623,949

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Financial Statement Presentation

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

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes and other contributions. The District had Cash in the County Treasury amounting to $2,076,956 on June 30, 2019, which represents withholdings payable and amounts due to the General Fund for payments made on the warrant pass-through fund's behalf.

Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Cash and Cash Equivalents

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

Accounts Receivable

Accounts Receivable consists primarily of amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

expenditures made pursuant to the District's grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

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

Prepaid Expenses

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

Restricted Cash and Cash Equivalents

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

Investments

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

Capital Assets

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

Prior to July 1, 2017, interest costs were capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs were offset by interest earned on proceeds of the District's tax exempt debt restricted to the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

acquisition of qualifying assets. During the fiscal year ending June 30, 2018, accounting standards determined this is no longer required and the interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported, prospectively.

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

Deferred Outflows of Resources

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

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

Deferred Outflows Pensions: The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion, and the difference between expected and actual experience. The deferred outflows pensions will be deferred and amortized as detailed in Note 12 to the financial statements.

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

Accounts Payable and Accrued Liabilities

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unearned Revenue

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

Compensated Absences

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

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

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

Medicare Premium Liability

For purposes of measuring the District’s liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The related liability for the District’s proportionate share of the MPP Program is reported in the financial statements; as the plan is not material additional disclosures are not included.

Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

and payable in accordance with the benefit terms. The Retiree Benefit Trust reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Pension Liability

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

Deferred Inflows of Resources

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

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

Net Position

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

State Apportionments

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

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

Classification of Revenues

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scholarship Discounts and Allowances

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

Estimates

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

Tax Status

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

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

Minimum Reserve Policy

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Government Code Section 53600 et seq. As of June 30, 2019, $3,879,126 of the District's bank balance of $4,875,496 was exposed to credit risk as follows:

District's Bank Balance	June 30, 2019
Uninsured and collateral held by pledging bank's trust department not in the District's name	$ 3,679,403
Uninsured and uncollateralized (1)	199,723
Total	$ 3,879,126

(1) Deposits held with the fiscal agent, SWACC under the District's Property and Liability self-insurance program, totaled $199,723. SWACC follows California Government Code in managing member district deposits. All of SWACC's assets are fully collateralized in SWACC's name.

Cash in County Treasury

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury (the County) as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2019 is measured at 99.9% of carrying value and is based upon the District's pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). The District's investment in the pool is considered to be highly liquid and is therefore reflected as cash and cash equivalents in the Statement of Net Position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either

NOTE 2: DEPOSITS AND INVESTMENTS

secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds, except for the student financial aid fund and the restricted general fund, in which case interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

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

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

Investments

Policies

Investments held by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2019. See Note 11.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limits investment maturities to 5 years.

Credit Risk

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

Concentration of Credit Risk

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

The Retiree Benefit Trust's investment policy limits investments in any single equity security to be not more than 5%. In addition, the Retiree Benefit Trust's investment policy prohibits investments in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. This limitation is not intended to apply to the percentage of the Retiree Benefit Trust assets invested in a single diversified mutual fund. Nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities. At June 30, 2019 the Retiree Benefit Trust had not invested more than 5% of its portfolio in one issuer.

Custodial Credit Risk

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

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 consists of the following:

Accounts Receivable	June 30, 2019
Federal and state	$ 8,195,145
Tuition and fees	3,235,141
Debt related property taxes	2,856,882
Miscellaneous	5,559,562
Total	$ 19,846,730

NOTE 4: INTERFUND TRANSACTIONS

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

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

The following provides a summary of changes in capital assets for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 25,976,471	$	$	$ 25,976,471
Construction in progress	20,454,929	24,706,450	23,291,994	21,869,385
Total capital assets not being depreciated	46,431,400	24,706,450	23,291,994	47,845,856
Capital assets being depreciated:				
Site improvements	448,190,142	25,323,688	-	473,513,830
Equipment	20,235,228	2,310,496	7,944	22,537,780
Total capital assets being depreciated	468,425,370	27,634,184	7,944	496,051,610
Less accumulated depreciation for:				
Site improvements	104,025,007	14,088,193	-	118,113,200
Equipment	13,970,387	2,636,084	7,944	16,598,527
Total accumulated depreciation	117,995,394	16,724,277	7,944	134,711,727
Depreciable assets, net	350,429,976	10,909,907	-	361,339,883
Governmental activities capital assets, net	$ 396,861,376	$ 35,616,357	$ 23,291,994	$ 409,185,739

NOTE 6: OPERATING LEASES

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

Year Ending June 30,	
2020	$ 200,568
2021	52,462
2022	34,335
2023	17,171
2024	4,293
Total	$ 308,829

NOTE 6: OPERATING LEASES

Current year expenditures for operating leases is approximately $462,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 7: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2019 is shown on the following page.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
General obligation bonds					
(2002 election):					
General obligation bonds	$ 109,097,255	$	$ 5,969,949	$ 103,127,306	$ 5,886,392
Accreted interest	11,636,110	1,430,938	2,065,051	11,001,997	2,188,608
Bond premium	9,386,435		767,821	8,618,614	
(2008 election):					
General obligation bonds	269,274,799		6,080,000	263,194,799	7,395,000
Accreted interest	25,353,944	4,761,278		30,115,222	
Bond premium	38,845,271		1,369,166	37,476,105	
(2016 election):					
General obligation bonds	68,565,000		14,715,000	53,850,000	13,260,000
Bond premium	6,340,679		352,260	5,988,419	
Compensated absences	5,612,254	436,696		6,048,950	3,758,873
Medicare premium payment (MPP) program	-	551,188		551,188	
Net other postemployment benefits other than (OPEB)	34,727,328		7,049,706	27,677,622	
Net pension liability	150,908,556	5,824,768		156,733,324	
Supplemental employee retirement plan (SERP)	4,932,289		1,173,891	3,758,398	1,173,891
	$ 734,679,920	$ 13,004,868	$ 39,542,844	$ 708,141,944	$ 33,662,764

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

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.144%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

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

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

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

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

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

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

On August 15, 2012 the District offered for sale $40,960,000 in General Obligation 2002 Election, 2012 Refunding Bonds Series A of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contain interest provisions ranging from 3 percent to 5 percent depending on the maturity date of the bond.

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

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $5,501,838. Amortization of $305,658 was recognized during the fiscal year ended June 30, 2019.

On August 5, 2014 the District offered for sale $43.2 million in General Obligation 2002 Election, 2014 Refunding Bonds Series E of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series D). The bonds contain interest provisions ranging from 2 percent to 5 percent depending on the maturity date of the bond.

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

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $5,420,772. Amortization of $301,154 was recognized during the fiscal year ended June 30, 2019.

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

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

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure E (2002) Bonds included total premiums of $22,348,879. This amount will be amortized using the straight-line method. Amortization of $767,822 was recognized during the fiscal year ended June 30, 2019.

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

The outstanding bonded debt of Measure E (2002) at June 30, 2019 is presented on the following page:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
Series A	5/15/2003	5/1/2004 to 5/1/2013	2.50-5.00%	$ 40,000,000	$
Series B	11/29/2005	5/1/2006 to 5/1/2030	3.75-5.00%	65,000,000	
Series C (1)	11/29/2005	5/1/2006 to 5/1/2017	3.75-4.73%	28,224,898	
Series D	10/24/2007	5/1/2013 to 5/1/2032	3.63-6.01%	70,999,987	15,767,306
Series A (2)	8/15/2012	5/1/2016 to 5/1/2031	3.00-5.00%	40,960,000	34,060,000
Series E (3)	8/5/2014	5/1/2015 to 5/1/2032	2.00-5.00%	43,200,000	42,430,000
Series F (4)	6/9/2015	6/1/2016 to 5/1/2030	2.00-5.00%	12,200,000	10,870,000
Total					$ 103,127,306

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

The annual requirements to amortize all Measure E (2002) bonds payable, outstanding as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest
2020	$ 5,886,392	$ 2,188,608	$ 3,865,963
2021	5,944,706	2,345,294	3,747,063
2022	6,021,127	2,493,873	3,619,013
2023	6,136,026	2,633,974	3,456,513
2024	6,269,611	2,633,974	3,456,513
2025-2029	47,339,444	3,395,556	12,107,315
2030-2032	25,530,000		1,989,671
Total Debt Service	$ 103,127,306	$ 15,691,279	$ 32,242,051

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

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

On July 24, 2008, the District offered for sale $48,373,981 in General Obligation 2008 Election Series A (2008) Bonds. The bonds were issued as current interest bonds in the aggregate

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

principal amount of $24,990,000 and capital appreciation bonds in the aggregate principal amount of $23,383,981. These bonds contain interest provisions ranging from 3.59 percent to 5.45 percent depending on maturity date of the bond. The capital appreciation bonds were issued with maturity dates of June 1, 2012 through June 1, 2018 and June 1, 2027 through June 1, 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

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

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

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

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $2,035,257. Amortization of $156,558 was recognized during the fiscal year ended June 30, 2019.

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

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

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

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $2,389,360. Amortization of $159,291 was recognized during the fiscal year ended June 30, 2019.

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

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

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of $85,835,000 has an expected redemption date of August 1, 2022. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $13,251,652. Amortization of $602,348 was recognized during the fiscal year ended June 30, 2019.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure E (2008) bonds included total premiums of $44,183,596 which are amortized using the straight-line method. Amortization of $1,369,166 was recognized during the fiscal year ended June 30, 2019, which includes premiums recognized for the refunded portion of bonds.

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

The outstanding bonded debt of Measure E (2008) at June 30, 2019 is presented on the following page:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
Series A	7/24/2008	6/1/2012 to 6/1/2033	3.59-5.45%	$ 48,373,981	$ 15,096,104
Series B	12/12/2012	8/1/2013 to 8/1/2049	2.00-5.00%	237,003,695	139,578,695
Series C (1)	3/11/2014	8/1/2016 to 8/1/2026	0.66-4.10%	11,825,000	7,850,000
Series F (2)	6/25/2015	6/1/2016 to 5/1/2030	2.00-5.00%	20,345,000	17,295,000
Series D	9/7/2016	8/1/2018 to 8/1/2019	1.05-1.27%	3,210,000	1,720,000
Series G (3)	11/16/2017	2/1/2018 to 8/1/2034	2.00-5.00%	83,490,000	81,655,000
Total					$ 263,194,799

(1) Refunding Bonds 2014 Series C - refunded portions of the Series A (2008) bonds.

(2) Refunding Bonds 2015 Series F - refunded portions of the Series A (2008) bonds.

(3) Refunding Bonds 2017 Series G - refunded portions of the Series B (2008) bonds.

The annual requirements to amortize all Measure E (2008) bonds payable, outstanding as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest
2020	$ 7,395,000	$	$ 8,088,539
2021	8,390,000		7,809,312
2022	9,270,000		7,453,436
2023	10,385,000		7,034,911
2024	11,505,000		6,526,802
2025-2029	62,916,349	10,543,651	23,299,423
2030-2034	41,539,506	24,280,493	22,499,225
2035-2039	17,278,233	6,936,767	39,393,950
2040-2044	50,150,193	9,484,807	34,066,113
2045-2049	36,087,508	54,632,491	16,114,850
2050	8,278,010	12,531,990	494,238
Total Debt Service	$ 263,194,799	$ 118,410,199	$ 172,780,799

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

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

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

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

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The bonds included total premiums of $7,045,199, which are amortized using the straight-line method. Amortization of $352,260 was recognized during the fiscal year ended June 30, 2019.

The outstanding bonded debt of Measure LB (2016) at June 30, 2019 is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
Series A	9/7/2016	8/1/2017	0.93%	$ 9,000,000	$
Series B	9/7/2016	8/1/2017 to 8/1/2046	2.00-5.00%	72,790,000	53,850,000
Total					$ 53,850,000

The annual requirements to amortize all Measure LB (2016) bonds payable, outstanding as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2020	$ 13,260,000	$ 1,801,900
2021		1,536,700
2022		1,536,700
2023	120,000	1,535,500
2024	190,000	1,532,400
2025-2029	2,200,000	7,479,700
2030-2034	4,835,000	6,904,383
2035-2039	8,395,000	5,835,675
2040-2044	13,515,000	3,714,900
2045-2047	11,335,000	704,500
Total Debt Service	$ 53,850,000	$ 32,582,358

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District established an Other Post Employment Benefit Plan (the Plan) which is a single-employer defined benefit healthcare plan administered by the Futuris Public Entity Investment

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Trust (the Retiree Health Benefit Trust). The Retiree Health Benefit Trust serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of member districts, and their employees and retirees.

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

Option A

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

Option B

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

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

Membership of the plan consisted of the following at June 30, 2019:

Participant Type:	Number of Participants
Inactive participants currently receiving benefits	184
Inactive participants entitled to but not yet receiving benefit payments	-
Participating active employees	803
Total	987

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District incurs 92% - 100% percent of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For the year ended June 30, 2019 the District contributed $2,746,987 to the plan. District maintains a retiree benefits fund to designate resources for retiree health care

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

costs. Committed resources in the fund totaled $22,746,417 at June 30, 2019.

Net OPEB Liability

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

		Balance June 30, 2019
Total OPEB liability	$	36,301,571
Plan fiduciary net position		8,623,949
District's net OPEB liability	$	27,677,622
Plan fiduciary net position as a percentage of the total OPEB liability (asset)		24%

The deferred outflow of resources results from a change of assumptions and is amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the OPEB plan for June 30, 2019 is 9.6 years. The year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods not to exceed 8.6 years.

The deferred inflow of resources resulting from the net differences between investment gains and losses and changes in assumptions are amortized over a period of 5 years and 9.6 years, respectively, on a straight-line basis. One year of amortiation is recognized in OPEB expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining 4 year and 8.6 year period, respectively.

At June 30, 2019, the District reported deferred inflows and outflows as follows:

Year Ending June 30,		Deferred Outflows of Resources		Deferred Inflows of Resources
Experince gains and losses	$		$	7,392,314
Changes of assumptions		3,607,955		
Investment gains and losses				116,793
Total	$	3,607,955	$	7,509,107

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

At June 30, 2019, the deferred inflows and outflows will be amortized as shown herein:

Year Ending June 30,	Amortization
2020	$ (418,638)
2021	(418,638)
2022	(418,638)
2023	(400,243)
2024	(384,840)
Thereafter	(1,860,155)
Total	$ (3,901,152)

Investments

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

At June 30, 2019, all Plan investments were in mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 8.50%.

Investment Valuation

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

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

The Plan's investment fair value measurements at June 30, 2019 are presented below:

Investment	Cost	Fair Value Measurements Net Asset Value (NAV)
Mutual Fund - Fixed Income	$ 4,986,803	$ 5,065,582
Mutual Fund - Domestic Equity	2,446,566	2,651,763
Mutual Fund - International Equity	471,738	540,827
Mutual Fund - Real Estate	340,956	365,777
Total	$ 8,246,063	$ 8,623,949

Actuarial Methods and Assumptions

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

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	5.80%
Health Care Trend Rate	4.00%

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

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

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 (see the discussion of the Plan's investment policy) are as follows:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
All fixed income	55.00%	4.50%
Real estate investment trusts	4.00%	7.50%
All domestic equities	22.00%	7.50%
All international equities	19.00%	7.50%

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	$ 42,904,974	$ 8,177,646	$ 34,727,328
Changes for the year:			
Service cost	2,397,033		2,397,033
Interest	1,924,513		1,924,513
Employer contributions		2,746,987	(2,746,987)
Assumption Changes	(8,251,888)		(8,251,888)
Net investment income		445,038	(445,038)
Investment Gains/Losses			-
Benefit payments	(2,673,061)	(2,673,061)	-
Administrative expenses		(72,661)	72,661
Net changes	(6,603,403)	446,303	(7,049,706)
Balances at June 30, 2019	$ 36,301,571	$ 8,623,949	$ 27,677,622

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

The following presents the District's net OPEB liability calculated using the discount rate of 5.8 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.8 percent) or 1-percentage-point higher (6.8 percent) than the current rate:

Discount rate	Net OPEB Liability (Asset)
1% decrease (4.8%)	$ 30,550,165
Current discount rate (5.8%)	27,677,622
1% increase (6.8%)	25,107,802

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

Healthcare trend rate	Net OPEB Liability (Asset)
1% decrease (3.0.%)	$ 25,222,525
Current healthcare trend rate (4.0%)	27,677,622
1% increase (5.0%)	30,255,652

OPEB Expense

For the year ended June 30, 2019, the District recognized OPEB expense of $3,607,545.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

As of June 30, 2019, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans are as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	$ 83,635,370	$ 23,544,263	$ 5,791,014	$ 10,126,241
CalPERS - Schools Pool Plan	70,204,069	19,097,509	298,871	13,609,308
CalPERS - Miscellaneous Employer Plan (Auxiliary)	2,893,885	813,025	371,823	504,728
Total	$ 156,733,324	$ 43,454,797	$ 6,461,708	$ 24,240,277

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

Provisions and Benefits	CalSTRS - STRP Defined Benefit Program and Supplement Program	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

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 contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2019 are presented above and the total District contributions were $8,387,203.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

Proportionate Share of Net Pension Liability	Balance June 30, 2019
District proportionate share of net pension liability	$ 83,635,370
State's proportionate share of the net pension liability associated with the District	47,885,396
Total	$ 131,520,766

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the

NOTE 12: EMPLOYEE RETIREMENT PLANS

State, actuarially determined. At June 30, 2018, the District's proportion was 0.0910%.

For the year ended June 30, 2019, the District recognized pension expense of $10,126,241. In addition, the District recognized revenue and corresponding expense of $5,625,454 for support provided by the state. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,387,203	$
Differences between expected and actual experience	259,350	1,214,850
Changes of assumptions	12,992,980	
Changes in proportion	1,904,730	1,355,674
Net differences between projected and actual earnings on pension plan investments		3,220,490
Total	$ 23,544,263	$ 5,791,014

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 year ended June 30, 2020. The net differences between projected and actual earnings on the plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2018 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

NOTE 12: EMPLOYEE RETIREMENT PLANS

The remaining amounts will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2020	$ 3,310,356
2021	2,103,696
2022	(90,772)
2023	1,759,582
2024	2,521,413
2025	(238,229)
Total	$ 9,366,046

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, 2017, and rolling forward the total pension liability to June 30, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect

NOTE 12: EMPLOYEE RETIREMENT PLANS

in February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.10%)	$ 122,516,030
Current discount rate (7.10%)	83,635,370
1% increase (8.10%)	51,399,530

NOTE 12: EMPLOYEE RETIREMENT PLANS

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 12: EMPLOYEE RETIREMENT PLANS

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

Provisions and Benefits	CalPERS - Schools Pool Plan	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019 are as presented above and the total District contributions were $6,183,589.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $70,204,069. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.2633%.

For the year ended June 30, 2019, the District recognized pension expense of $13,609,308. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 12: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,183,589	$
Differences between expected and actual experience	4,602,322	
Changes of assumptions	7,009,567	
Changes in proportion	726,200	298,871
Net differences between projected and actual earnings on pension plan investments	575,831	
Total	$ 19,097,509	$ 298,871

The deferred outflows of resources relating from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net differences between projected and actual earnings on the plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2018 measurement date is 4.0 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.0 years.

The remaining amounts will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2020	$ 7,240,012
2021	5,636,499
2022	152,912
2023	(414,374)
Total	$ 12,615,049

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017

NOTE 12: EMPLOYEE RETIREMENT PLANS

used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90 percent of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the

NOTE 12: <u>EMPLOYEE RETIREMENT PLANS</u>

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

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 102,213,768
Current discount rate (7.15%)	70,204,069
1% increase (8.15%)	43,647,442

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2018, the CalPERS Board adopted new mortality assumptions for the plan. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

<u>California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary)</u>

Plan Description

Qualified former employees of the Auxiliary are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined

NOTE 12: EMPLOYEE RETIREMENT PLANS

benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The Auxiliary sponsors one Miscellaneous Risk Pool plan (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

This plan is closed to new entrants and the Auxiliary has been outsourced, so there are no longer any employees. Additionally, there were no employees hired on or after January 1, 2013. The Plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

NOTE 12: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	CalPERS - Miscellaneous Employer Pool	
Plan	First Tier	Second Tier
Hire date	On or Before December 31, 2012	June 26, 2011-December 31, 2012
Benefit formula	2% at 55	2% at 60
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	60
Required employee contribution	n/a, there are no longer any employees	
Required employer contribution	$262,075	

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Auxiliary is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019 are presented above and the total Auxiliary contributions were $262,075.

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

As of June 30, 2019, the Auxiliary reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling $2,893,885. The net pension liability was measured as of June 30, 2018. The Auxiliary's proportion of the net pension liability was based on a projection of the Auxiliary's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Auxiliary's proportion was 0.0300%.

For the year ended June 30, 2019, the Auxiliary recognized pension expense of $504,728. At June 30, 2019, the Auxiliary reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 12: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 262,075	$
Differences between expected and actual experience	82,335	28,018
Changes of assumptions	244,640	59,956
Changes in proportion	87,361	224,018
Differences between contributions and proportionate share of contributions	126,005	59,831
Net differences between projected and actual earnings on pension plan investments	10,609	
Total	$ 813,025	$ 371,823

The deferred outflows of resources related to pensions resulting from Auxiliary contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

The net differences between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the Miscellaneous Plan for the June 30, 2018 measurement date is 3.8 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.8 years.

The remaining will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2020	$ 297,310
2021	118,772
2022	(189,172)
2023	(47,783)
Total	$ 179,127

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to

NOTE 12: EMPLOYEE RETIREMENT PLANS

June 30, 2018. No material changes in assumptions or benefits terms occurred between the actuarial date and the measurement date. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvement using Scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

NOTE 12: EMPLOYEE RETIREMENT PLANS

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Auxiliary's Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 3,446,919
Current discount rate (7.15%)	2,893,885
1% increase (8.15%)	1,071,939

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2018, the CalPERS Board adopted new mortality assumptions for the plan. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 12: EMPLOYEE RETIREMENT PLANS

Accumulation Program for Part-time and Limited Service Employees Plan (APPLE)

Plan Description

The Accumulation Program for Part-time and Limited Service Employees Plan (APPLE) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members are established and may be amended by the Governing Board of the District. The plan is administered by MidAmerica Administrative Solutions, Inc.

Funding Policy

The District does not contribute any percentage based on the employee's gross earnings. An employee is required to contribute 7.5% of his or her gross earnings to the pension plan. Total contributions were made by the employees in the amount of $485,703 during the fiscal year. The total amount of covered compensation was $6,475,997. Contributions made by the employee vest immediately.

NOTE 13: SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

The District has two Supplemental Employee Retirement Plans for faculty, classified and management/confidential employees. The total liability of $3,758,398 has been reflected in these financial statements.

In 2015-16 the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty employees. A total of 31 faculty employees participated in the plan. The total cost savings to the District is approximately $2.9 million. The District will pay benefits of $468,583 annually through 2020-21. The total remaining liability of $937,166 has been reflected in these financial statements.

In 2017-18 the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty and classified employees. A total of 17 faculty employees, 1 academic administrator, 10 classified managers and 25 classified employees participated in the plan. The total cost savings to the District is approximately $1.7 million. The District will pay benefits of $705,308 annually through 2022-23. The total remaining liability of $2,821,232 has been reflected in these financial statements.

NOTE 14: INTERNAL SERVICE FUNDS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established a Self-Insurance Fund to account for and finance its risks of loss related to property and liability. Under this program, the Self Insurance Fund provides coverage for up to a maximum of $10,000 for each general/professional liability claim, $25,000 for each cyber liability claim and $5,000 for each property damage claim. The District participates in two JPAs to provide excess insurance coverage above the member retained limits for general/professional liability, cyber liability and property liability claims. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Funding of the Self Insurance Fund is based on estimates of the amounts needed to pay prior and current year property general/professional and cyber liability claims. Funding is provided by transfers from the General Fund. Claims paid within the member retained limit during the fiscal year ended June 30, 2019 totaled $56,506.

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

Effective July 1, 2003, the District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid during the fiscal year ended June 30, 2019 totaled $15,208.

Claims Liability

At June 30, 2019, the District accrued the workers' compensation claims liability for run-off claims in accordance with accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 14: INTERNAL SERVICE FUNDS

The amount of future liability is estimated at $194,828. Changes in the reported liability are shown below:

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Worker's compensation	$ 194,828	$ 15,208	$ (15,208)	$ 194,828

An estimate for claims liability related to property and liability risk has not been recorded as there are no known claims at June 30, 2019.

NOTE 15: JOINT POWERS AGREEMENTS

The District participates in four Joint Powers Agreements (JPA) entities: Protective Insurance Program for Schools (PIPS), School's Association for Excess Risk (SAFER), Statewide Educational Wrap-up Program (SEWUP), and the Statewide Association of Community Colleges (SWACC).

PIPS provides workers' compensation insurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

SAFER provides excess insurance coverage for liability losses from $1,000,000 to $50,000,000 and $5,000,000 to $250,000,000 for excess property coverage.

SEWUP is a consolidated construction insurance program covering the job-site risks of: District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. Membership is comprised of 400 California Schools and Community College Districts. Premiums are determined for each construction project or projects.

SWACC provides liability and property insurance for forty-eight community colleges. SWACC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the Board. Each member shares surpluses and deficits proportionately to its participation in SWACC.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

NOTE 15: JOINT POWERS AGREEMENTS

Each JPA is independently accountable for its fiscal matters. All JPAs maintains their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

The most current condensed financial information for the fiscal year ended is as follows:

	PIPS 6/30/2019 (Audited)	SAFER 6/30/2019 (Audited)	SEWUP 6/30/2019 (Audited)	SWACC 6/30/2019 (Audited)
Total assets	$ 133,474,239	$ 43,494,593	$ 32,862,987	$ 53,983,748
Total liabilities	99,564,236	52,232,601	30,315,600	36,138,632
Net position	$ 33,910,003	$ (8,738,008)	$ 2,547,387	$ 17,845,116
Total revenues	315,820,121	67,893,879	16,291,936	21,676,025
Total expenses	306,044,422	77,777,714	15,739,846	21,846,144
Changes in net position	$ 9,775,699	$ (9,883,835)	$ 552,090	$ (170,119)

Separate financial statements for the JPAs can be obtained through the District.

NOTE 16: COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

NOTE 16: COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2019, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $75.1 million. Projects will be funded through bond proceeds, state funds and general funds.

NOTE 17: FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the Statement of Revenues, Expenses and Changes in Net Position. A schedule of expenses by function is shown below:

Functional Expense	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Financial Aid	Depreciation	Total
Instructional	$ 48,487,063	$ 25,277,504	$ 2,369,892	$	$	$ 76,134,459
Academic support	9,185,013	4,146,976	1,130,811	186,358		14,649,158
Student services	15,028,164	6,827,964	1,593,560	623,742		24,073,430
Operation and maintenance of plant	4,453,844	2,473,936	3,608,241			10,536,021
Institutional support	11,190,308	15,904,344	6,899,707			33,994,359
Community services and economic development	2,591,764	1,140,809	5,247,258			- 8,979,831
Ancillary services auxiliary operations	3,931,160	2,043,618	16,318,226			22,293,004
Student aid				43,977,919		43,977,919
Transfers and other outgo						-
Depreciation expense					16,724,277	16,724,277
Total	$ 94,867,316	$ 57,815,151	$ 37,167,695	$ 44,788,019	$ 16,724,277	$ 251,362,458

NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2017, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 84 – *Fiduciary Activities*

The objective of the statement is to improve guidance regarding the recognition of fiduciary

NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement is effective for the fiscal year 2019-20.

Statement No. 87 – *Leases*

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement is effective for the fiscal year 2020-21.

Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100 percent equity interest is acquired in that component unit. The statement is effective for the fiscal year 2019-20.

Statement No. 91 – *Conduit Debt Obligations*

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement is effective for the fiscal year 2021-22.

NOTE 19: SUBSEQUENT EVENTS

Los Coyotes Property Sale

On June 8, 2018 a purchase and sale agreement between the District and Olson Urban Housing, LLP (Buyer) was entered into for the purchase price of $16,625,000 for the purchase of District’s surplus real property located at 3320 and 3340 Los Coyotes Diagonal and 3325 Palo Verde Avenue, Long Beach California. A good faith deposit from the Buyer of $200,000 was held in escrow and is refundable during the due diligence period. On September 10, 2019, Olson Urban Housing, LLP (Buyer) provided a notice of cancellation of escrow. As buyer terminated escrow during the due diligence period, the good faith deposit from the Buyer of $200,000, held in escrow, was refunded to the buyer. The District received a proposal from Los Coyotes Diagonal Redevelopment (LCDR), LLC on November 19, 2019 for the amount of $12,823,768 for the

NOTE 19: SUBSEQUENT EVENTS

purchase of the aforementioned property. The proposal was presented to the Board of Trustees at the regularly scheduled Board meeting on Wednesday, November 20, 2019. The board directed legal counsel to present a counteroffer of $14,500,000 to LCDR. The District is awaiting a response on the counterproposal.

General Obligation Bond

The District sold $130.0 million in General Obligation Bonds, Measure LB (2016), Series C on October 23, 2019. The bonds were sold with an interest rate ranging from 3.0% to 5.0% and maturity dates from August 1, 2020 through August 1, 2049. The proceeds of the Series C Bonds will be used to finance certain capital improvements of the District and to pay the costs of issuance of the Bonds.

In addition, the District sold $67.4 million in General Obligation Series H Refunding bonds on October 23, 2019. The bonds were sold with an interest rate ranging from 1.702% to 2.687% and maturity dates from August 1, 2020 through August 1, 2032. The Refunding Bonds are being issued to refund certain outstanding maturities of the District's General Obligation Refunding Bonds, Measure E (2002), Refunding 2012 Series A, of which $34,060,000 principal amount is currently outstanding, and the District's General Obligation Bonds, Measure E (2008), Refunding 2012 Series B, of which $137,743,695 principal and denominational amount is currently outstanding and to pay the costs of issuance of the Refunding Bonds. The refunding will result in an estimated present value savings in cash flow of $8,702,971.

REQUIRED SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Years Ended June 30,

California State Teachers' Retirement System - State Teachers' Retirement Plan	**2015**	**2016**	**2017**	**2018**	**2019**
District's proportion of the net pension liability (assets)	0.0880%	0.0910%	0.0920%	0.0930%	0.0910%
District's proportionate share of the net pension liability (asset)	$ 51,424,560	$ 61,264,840	$ 74,410,520	$ 86,006,400	$ 83,635,370
State's proportionate share of the net pension liability (asset) associated with the District	31,052,681	32,402,260	42,366,818	50,881,074	47,885,396
Total	$ 82,477,241	$ 93,667,100	$ 116,777,338	$ 136,887,474	$ 131,520,766
District's covered payroll	$37.4 million	$37.3 million	$47.4 million	$50.6 million	$52.3 million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	137.64%	164.17%	156.88%	169.97%	159.91%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.02%	70.04%	69.00%	71.00%

California Public Employees' Retirement System - Schools Pool Plan	**2015**	**2016**	**2017**	**2018**	**2019**
District's proportion of the net pension liability (assets)	0.2605%	0.2656%	0.2656%	0.2582%	0.2633%
District's proportionate share of the net pension liability (asset)	$ 29,573,093	$ 39,149,702	$ 51,152,660	$ 61,639,155	$ 70,204,069
District's covered payroll	$27.5 million	$29.9 million	$30.8 million	$33.0 million	$34.9 million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	107.53%	131.00%	166.22%	186.79%	201.16%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	79.43%	73.90%	72.00%	71.00%

California Public Employees' Retirement System - Miscellaneous Employer Plan (Auxiliary)	**2015**	**2016**	**2017**	**2018**	**2019**
Auxiliary's proportion of the net pension liability (assets)	0.3624%	0.0803%	0.0369%	0.0329%	0.0300%
Auxiliary's proportionate share of the net pension liability (asset)	$ 2,254,982	$ 2,204,132	$ 3,197,081	$ 3,263,001	$ 2,893,885
Auxiliary's covered payroll (1)	$ -	$ -	$ -	$ -	$ -
Auxiliary's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	76.50%	79.89%	75.87%	73.00%	75.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

(1) The Auxiliary plan is a closed plan to new entrants with no ongoing payroll.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
For the Fiscal Years Ended June 30,

California State Teachers' Retirement System - State Teachers' Retirement Plan	**2015**	**2016**	**2017**	**2018**	**2019**
Contractually required contribution	$ 3,309,638	$ 5,089,273	$ 6,359,424	$ 7,552,499	$ 8,387,203
Contributions in relation to the contractually required contribution	3,309,638	5,089,273	6,359,424	7,552,499	8,387,203
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$37.3 million	$47.4 million	$50.6 million	$52.3 million	$51.5 million
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%

California Public Employees' Retirement System - Schools Pool Plan	**2015**	**2016**	**2017**	**2018**	**2019**
Contractually required contribution	$ 3,517,765	$ 3,646,749	$ 4,579,905	$ 5,419,021	$ 6,183,589
Contributions in relation to the contractually required contribution	3,517,765	3,646,749	4,579,905	5,419,021	6,183,589
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$29.9 million	$30.8 million	$33.0 million	$34.9 million	$34.2 million
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

California Public Employees' Retirement System - Miscellaneous Employer Plan (Auxiliary)	**2015**	**2016**	**2017**	**2018**	**2019**
Auxiliary contractually required contribution	$ 534	$ -	$ -	$ -	$ -
Auxiliary contributions in relation to the contractually required contribution (1)	407,658	420,701	440,547	174,923	262,075
Auxiliary contribution deficiency (excess)	$ (407,124)	$ (420,701)	$ (440,547)	$ (174,923)	$ (262,075)
Auxiliary's covered payroll (2)	n/a	n/a	n/a	n/a	n/a
Auxiliary contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

(1) Actual contributions were based on billings submitted by CalPERS to the Auxiliary.
(2) The Auxiliary plan is a closed plan to new entrants with no ongoing payroll.

See the accompanying notes to the required supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Years Ended June 30,

Total OPEB Liability	2017	2018	2019
Service Cost	$ 2,270,442	$ 2,332,879	$ 2,397,033
Interest	2,048,046	1,661,774	1,924,513
Assumption Changes	-	4,557,417	(8,251,888)
Benefit Payments	(2,709,554)	(2,817,936)	(2,673,061)
Net Change in Total OPEB Liability	1,608,934	5,734,134	(6,603,403)
Total OPEB Liability - beginning	35,561,906	37,170,840	42,904,974
Total OPEB Liability - ending (a)	$ 37,170,840	$ 42,904,974	$ 36,301,571

Plan Fiduciary Net Position	2017	2018	2019
Contributions - Employer	$ 2,774,262	$ 2,817,936	$ 2,673,061
Net Investment Income	716,625	349,725	346,172
Investment Gains/Losses	-	91,971	98,866
Employer contributions to trust	-	-	73,926
Benefit Payments	(2,709,554)	(2,817,936)	(2,673,061)
Administrative Expense	(65,077)	(71,423)	(72,661)
Net Change in Plan Fiduciary Net Position	716,256	370,273	446,303
Plan Fiduciary Net Position - beginning	7,091,117	7,807,373	8,177,646
Plan Fiduciary Net Position - ending (b)	$ 7,807,373	$ 8,177,646	$ 8,623,949
Net OPEB Liability- ending (a) - (b)	$ 29,363,467	$ 34,727,328	$ 27,677,622
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.00%	19.06%	23.76%
Covered employee payroll	$ 65,033,514	$ 71,362,047	$ 73,755,295
Net OPEB liability as a percentage of covered-employee payroll	45.15%	48.66%	37.53%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS
For the Fiscal Years Ended June 30,

OPEB Contributions	2017	2018	2019
Actuarially Determined Contribution (ADC)	$ 5,153,982	$ 4,112,718	$ 4,525,822
Contributions in relation to the ADC	2,774,262	2,817,936	2,746,987
Contribution deficiency (excess)	$ 2,379,720	$ 1,294,782	$ 1,778,835
District's covered payroll	$ 65,033,517	$ 71,362,047	$ 73,755,295
Contributions as a percentage of covered-employee payroll	4.27%	3.95%	3.72%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
For the Fiscal Years Ended June 30,

	Balance June 30, 2017	Balance June 30, 2018	Balance June 30, 2019
Annual money-weighted rate of return, net of investment expense	4.66%	-0.69%	8.50%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

NOTE 1: PURPOSE OF SCHEDULES

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedules of District Pension Contributions – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None

Changes of Assumptions - The discount rate and expected rate of return on assets was changed from 4.5% to 5.8%.

Schedule of Postemployment Healthcare Benefits Employer Contributions

The schedule is intended to show trends about the amounts contributed in relation to the actuarially determined contribution.

Actuarially determined contribution rates are calculated as of July 1, 2019, 12 months prior to the end of the fiscal year in which contributions are reported.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	5.8%
Health Care Trend Rate	4%

NOTE 1: PURPOSE OF SCHEDULES

Mortality rates were based on the 2009 rates used by CalSTRS and the 2014 rates used by CalPERS for pension valuations.

Schedule of Postemployment Healthcare Benefits Money-Weighted Rate of Return on Plan Assets

The schedule is intended to show trends about the rate of return on plan assets.

SUPPLEMENTARY INFORMATION

HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2019

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

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2019 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Ms. Sunny Zia	President	December 2022
Ms. Vivian Malauulu	Vice President	December 2020
Dr. Virginia L. Baxter	Member	December 2022
Mr. Uduak-Joe Ntuk	Member	December 2022
Mr. Douglas W. Otto	Member	December 2020
Mr. Donnell Jones	Student Trustee	May 2020

DISTRICT ADMINISTRATORS

Dr. Reagan F. Romali	Superintendent/President
Ms. Marlene Drinkwine	Vice President, Business Services
Dr. Kathleen Scott	Executive Vice President, Academic Affairs
Dr. Mike Munoz	Vice President, Student Support Services
Gene Durand	Vice President, Human Resources

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
Department of Education			
Student Financial Aid Cluster			
Direct:			
Supplemental Educational Opportunities Grant (SEOG)	84.007	n/a	$ 1,002,834
Administrative Allowance - Campus Based Programs	84.000	n/a	92,904
Federal Work Study (FWS)	84.033	n/a	570,193
Administrative Allowance - Pell	84.063	n/a	50,575
Pell Grant	84.063	n/a	34,457,753
William D. Ford Direct Loan Program	84.268	n/a	2,615,846
Total Student Financial Aid Cluster			38,790,105
TRIO Cluster			
Direct:			
Student Support Services-Project Go	84.042A	n/a	249,467
Upward Bound	84.047A	n/a	297,571
Total TRIO Cluster			547,038
Pass-Through Program from the California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C (Basic Grants to States)	84.048	(1)	790,387
Career Technical Education Transitions	84.048A	(1)	41,377
Total Career Technical Education			831,764
Total Department of Education			40,168,907
Department of Agriculture			
Direct:			
Child Nutrition Program	10.558	n/a	63,798
U.S. Small Business Administration			
Direct:			
Small Business Development Center (SBDC)	59.037	n/a	4,191,823

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Veterans Affairs			
Direct:			
Post 9/11 Veteran Education Assistant -GI Bill Chapter 33	64.028	n/a	201,207
Department of Health and Human Services			
Pass-Through Program from the California Department of Education:			
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	(1)	13,933
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	(1)	30,309
Total Child Care and Development Fund Cluster			44,242
Pass-Through Program from the California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	110,579
Foster Care - Title IV - E	93.658	(1)	110,070
Total Department of Health and Human Services			264,891
Department of Transportation			
Pass through from the California State University Los Angeles Foundation			
CSULA Construction Pre-App	20.215	(1)	79,398
Corporation for National and Community Service (CNCS)			
Direct:			
AmeriCorps National Service Awards	94.006	n/a	84,594
Total Federal Grants			$ 45,054,618
Amount Provided to Subrecipients			
Small Business Development Center (SBDC)	59.037	n/a	
Economic Development Collaboration - Ventura			$ 605,083
El Camino Community College District			344,207
Los Angeles Chamber of Commerce			223,991
Pacific Coast Regional Small Business Development Corporation			304,498
Pasadena Community College District			234,395
Santa Clarita Community College District			391,458
University of La Verne			227,409
			$ 2,331,041

(1) Pass-Through entity identifying number not readily available
n/a Pass-Through entity identifying number not applicable

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
For the Fiscal Year Ended June 30, 2019

Program Name	Program Revenues: Cash Received	Program Revenues: Accounts Receivable/ (Payable)	Program Revenues: Unearned Revenue	Program Revenues: Total	Total Program Expenditures
State Categorical Aid Programs:					
Access to Print and Electronic Info	$ 11,554	$	$	$ 11,554	$ 11,554
Adult Education	1,763,181			1,763,181	1,763,181
Board Financial Assistance Program (BFAP) - Student Financial Aid Administration (SFAA)	912,666			912,666	912,666
Cal Grant	3,141,371	(37,319)		3,104,052	3,104,052
CalWORKs	662,589			662,589	662,589
Childcare Taxbailout	56,583			56,583	56,583
Classified Professional Development	97,658		97,658	-	-
Community College Completion Grant	110,250			110,250	110,250
Cooperative Agencies Resources for Education (CARE)	247,398			247,398	247,398
Deaf and Hard of Hearing	379,995			379,995	379,995
Disabled Student Program and Services (DSPS)	1,527,004			1,527,004	1,527,004
Equal Employment Opportunity	92,798		55,360	37,438	37,438
Extended Opportunities Program and Services (EOPS)	1,626,901			1,626,901	1,626,901
Financial Aid Tech Grant	233,342		144,011	89,331	89,331
Foster Care Education Program	135,880			135,880	135,880
Full Time Student Success Grant	20,500			20,500	20,500
Guided Pathways	1,052,074		643,836	408,238	408,238
Hunger Free Campus	188,280		188,280	-	-
Mental Health Program	187,444		106,852	80,592	80,592
Nextup	555,090		254,328	300,762	300,762
Nursing Education Program Support	90,581		45,193	45,388	45,388
Certified Nursing Assistant Program	112,500		102,903	9,597	9,597
General Child Care and Development Program	82,354	19,797		102,151	102,151
Part-Time Faculty Compensation	395,455		57,794	337,661	337,661
Physical Plant and Instructional Planning - Block Grant	3,280,134			3,280,134	3,280,134
State Preschool Program	661,471	21,581		683,052	683,052
Strong Workforce Program	2,068,683	321,010		2,389,693	2,389,693
Student Success Completion Grant	2,001,765	(4,901)	200,000	1,796,864	1,796,864
Student Equity and Achievement	7,186,145		1,112,813	6,073,332	6,073,332
Veterans Resource Center	161,190		89,960	71,230	71,230
Veterans Resource Center Grant	77,114	-	77,114	-	-
Total State Categorical Aid Programs	$ 29,119,950	$ 320,168	$ 3,176,102	$ 26,264,016	$ 26,264,016

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
For the Fiscal Year Ended June 30, 2019

	Annual - Factored FTES		
Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2018 only)			
1. Noncredit[1]	53.31	-	53.31
2. Credit[1]	1,611.07	(0.13)	1,610.94
B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)			
1. Noncredit[1]	-	-	-
2. Credit[1]	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	13,076.01	(2.01)	13,074.00
(b) Daily Census Contact Hours	1,207.54	-	1,207.54
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	424.43	-	424.43
(b) Credit[1]	466.25	-	466.25
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,430.98	-	1,430.98
(b) Daily Census Contact Hours	1,249.40	-	1,249.40
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	19,518.99	(2.14)	19,516.85
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	-	-	-
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	442.78	-	442.78
(b) Credit[1]	304.19	-	304.19
CCFS 320 Addendum			
CDCP Noncredit FTES	372.07	-	372.07
Centers FTES			
(a) Credit[1]	3,372.66	(0.57)	3,372.09
(a) Noncredit[1]	368.04	-	368.04

[1] Including Career Development and College Preparation (CDCP) FTES

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

The audit resulted in no adjustments to the fund balances reported on the June 30, 2019 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles.

	Governmental Funds
Unrestricted General Fund Balance	$ 36,212,646
Restricted General Fund Balance	4,899,052
Bond Interest and Redemption Fund Balance	28,004,392
Bond Construction Fund Balance (2008 and 2016 Election)	22,543,468
Capital Projects Fund Balance	18,549,727
Child and Adult Development Fund Balance	1,876,640
Other Special Revenue Funds Balance (Veteran's Stadium Operation and Contract/Community Education)	1,281,033
Other Trust Fund Balance (Retiree Benefits)	31,500,303
Student Financial Aid and Trust Fund Balance	121,523
Self Insurance Fund Balance	3,772,267
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	148,761,051
Auxiliary (not reported on CCFS-311)	3,585,730
Total Ending Fund Balance	$ 152,346,781

In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2019 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 152,346,781
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets. Net capital assets of $7,448 are already reported in the Auxiliary Fund.	409,178,291
Amounts for 2018-19 property taxes levied for debt service not received as of June 30, 2019 are accrued on the statement of net position which increases the total net assets reported.	2,856,882
Deferred outflows associated with advanced refunding of debt increases total net position reported.	22,172,307

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Deferred outflows associated with pension costs result from pension contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	43,454,797
Deferred outflows associated with other postemployment retirement benefits costs result from contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net other postemployment retirement benefits liability or amortized to benefits expense, as applicable, in subsequent periods.	3,607,955
Compensated absences and load banking are not due and payable in the current period and therefore are not reported in the governmental funds. However, the District has recorded compensated absences of $182,922 in the Unrestricted General Fund.	(5,866,028)
Interest expense related to bonds incurred through June 30, 2019 is accrued as a current lability on the statement of net position which reduces the total net assets reported.	(4,567,363)
Estimated claims liability for self-insured risk of loss is not accrued in the governmental funds.	(194,828)
Liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(513,372,462)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(156,733,324)
The liability associated with other postemployment retirement benefits, is recognized as a liability, which reduces the total net position reported.	(27,677,622)
The liability associated with Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP), is recognized as a liability, which reduces the total net position reported.	(551,188)
The liability associated with supplemental employee retirement plans is not due and payable in the current period, and therefore is not reported as a liability in the governmental funds.	(3,758,398)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(6,461,708)
Deferred inflows of resources associated with other postemployment retirement benefits result from actuarially determined adjustments. These amounts will be amortized to other postemployment retirement benefits expense in subsequent periods.	(7,509,107)
Amounts held in an irrevocable trust for other postemployment retirement benefits are reported in the trust statement of net position.	(8,623,949)
Total net position	$ (101,698,964)

LONG BEACH COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2019

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	$ 24,458,640	$ -	$ 24,458,640	$ 24,458,640	$ -	$ 24,458,640
Instructional Salaries - Other	1300	16,739,702	-	16,739,702	16,739,702	-	16,739,702
Total Instructional Salaries		41,198,342	-	41,198,342	41,198,342	-	41,198,342
Non-Instructional Salaries - Contract or Regular	1200			-	9,334,306		9,334,306
Non-Instructional Salaries - Other	1400			-	1,097,606		1,097,606
Total Non-Instructional Salaries		-	-	-	10,431,912	-	10,431,912
Total Academic Salaries		41,198,342	-	41,198,342	51,630,254	-	51,630,254
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-	-	-	20,912,368	-	20,912,368
Non-Instructional Salaries - Other	2300	-	-	-	923,100	-	923,100
Total Non-Instructional Salaries		-	-	-	21,835,468	-	21,835,468
Instructional Aides - Regular Status	2200	2,347,259	-	2,347,259	2,347,259		2,347,259
Instructional Aides - Other	2400	702,272	-	702,272	702,272		702,272
Total Instructional Aides		3,049,531	-	3,049,531	3,049,531		3,049,531
Total Classified Salaries		3,049,531	-	3,049,531	24,884,999	-	24,884,999
Employee Benefits	3000	22,478,259	-	22,478,259	39,624,155		39,624,155
Supplies and Materials	4000	-	-	-	615,312		615,312
Other Operating Expenses	5000			-	9,333,437		9,333,437
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		66,726,132	-	66,726,132	126,088,157	-	126,088,157
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900	885,036		885,036	885,036		885,036
Student Health Services Above Amount Collected	6441			-			-
Student Transportation	6491			-			-
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-	601,484		601,484
Objects to Exclude							
Rents and Leases	5060			-	72,967		72,967
Lottery Expenditures							
Academic Salaries	1000			-			-
Classified Salaries	2000			-			-
Employee Benefits	3000			-			-
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Other Operating Expenses and Services	5000			-	3,160,509		3,160,509
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Other Outgo	7000			-			-
Total Exclusions		885,036	-	885,036	4,719,996	-	4,719,996
Total for ECS 84362, 50% Law		65,841,096	-	65,841,096	121,368,161	-	121,368,161
Percent of CEE (Instructional Salary Cost/Total CEE)		54.25%	0%	54.25%	100%	0%	100%
50% of Current Expense of Education					60,684,080	-	60,684,080

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
For the Fiscal Year Ended June 30, 2019

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 18,261,883
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 18,261,883	$	$	$ 18,261,883
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 18,261,883	$ -	$ -	18,261,883
Revenue less Expenditures					-

*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District uses an indirect cost rate, approved by the U.S. Department of Health and Human Services, as allowed under the Uniform Guidance. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Federal Loan Programs

The federal student loan programs listed subsequently are administered directly by the District, and balances and transactions relating to these programs are included in the District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2019 consists of:

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Outstanding Balance at June 30, 2019
Student Financial Aid Loan Program			
Perkins program	84.038	n/a	$ 143,762

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019

NOTE 1: PURPOSE OF SCHEDULES

Schedule of State Financial Assistance - Grants

The Schedule of State Financial Assistance was prepared on the full accrual basis of accounting.

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

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2019 *Annual Financial and Budget Report* (CCFS-311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2019 *Annual Financial and Budget Report* (CCFS-311), based upon the modified accrual basis of accounting, and the total net position reported on the audited financial statements based on the full accrual basis of accounting.

Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50 percent law calculation (Education Code Section 84362).

Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Propositions 55 Education Protection Act were expended.

OTHER INDEPENDENT AUDITORS' REPORT

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

The Board of Trustees
Long Beach Community College District
4901 E. Carson Street
Long Beach, California 90808

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the basic financial statements of the Long Beach Community College District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 2, 2019

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Long Beach Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 2, 2019

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited the Long Beach Community College District's (the District) compliance with the types of compliance requirements described in the *2018-19 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office for the year ended June 30, 2019. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the *2018-19 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

Section	Description	Procedures Performed
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded From Other Sources	Not applicable
424	State General Apportionment Funding System	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment - College and Career Access Pathways (CCAP) and Non-CCAP	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Not applicable
439	Proposition 39 Clean Energy Funds	Yes
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Not applicable
490	Proposition 1D and 51 State Bond Funded Projects	Yes
491	Education Protection Account (EPA) Funds	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2018-19 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office, and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-19 Contracted District Audit Manual*, published by the California Community College Chancellor's Office. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 2, 2019

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued				*Unmodified*
Internal control over financial reporting:				
Material weakness(es) identified?		*Yes*	X	*No*
Significant deficiency(ies) identified?		*Yes*	X	*None Reported*
Noncompliance material to financial statements noted?		*Yes*	X	*No*

Federal Awards

Internal control over major federal awards:				
Material weakness(es) identified?		*Yes*	X	*No*
Significant deficiency(ies) identified?	X	*Yes*		*None Reported*
Type of auditors' report issued on compliance for major federal programs:				*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	*Yes*		*No*

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.000, 84.033, 84.063, 84.268	Student Financial Aid Cluster
59.037	Small Business Development Center (SBDC)

Dollar threshold used to distinguish between Type A and Type B	Type A $1,349,369 Type B $ 337,342			
Auditee qualified as low-risk auditee	X	Yes		No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS
June 30, 2019

There were no findings and questioned costs related to basic financial statements for the year ended June 30, 2019.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2019**

2019-001 SMALL BUSINESS DEVELOPMENT CENTER - PROCUREMENT

Federal Program: Small Business Development Center
CFDA Number: 59.037
Award Period: January 1, 2018 through December 31, 2019
Federal Agency: U.S. Small Business Administration

Type of Finding: Significant deficiency in Internal Control over Compliance, Noncompliance.

Criteria: Non-Federal entities other than States, including those operating Federal programs as sub-recipients of States, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR part 200. A non-Federal entity must:

1. Meet the general procurement standards in 2 CFR section 200.318, which include oversight of contractors' performance, maintaining written standards of conduct for employees involved in contracting, awarding contracts only to responsible contractors, and maintaining records to document history of procurements.
2. Conduct all procurement transactions in a manner providing full and open competition, in accordance with 2 CFR section 200.319.
3. Use the micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 CFR sections 200.320(a) and (b). Under the micro-purchase method, the aggregate dollar amount does not exceed $10,000. Small purchase procedures are used for purchases that exceed the micro-purchase amount but do not exceed the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR section 200.320(a)). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 CFR section 200.320(b)).
4. For acquisitions exceeding the simplified acquisition threshold, the non-Federal entity must use one of the following procurement methods: the sealed bid method if the acquisition meets the criteria in 2 CFR section 200.320(c); the competitive proposals method under the conditions specified in 2 CFR section 200.320(d); or the noncompetitive proposals method (i.e., solicit a proposal from only one source) but only when one or more of four circumstances are met, in accordance with 2 CFR section 200.320(f).
5. Perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications (2 CFR section 200.323(a)). The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used (2 CFR section 200.323(d)). 6. Ensure that

2019-001 SMALL BUSINESS DEVELOPMENT CENTER - PROCUREMENT

every purchase order or other contract includes applicable provisions required by 2 CFR section 200.326. These provisions are described in Appendix II to 2 CFR part 200, "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards."

Condition: We noted during our audit that the District's purchasing manual was not updated to meet the procurement standards contained in the Uniform Guidance.

Context: The District expended $376,505 in procurement type activities during the fiscal year.

Effect: Noncompliance with federal regulations.

Cause: The District's internal control did not ensure compliance with the procurement requirements contained in the Uniform Guidance.

Total Program Expenditures: $4,191,823.

Questioned Costs and Units: None.

Repeat Finding: No

Recommendation: We recommend the District update its purchasing manual and processes to ensure compliance with the standards contained in the Uniform Guidance.

Views of responsible officials and planned corrective actions: Please refer to the attached Corrective Action Plan.

2019-002 STATE COMPLIANCE: SECTION 427 DUAL ENROLLMENT (NON-CCAP) – TEN PERCENT OF SPECIAL PART-TIME ENROLLMENT IN PHYSICAL EDUCATION COURSES

Criteria: In accordance Education Code section 76002(a)(4), the District cannot claim more than ten percent of the enrollment claimed for apportionment for each physical education course section that consists of special part-time or full-time students.

Condition: The District only has Non-College and Career Access Pathways (Non-CAAP) dual enrollment opportunities. Out of a sample of 33 physical education course sections with special part-time or full-time students, the audit identified 2 courses that exceeded ten percent of the maximum allowance for the enrollment claimed for apportionment for each course section. Per the Contracted District Audit Manual (CDAM), "In the view of the Chancellor's Office, this ten percent limit serves as a limit on how many students may be claimed for apportionment in each course section, not how many may actually be enrolled in a class section." This District claimed all special part-time or full-time students enrolled in the physical education course sections.

Questioned Costs: Decrease of 2.14 Full Time Equivalent Student (FTES) Daily Student Contact Hours (DSCH); of which 0.13 FTES were reported in Summer 2018 term and 2.01 FTES were report in the primary terms. Estimated net effect on the Student Centered Funding Formula (SCFF) calculated revenue is a decrease of $7,975.78, per the fiscal year 2018-19 marginal funding rate for credit revenue of $3,727 per FTES. However, the District is under the minimum revenue provision of the SCFF. Under that provision, the District receives 2017-18 total computational revenue (TCR) adjusted by COLA, which is above SCFF calculated revenue.

Context: Our testing identified 6 out of 33 physical education course sections with special part-time or full-time students. Condition is considered a systemic. All physical education course sections with special part-time or full-time students were reviewed; therefore extrapolation of condition not deemed necessary.

Effect: FTES were over reported by 2.14 (or 0.01%) as the District claimed more than ten percent of the maximum allowance in 2 course sections.

Recommendation: Implement processes and procedures to ensure physical education course sections with special part-time or full-time students that have more than ten percent of the enrollment claimed for apportionment for each course section are properly excluded prior to the submission of the CCFS-320 Apportionment Attendance Report.

Corrective Action Plan: The immediate corrective action was to submit a recalculation report (CFSS-317) to the CCCCO prior to the November 1, 2019 deadline. The updated submission removed claims on FTES generated by the two sections with confirmed dual enrollment over 10% of FTES.

2019-002 STATE COMPLIANCE: SECTION 427 DUAL ENROLLMENT (NON-CCAP) – TEN PERCENT OF SPECIAL PART-TIME ENROLLMENT IN PHYSICAL EDUCATION COURSES

LBCCD has identified three main mechanisms to prevent apportionment claims for physical education activity courses with more than 10% FTES generated from dual enrolled students in future submissions.

Firstly, Admissions and Records will update the end of term processing Standard Operating Procedure to include a Dual Enrollment validation. This validation will check the birth date and high school graduation date fields to confirm if a student is likely too old to be dual enrolled or has a high school graduation date and is therefore not dual enrolled. Errors identified in this validation will be corrected. Additionally, the student group table in PeopleSoft that is used in the MIS and CCFS-320 reports will be updated after the end of term dual enrollment validation to ensure these reports accurately reflect student status.

Secondly, an age validation will be added to the CCFS-320 report to create an additional mechanism that will ensure students are not inappropriately tagged as dual enrolled students. These students will be printed out on the report with the illegal repeats list that is already generated and Admissions and Records will review both lists during the preliminary run of the report and address errors as appropriate.

Thirdly, Instructional and Information Technology Systems department (IITS) who manages the coding that generates the reports submitted in the CCFS-320, will add a validation code to identify physical education activity courses that have more than 10% of FTES generated by dual enrolled students. These sections will also be listed at the top of the report for validation review. If identified as exceeding the 10% cap, these sections will be excluded from apportionment reporting.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2019

Please see the attached Status of Prior Year Findings and Questioned Costs.

CONTINUING DISCLOSURE INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Years Ended June 30,

	(Budget) 2020	2019	2018	2017
	Amount	Amount	Amount	Amount
Combined General Fund:				
Revenue				
Federal	$ 6,736,362	$ 6,785,551	$ 6,969,541	$ 8,605,803
State	129,217,292	113,647,685	112,466,031	106,860,454
County, local, and other	49,220,994	49,441,489	49,944,835	46,075,651
Other Financing Sources	323,043	355,046	323,339	345,577
Total Revenue	185,497,691	170,229,771	169,703,746	161,887,485
Expenditures				
Academic salaries	60,687,705	56,279,241	57,566,489	53,689,349
Classified salaries	40,682,816	35,795,798	36,995,878	35,013,451
Employee benefits	49,426,130	45,785,616	42,433,709	38,002,900
Supplies and materials	4,940,233	2,049,457	2,422,677	2,652,089
Other operating expenses and services	25,704,537	17,973,265	22,866,379	21,439,061
Capital outlay	4,064,801	3,826,166	3,557,970	5,487,203
Other uses	4,212,950	2,368,804	3,852,447	2,984,878
Total Expenditures	189,719,172	164,078,347	169,695,549	159,268,931
Change in fund balance	$ (4,221,481)	$ 6,151,424	$ 8,197	$ 2,618,554
Ending fund balance	$ 36,890,217	$ 41,111,698	$ 34,960,274	$ 34,952,077
Available reserve	$ 21,426,586	$ 19,731,659	$ 22,022,662	$ 18,987,782
Available reserve %	11.3%	12.0%	13.0%	11.9%
Full-time equivalent students	19,375	19,517	18,915	21,076
Total long term debt	$ 716,276,917	$ 656,058,806	$ 680,107,535	$ 671,245,026

IMPORTANT NOTES:

The California Community College Chancellor's Office has provided guidelines that recommend a minimum prudent ending fund balance reserve of 5% of unrestricted expenditures. In addition, the District's Board policy requires a 5.5% unrestricted ending fund balance. In accordance with the Chancellor’s Office’s Institutional Effectiveness Partnership Initiative (IEPI), the District has established minimum reserve goals in addition to the reserve policy. The short-term reserve goal is 12.5% and the long-term reserve goal is 15.0%.

Full-time equivalent students (FTES) represents credit and non-credit factored FTES and excludes FTES generated by non-residents.

The 2020 budget is the Plan and Budget adopted by the Board of Trustees on September 11, 2019.

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

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
For the Fiscal Year Ended June 30, 2019

Assessed valuation for fiscal year 2018-19	$62,096,333,080	(2)
Secured tax levies for fiscal year 2018-19	$12,567,049	(1)
Secured tax delinquencies for fiscal 2018-19	$422,398	(1)
Secured tax collections for fiscal year 2018-19	$12,144,651	(1)

2018-19 Largest Local Secured Taxpayers (2)

	Property Owner	Land Use	2018/19 Assessed Valuation	Percentage of Total (3)
1.	Participants in Long Beach Unit	Industrial – Petroleum	$ 766,612,130	1.23%
2.	Hanjin America Inc.	Industrial – Terminal Operations	408,678,000	0.66%
3.	Tidelands Oil Production Co.	Industrial – Petroleum	372,584,029	0.60%
4.	International Trans Serv.	Industrial – Terminal Operations	344,048,621	0.55%
5.	Macerich Lakewood LLC	Shopping Center	342,982,144	0.55%
6.	OOCL LLC	Industrial – Terminal Operations	239,106,205	0.39%
7.	The Boeing Company	Industrial	222,082,525	0.36%
8.	SSAT-Long Beach LLC	Industrial – Terminal Operations	207,970,332	0.33%
9.	Tesoro Logistics Operations LLC	Industrial – Petroleum	205,069,473	0.33%
10.	Signal Hill Petroleum	Industrial – Petroleum	181,678,196	0.29%
11.	Massachusetts Mutual Life Insurance	Shopping Center	173,795,027	0.28%
12.	Pacific Maritime Services LLC	Industrial – Terminal Operations	166,380,000	0.27%
13.	Kilroy Realty LP	Office Building	161,518,444	0.26%
14.	2009 CUSA Community Owner LLC	Apartments	155,692,379	0.25%
15.	John Hancock Life Insurance	Office Building	145,983,672	0.24%
16.	AGNL Clinic LP	Office Building	145,700,540	0.23%
17.	Hyatt Long Beach	Hotel	124,079,441	0.20%
18.	Studio Management Services Inc.	Commercial	118,607,482	0.19%
19.	W GL Ocean Avenue LB Holdings	Office Building	110,126,340	0.18%
20.	Terra Funding Shoreline Square	Office Building	109,568,557	0.18%
			$ 4,702,263,537	7.57%

(1) Information obtained from the Los Angeles County Auditor-Controller’s Office
(2) Information obtained from California Municipal Statistics, Inc.
(3) % of total assessed valuation for the fiscal year 2018-19 of $62,096,333,080

Long Beach City College • Long Beach Community College District

4901 East Carson Street • Long Beach, California 90808

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Purchasing and Contracts, Administrative and Business

2019-001 Small Business Development Center – Procurement

Recommendation: That the District update its purchasing manual and process to ensure compliance with the standards contained in Uniform Guidance, in particular the Micro-Purchase level of $10,000 outlined in 2 CFR section 200.326.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Purchasing Manual was updated in November 2019 to include references to 2 CFR sections 200.318 – 326 and define the purchasing procedures for purchases over $10,000 when using Federal Funds. Training documents will be updated to reflect the changes as well. All departmental end users and budget approval managers for federal funds, as well as Purchasing staff, will receive email notification in December 2019 about purchases over $10,000 and the requirements outlined in the applicable CFR's.

Name(s) of the contact person(s) responsible for corrective action: Alan Moloney, Deputy Director, Purchasing and Contracts

Planned completion date for corrective action plan: November 2019

2018 – 001 STUDENT FINANCIAL AID CLUSTER: SPECIAL TESTS AND PROVISIONS – STUDENT WITHDRAWALS

Condition: During auditor testing it was noted that the District did not return 22 out of 35 (63% of the students tested) to the appropriate program or lender within the 45 day requirement. The Return to Title IV calculation for the remaining students in the sample resulted in no amounts owed by the institution. Furthermore, we noted the District did not notify the student regarding the post withdrawal disbursements for 5 out of 5 students (100% of the students tested).

Status: Corrective action was taken.