NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: Moody's: "Aa2"**
S&P: "AA"
(See "RATINGS" herein.)

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Series C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Series C Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS – SERIES C BONDS" and "TAX MATTERS – REFUNDING BONDS" herein regarding certain other tax considerations.

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

$130,000,000
GENERAL OBLIGATION BONDS, 2016 ELECTION
2019 SERIES C

$67,415,000
GENERAL OBLIGATION REFUNDING BONDS
2019 SERIES H (FEDERALLY TAXABLE)

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

The general obligation bonds captioned above and designated as 2019 Series C (the "Series C Bonds") offered hereunder by Long Beach Community College District (the "District") are issued for the purpose of financing certain capital improvements of the District and paying the costs of issuance of the Series C Bonds. See the caption "PLAN OF FINANCE" herein. The Series C Bonds were authorized at a bond election conducted within the District on June 7, 2016 (the "2016 Election"), at which more than 55% of the qualified voters of the District approved the issuance of $850,000,000 aggregate principal amount of the District's general obligation bonds (the "2016 Authorization"). The general obligation refunding bonds captioned above and designated as the 2019 Series H (Federally Taxable) (the "Refunding Bonds" and, collectively with the Series C Bonds, the "Bonds") are issued for the purpose of refunding certain outstanding general obligation bonds approved at elections conducted in 2002 and 2008, at which more than 55% of the qualified voters in each election approved the issuance of general obligation bonds of the District and paying the costs of issuance of the Refunding Bonds. The Bonds will be issued in denominations of $5,000 principal amount or integral multiples thereof and are payable as to principal amount or redemption price at the office of U.S. Bank National Association, Los Angeles, California, as agent of the Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent for the Bonds. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing on February 1, 2020. The Series C Bonds are the third series of general obligation bonds of the District authorized at the 2016 Election, following the issuance of which $638,210,000 of the 2016 Authorization will remain unissued. The Bonds are issued on a parity with all other general obligation bonds of the District.

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds as described herein under the caption "THE BONDS – Book-Entry Only System."

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

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

MATURITY SCHEDULE
On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel, and certain other conditions. Nixon Peabody LLP is acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Bonds will be available through the facilities of DTC in New York, New York, on or about October 23, 2019.

PiperJaffray. RBC Capital Markets

Dated: October 8, 2019.

MATURITY SCHEDULE

$130,000,000
LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BONDS, 2016 ELECTION
2019 SERIES C

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (542411)
2020	$14,900,000	4.000%	0.980%	102.316%	MH3
2021	16,010,000	4.000	0.950	105.346	MJ9
2022	16,250,000	4.000	0.940	108.352	MK6
2025	245,000	5.000	1.000	122.379	ML4
2026	395,000	5.000	1.040	125.829	MM2
2027	550,000	5.000	1.090	129.060	MN0
2028	720,000	5.000	1.140	132.133	MP5
2029	905,000	5.000	1.190	131.645(c)	MQ3
2030	1,105,000	4.000	1.360	121.759(c)	MR1
2031	1,315,000	4.000	1.490	120.566(c)	MS9
2032	1,535,000	4.000	1.620	119.387(c)	MT7
2033	1,770,000	4.000	1.700	118.668(c)	MU4
2034	2,020,000	4.000	1.780	117.954(c)	MV2
2035	2,290,000	4.000	1.870	117.156(c)	MW0
2036	2,580,000	3.000	2.370	104.961(c)	MX8
2037	2,860,000	3.000	2.430	104.476(c)	MY6
2038	3,160,000	3.000	2.470	104.154(c)	MZ3
2039	3,475,000	3.000	2.530	103.674(c)	NA7
2040	3,810,000	3.000	2.580	103.275(c)	NB5
2041	4,165,000	3.000	2.630	102.879(c)	NT6
2042	4,535,000	3.000	2.680	102.484(c)	NU3

$16,225,000 4.000% Term Bonds Maturing August 1, 2045, Priced to Yield 2.310(c) %; CUSIP† No. 542411NC3

$29,180,000 4.000% Term Bonds Maturing August 1, 2049, Priced to Yield 2.360 (c)%; CUSIP† No. 542411ND1

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

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the registered owners of the applicable Series C Bonds. Neither the District nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Series C Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series C Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series C Bonds.

MATURITY SCHEDULE

$67,415,000
LONG BEACH COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION REFUNDING BONDS
2019 SERIES H (FEDERALLY TAXABLE)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (542411)
2020	$1,350,000	1.738%	1.738	100.000%	NE9
2021	1,530,000	1.738	1.738	100.000	NF6
2022	1,590,000	1.702	1.702	100.000	NG4
2023	4,330,000	1.743	1.743	100.000	NH2
2024	4,515,000	1.803	1.803	100.000	NJ8
2025	4,715,000	2.057	2.057	100.000	NK5
2026	1,655,000	2.157	2.157	100.000	NL3
2027	1,355,000	2.267	2.267	100.000	NM1
2028	7,845,000	2.337	2.337	100.000	NN9
2029	8,080,000	2.387	2.387	100.000	NP4
2030	14,895,000	2.487	2.487	100.000	NQ2
2031	8,500,000	2.587	2.587	100.000	NR0
2032	7,055,000	2.687	2.687	100.000	NS8

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the registered owners of the applicable Refunding Bonds. Neither the District nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Refunding Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Refunding Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Refunding Bonds.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

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

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

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

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

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

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

District Administrators

Dr. Reagan Ferragamo Romali, Superintendent-President
Dr. Kathleen Scott, Vice President, Academic Affairs
Marlene P. Drinkwine, Vice President, Business Services
Gene Durand, Vice President, Human Resources
Dr. Mike Muñoz, Vice President, Student Support Services

SPECIAL SERVICES

Underwriters

Piper Jaffray & Co.
El Segundo, California

RBC Capital Markets, LLC
Los Angeles, California

Bond Counsel and Disclosure Counsel

Nixon Peabody LLP
San Francisco, California

Financial Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Paying Agent

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

Escrow Agent

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

Verification Agent

Causey Demgen & Moore PC
Denver, Colorado

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

$130,000,000	$67,415,000
GENERAL OBLIGATION BONDS, 2016 ELECTION	**GENERAL OBLIGATION REFUNDING BONDS**
2019 SERIES C	**2019 SERIES H (FEDERALLY TAXABLE)**

INTRODUCTION

The Long Beach Community College District (the "District") proposes to issue $130,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2016, 2019 Series C (the "Series C Bonds") pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "Act"), and other applicable laws and regulations of the State of California (the "State"), and pursuant to a resolution adopted by the Board of Trustees of the District on September 11, 2019 (the "Series C Resolution"). The District also proposes to issue $67,415,000 aggregate principal amount of its General Obligation Refunding Bonds, 2019 Series H (the "Refunding Bonds," and, collectively with the Series C Bonds, the "Bonds"), pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Refunding Law") and other applicable laws of the State, and pursuant to a resolution adopted by the Board of Trustees of the District on September 11, 2019 (the "Refunding Resolution" and, together with the Series C Resolution, the "Resolutions"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Resolutions.

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 Series C Bonds. The Bonds were authorized at a bond election conducted within the District on June 7, 2016, at which more than 55% of the qualified voters of the District approved the issuance of $850,000,000 aggregate principal amount of the District's general obligation bonds (the "2016 Authorization"). See "PLAN OF FINANCE" herein. The Series C Bonds are the third series of bonds issued pursuant to the Authorization, following the issuance of which $638,210,000 principal amount of the District's general obligation bonds authorized at the 2016 Election will remain unissued.

The Refunding Bonds are being issued to refund certain outstanding maturities of the District's General Obligation Refunding Bonds, 2002 Election, 2012 Series A, of which $34,060,000 principal amount is currently outstanding, and the District's General Obligation Bonds, 2008 Election, 2012 Series B, of which $137,743,695 principal and denominational amount is currently outstanding (collectively, the "Prior Bonds") and to pay the costs of issuance of the Refunding Bonds. The maturities of the Prior Bonds which are refunded with proceeds of the Refunding Bonds are herein referred to as the "Refunded Bonds." The proceeds of the Prior Bonds were expended to finance certain qualified capital projects of the District approved by the voters at the respective elections. Net proceeds of the Refunding Bonds will be deposited and invested under an escrow agreement, as further described under "PLAN OF FINANCE" herein.

All general obligation bonds of the District, including the Bonds, are issued on a parity with one another.

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

The District's funded full-time equivalent students ("FTES") were 18,897 in fiscal year 2017-18 and are 19,519 in fiscal year 2018-19. The District's total assessed valuation for fiscal year 2018-19 was $65,897,968,336 and for fiscal year 2019-20 is $69,681,180,789. The District has certain existing lease financing obligations as set forth in APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – THE DISTRICT – Operating Leases" and the District has direct and overlapping bonded indebtedness as set forth under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct and Overlapping Debt." The District's audited financial statements for fiscal year 2017-18 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT."

PLAN OF FINANCE

The Series C Bonds. The net proceeds of the Series C Bonds will be used to finance certain capital improvements of the District and to pay costs of issuance of the Bonds. The proceeds of the Bonds will initially be deposited with the Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles (the "County") in the County's pooled surplus investments (the "Treasury Pool"). For information concerning the Treasury Pool, see APPENDIX F – "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" below.

The particular projects to be undertaken with the proceeds of the Bonds are among those projects approved by the District's voters on the project list considered at the 2016 Election (the "2016 Project List"), in conformance with Section 1(b)(3) of Article XIIIA of the California Constitution. The full 2016 Project List may be found on the District's website.

The Refunding Bonds. The proceeds of the Prior Bonds were applied to the construction, improvement, equipping and furnishing certain facilities of the District described in the separate project lists approved by the voters of the District at the elections conducted on March 5, 2002, and February 5, 2008, respectively, and to pay all qualified costs of issuance in connection therewith. The net proceeds of the Refunding Bonds will be deposited into an escrow fund (the "Escrow Fund") established under the terms of that certain Escrow and Deposit Agreement, dated as of October 1, 2019 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, in its capacity as escrow agent (the "Escrow Agent"). The amounts in the Escrow Fund will be invested in certain securities and applied to the refunding of the following Refunded Bonds on the dates indicated below:

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

Maturity Date (May 1)	Principal Amount[(1)]	CUSIP Number (542411)
2023	$2,670,000	EZ2
2024	2,875,000	FA6
2025	3,100,000	FB4

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

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

Maturity Date (August 1)	Principal Amount[(1)]	CUSIP Number (542411)
2030	$6,610,000	FZ1
2035	11,120,000	GD9
2042	35,385,000	GF4

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount	$130,000,000.00
Net Original Issue Premium	12,095,808.35
Total Sources	$142,095,808.35
Uses of Funds	
Deposit to Building Fund	$129,697,084.82
Deposit to Debt Service Fund[(1)]	11,640,808.35
Costs of Issuance[(2)]	757,915.18
Total Uses	$142,095,808.35

(1) To pay capitalized interest.
(2) Costs of Issuance include, but are not limited to, Underwriters' discount, printing and rating costs, fees and expenses of the Paying Agent, Financial Advisor, Bond and Disclosure Counsel and other costs of issuance.

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

Sources of Funds	
Principal Amount	$67,415,000.00
Total Sources	$67,415,000.00
Uses of Funds	
Deposit to Escrow Fund	$67,018,368.43
Costs of Issuance[(1)]	396,631.57
Total Uses	$67,415,000.00

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

THE BONDS

Authority for Issuance and Security for the Bonds

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

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in denominations of $5,000 or integral multiples thereof. The Bonds will be issued as current interest bonds with principal payable at the maturity dates of the respective Bonds or their earlier redemption. Interest on the Bonds is payable on February 1 and August 1 each year (each, an "Interest Payment Date"), commencing on February 1, 2020. Interest on each Bond shall accrue from its dated date. Each Bond will bear interest from the Interest Payment Date to which interest has been paid or duly provided for next preceding its date of authentication, unless such date of authentication will be (i) prior to the close of business on January 15, 2020, in which case such Bond will bear interest from its dated date, or (ii) subsequent to the close of business on the 15th day of the month preceding any Interest Payment Date (each, a "Record Date to and including the related Interest Payment Date, in which case such Bond will bear interest from such Interest Payment Date. Principal shall be payable in the years and amounts set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined in APPENDIX E hereto) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal amount of and interest or premium, if any, on the Bonds are payable by wire transfer by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent"), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

Optional Redemption.

<u>*Series C Bonds*</u>. The Series C Bonds maturing on or before August 1, 2028, are not subject to redemption prior to their fixed maturity dates. The Series C Bonds maturing on or after August 1, 2029, are subject to redemption on or after August 1, 2028, at the option of the District as a whole or in part on any date, at a redemption price equal to 100% of the principal amount of the Series C Bonds called for redemption plus interest accrued thereon to the date fixed for redemption, without premium.

<u>*Refunding Bonds.*</u> The Refunding Bonds maturing on or before August 1, 2029, are not subject to redemption prior to their fixed maturity dates. The Refunding Bonds maturing on or after August 1, 2030, are subject to redemption on or after August 1, 2029, at the option of the District as a whole or in

part on any date, at a redemption price equal to 100% of the principal amount of the Refunding Bonds called for redemption, plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.

Series C Bonds. The Series C Bonds maturing on August 1, 2045 are subject to mandatory sinking fund redemption prior to their stated maturity in part (by lot) from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2043, at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Mandatory Sinking Fund Payment Date	Mandatory Sinking Fund Payment
August 1, 2043	$4,930,000
August 1, 2044	5,400,000
August 1, 2045[1]	5,895,000

[1] Maturity.

The Series C Bonds maturing on August 1, 2049 are subject to mandatory sinking fund redemption prior to their stated maturity in part (by lot) from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2046, at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Mandatory Sinking Fund Payment Date	Mandatory Sinking Fund Payment
August 1, 2046	$6,420,000
August 1, 2047	6,980,000
August 1, 2048	7,525,000
August 1, 2049[1]	8,205,000

[1] Final Maturity.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds of that series are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption, shall select Bonds for redemption in such manner as the District shall direct, or, in the absence of such direction, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds of that series for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the Series C Resolution or the Refunding Resolution, as appropriate, the Paying Agent, upon written instruction from the District, prior to the date designated for such redemption, shall give notice (each, "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state (A) that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and (B) that from and after such date, interest on Bonds shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to each Redemption Notice: (i) at least 20 days but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective registered owner ("Owners") of the Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register; (ii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission, or (3) overnight delivery service, to each of the Securities Depositories; (iii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first class mail, postage prepaid, or (2) overnight delivery service to the Municipal Securities Rulemaking Board.

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

A Redemption Notice may be conditioned upon, among other things, the receipt of sufficient moneys to pay the redemption price of the affected Bonds and may be rescinded by the District in the event such funds are not received.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds

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

Effect of Notice of Redemption

Notice having been given as required in the Resolutions, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt

Service Fund or in an escrow fund established therefor, the Bonds to be redeemed shall become due and payable on such date of redemption.

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

Transfer and Exchange

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

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

Discharge and Defeasance

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

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

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

(c) by depositing with an institution to act as escrow agent that meets the requirements of serving as successor Paying Agent pursuant to the Resolutions selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and with respect to the Series C Bonds, permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

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

Book Entry-Only System

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

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

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DEBT SERVICE SCHEDULE

The following table summarizes the debt service requirements of the District for all of its outstanding general obligation bonds (the "Outstanding Bonds") and the Bonds:

Period Ending (August 1)	Outstanding Bonds Debt Service[(1)(2)]	The Series C Bonds		The Refunding Bonds		Aggregate Debt Service
		Principal	Interest	Principal	Interest	
2020	$28,547,664.00	$ 14,900,000.00	$ 3,847,442.78	$1,350,000.00	$1,199,651.90	$49,844,758.68
2021	29,534,674.00	16,010,000.00	4,386,300.00	1,530,000.00	1,530,043.06	52,991,017.06
2022	30,550,848.00	16,250,000.00	3,745,900.00	1,590,000.00	1,503,451.66	53,640,199.66
2023	28,904,699.00		3,095,900.00	4,330,000.00	1,476,389.86	37,806,988.86
2024	29,871,290.00		3,095,900.00	4,515,000.00	1,400,917.96	38,883,107.96
2025	30,807,435.00	245,000.00	3,095,900.00	4,715,000.00	1,319,512.50	40,182,847.50
2026	30,147,339.00	395,000.00	3,083,650.00	1,655,000.00	1,222,524.96	36,503,513.96
2027	28,083,688.00	550,000.00	3,063,900.00	1,355,000.00	1,186,826.60	34,239,414.60
2028	21,926,888.00	720,000.00	3,036,400.00	7,845,000.00	1,156,108.76	34,684,396.76
2029	22,965,638.00	905,000.00	3,000,400.00	8,080,000.00	972,771.10	35,923,809.10
2030	17,460,371.00	1,105,000.00	2,955,150.00	14,895,000.00	779,901.50	37,195,422.50
2031	18,097,288.00	1,315,000.00	2,910,950.00	8,500,000.00	409,462.86	31,232,700.86
2032	18,964,988.00	1,535,000.00	2,858,350.00	7,055,000.00	189,567.86	30,602,905.86
2033	22,978,213.00	1,770,000.00	2,796,950.00			27,545,163.00
`2034	21,486,388.00	2,020,000.00	2,726,150.00			26,232,538.00
2035	9,081,556.00	2,290,000.00	2,645,350.00			14,016,906.00
2036	8,969,450.00	2,580,000.00	2,553,750.00			14,103,200.00
2037	9,019,975.00	2,860,000.00	2,476,350.00			14,356,325.00
2038	9,120,875.00	3,160,000.00	2,390,550.00			14,671,425.00
2039	9,234,925.00	3,475,000.00	2,295,750.00			15,005,675.00
2040	9,346,400.00	3,810,000.00	2,191,500.00			15,347,900.00
2041	9,539,650.00	4,165,000.00	2,077,200.00			15,781,850.00
2042	18,163,250.00	4,535,000.00	1,952,250.00			24,650,500.00
2043	25,304,425.00	4,930,000.00	1,816,200.00			32,050,625.00
2044	25,350,138.00	5,400,000.00	1,619,000.00			32,369,138.00
2045	25,495,200.00	5,895,000.00	1,403,000.00			32,793,200.00
2046	25,636,806.00	6,420,000.00	1,167,200.00			33,224,006.00
2047	21,367,894.00	6,980,000.00	910,400.00			29,258,294.00
2048	21,347,481.00	7,575,000.00	631,200.00			29,553,681.00
2049	21,325,269.00	8,205,000.00	328,200.00			29,858,469.00
2050	21,304,238.00					21,304,238.00
Total[(2)]	$649,934,934.00	$130,000,000.00	$74,157,142.78	$67,415,000.00	$14,347,130.58	$935,854,216.36

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

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SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles (the "County"), the State or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of principal of and interest on the Bonds. The County adopted a resolution authorizing the issuance of the Series C Bonds on October 1, 2019. It is expected that the County Board of Supervisors will approve a resolution authorizing the levy and collection of *ad valorem* property taxes for the payment of the Refunding Bonds following the pricing of the Refunding Bonds. All general obligation bonds issued by or on behalf of the District are issued on a parity with one another.

Assessed Valuations - Constitutional and Statutory Initiatives

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

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

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

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

A new initiative to change the administration of Article XIIIA is slated to appear on the State ballot in 2020. The California Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative would amend the State constitution to adjust the way real property is taxed for commercial and industrial properties so that taxes would be assessed at market value. Such an adjustment could result in a substantial net increase of annual property tax revenues, and school districts and community colleges are slated to receive 40% of the resulting net increase.

Assessed Valuations in the District

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

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

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

Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, flood, fire, drought, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal and accreted value of and interest on the District's outstanding general obligation bonds, including the Bonds.

For fiscal year 2018-19, the District's total assessed valuation was $65,897,968,336, and for fiscal year 2019-20 the District's total assessed valuation is $69,681,180,789. Shown in the following tables are the assessed valuations of property in the District during the past six fiscal years, the assessed valuation and parcels by land use in the District for fiscal year 2019-20, the per parcel assessed valuation of single-family homes in the District for fiscal year 2019-20, and the assessed valuation by jurisdiction for fiscal year 2019-20.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Summary of Assessed Valuations
Fiscal Years 2014-15 through 2019-20

	Local Secured	Utility	Unsecured	Total
2014-15	$53,076,523,172	$841,439,156	$2,797,001,438	$56,714,963,766
2015-16	54,296,306,938	820,628,889	3,072,997,621	58,189,933,448
2016-17	55,954,745,958	750,876,130	2,988,833,795	59,694,455,883
2017-18	58,767,900,340	574,920,768	3,174,548,806	62,517,369,914
2018-19	62,096,333,080	557,702,111	3,243,933,145	65,897,968,336
2019-20	65,380,490,747	854,086,933	3,446,603,109	69,681,180,789

Source: California Municipal Statistics, Inc.

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

Non-Residential:	2019-20 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 2,286,498	0.00%	5	0.00%
Commercial	6,778,189,004	10.37	5,217	4.00
Vacant Commercial	154,186,474	0.24	621	0.48
Industrial	2,315,870,313	3.54	2,169	1.66
Vacant Industrial	229,028,239	0.35	774	0.59
Recreational	155,931,672	0.24	469	0.36
Government/Social/Institutional	621,623,651	0.95	692	0.53
Possessory/Mineral Rights	4,778,185,540	7.31	2,682	2.06
Miscellaneous	11,412,496	0.02	25	0.02
Other Vacant	255,861,239	0.39	667	0.51
Subtotal Non-Residential	$15,302,575,126	23.41%	13,321	10.21%
Residential:				
Single Family Residence	$31,039,291,739	47.47%	77,122	59.13%
Condominium/Townhouse	6,399,480,620	9.79	20,145	15.45
Mobile Home Park	56,563,047	0.09	12	0.01
2-4 Residential Units	6,034,238,969	9.23	12,942	9.92
5+ Residential Units/Apartments	6,266,104,271	9.58	4,922	3.77
Vacant Residential	282,236,975	0.43	1,956	1.50
Subtotal Residential	$50,077,915,621	76.59%	117,099	89.79%
TOTAL	$65,380,490,747	100.00%	130,420	100.00%

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
Per Parcel 2019-20 Assessed Valuation of Single-Family Homes

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	77,122	$31,039,291,739	$402,270	$344,049

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	950	1.232%	1.232%	$ 37,308,307	0.120%	0.120%
$50,000 - $99,999	7,455	9.667	10.898	572,456,232	1.844	1.964
$100,000 - $149,999	4,722	6.123	17.021	589,073,966	1.898	3.862
$150,000 - $199,999	5,554	7.202	24.223	976,624,675	3.146	7.009
$200,000 - $249,999	6,929	8.984	33.207	1,565,657,428	5.044	12.053
$250,000 - $299,999	7,282	9.442	42.649	1,999,512,505	6.442	18.495
$300,000 - $349,999	6,387	8.282	50.931	2,070,806,145	6.672	25.166
$350,000 - $399,999	5,597	7.257	58.188	2,093,191,209	6.744	31.910
$400,000 - $449,999	5,115	6.632	64.821	2,171,676,695	6.997	38.907
$450,000 - $499,999	4,975	6.451	71.271	2,361,896,943	7.609	46.516
$500,000 - $549,999	4,077	5.286	76.558	2,138,947,420	6.891	53.407
$550,000 - $599,999	3,858	5.002	81.560	2,216,299,140	7.140	60.547
$600,000 - $649,999	3,288	4.263	85.824	2,050,825,456	6.607	67.154
$650,000 - $699,999	2,532	3.283	89.107	1,705,053,245	5.493	72.648
$700,000 - $749,999	1,845	2.392	91.499	1,332,983,971	4.295	76.942
$750,000 - $799,999	1,306	1.693	93.193	1,010,044,674	3.254	80.196
$800,000 - $849,999	966	1.253	94.445	794,993,832	2.561	82.758
$850,000 - $899,999	712	0.923	95.368	621,181,184	2.001	84.759
$900,000 - $949,999	579	0.751	96.119	534,989,507	1.724	86.482
$950,000 - $999,999	465	0.603	96.722	452,981,575	1.459	87.942
$1,000,000 and greater	2,528	3.278	100.000	3,742,787,630	12.058	100.000
Total	77,122	100.000%		$31,039,291,739	100.000%	

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Avalon	$ 934,169,559	1.34%	$934,169,559	100.00%
City of Hawaiian Gardens	301,223	0.00	946,450,353	0.03
City of Lakewood	5,896,666,873	8.46	10,128,915,014	58.22
City of Long Beach	59,822,080,791	85.85	61,049,142,834	97.99
City of Signal Hill	2,728,619,123	3.92	2,728,619,123	100.00
Unincorporated Los Angeles County	299,343,220	0.43	111,408,534,823	0.27
Total District	$69,681,180,789	100.00%		
Los Angeles County	$69,681,180,789	100.00%	$1,612,990,196,814	4.32%

Source: California Municipal Statistics, Inc.

Appeals of Assessed Value; Proposition 8 Reductions

A property owner may appeal a county assessor's determination of assessed value based on Proposition 8, passed by the voters in November 198 ("Proposition 8"), or based on a challenge to the base year value of that property.

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

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

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the new construction date or change in ownership.

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

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50 ("Proposition 50"). Proposition 50 amended Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property") to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county which is acquired or constructed within five years after the date of the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full case value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value, notwithstanding such a transfer. Property is substantially damaged or destroyed under Proposition 50 if either the land or the improvements sustain physical damage amounting to more than 50% of either the land's or improvements' full cash value immediately prior to the date of the disaster. There is no filing deadline, but the county assessor may only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value:

- if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value;

- if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equal the Original Base Year Value; and

- if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value.

The replacement property must be comparable in size, utility and function to the Damaged Property.

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

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

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

Effect of Natural Disasters on Assessed Valuations

As referenced under "—Assessed Valuations of the District" herein, assessed valuations are subject to change in each year and such changes may result from a variety of factors, including natural disasters. In recent years, there have been several notable natural disasters in the State. These include drought conditions throughout the State, which led to a State-wide Drought State of Emergency issued in January 2014, and certain executive orders issued by the Governor in 2015 and 2016, aiming to reduce the water usage in local communities. The State-wide Drought was declared as ended in 2017 in most of the State due to record-level precipitation in late 2016 and early 2017. In addition, major wildfires have occurred in recent years in different regions of the State. The District did not sustain any property loss as a result of these recent fires. However, serious and significant property damage has resulted in areas of the State due to wildfires. On September 21, 2018, the Governor signed a number of measures into law, addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and safety mandates.

On August 27, 2018, the California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acres consumed by wildfire in the State would both increase in the future. This report details significant economic impacts to the State as a result of these and other natural disasters. The report is publicly available at http://www.climateassessment.ca.gov. The reference to this website is included for convenience only; the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by this reference.

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

Ad Valorem Property Tax Rates, Levies, Collections and Delinquencies

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

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

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

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

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

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

The District is a member of the California Statewide Delinquent Tax Financing Authority (the "Authority"). The Authority is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the California Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies in Los Angeles County. The Authority is a pass-through entity and financial information is not available.

The following tables set forth secured tax charges and delinquencies levied in the District for fiscal years 2014-15 through 2018-19.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

General Fund Apportionment

	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2014-15	$14,346,112	$200,333	1.43%
2015-16	14,810,484	209,058	1.41
2016-17	15,167,166	179,268	1.18
2017-18	15,988,514	197,695	1.24
2018-19	16,827,444	228,832	1.36

Debt Service Levy Only

	Secured Tax Charge(2)	Amt. Del. June 30	% Del. June 30
2014-15	$24,618,218	$214,840	0.87%
2015-16	20,956,879	184,756	0.88
2016-17	38,357,123	337,138	0.88
2017-18	39,960,820	391,005	0.98
2018-19	39,261,640	391,084	1.00

(1) 1% General Fund Apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rates.
(2) District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table sets forth the typical tax rates per $100 of assessed valuation levied in Tax Rate Area 5500 for fiscal years 2015-16 through 2018-19.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rates (TRA 5500)[1]

	2015-16	2016-17	2017-18	2018-19
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%
Long Beach Unified School District	.083244	.085392	.147323	.014534
Long Beach Community College Dist.	.038253	.067358	.067598	.063192
Metropolitan Water District	.003500	.003500	.003500	.003500
Total Tax Rate	1.124997%	1.156250%	1.218421%	1.207226%

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest local secured taxpayers in the District and their assessed valuations for 2019-20 are shown in the following table.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Largest 2019-20 Local Secured Taxpayers

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total [1]
1.	Participants in Long Beach Unit	Industrial – Petroleum	$ 698,100,655	1.07%
2.	Hanjin America Inc.	Industrial – Terminal Operations	408,678,000	0.63
3.	Tidelands Oil Production Co.	Industrial – Petroleum	380,046,572	0.58
4.	Macerich Lakewood LLC	Shopping Center	379,908,608	0.58
5.	Internatonal Trans Serv	Industrial – Terminal Operations	350,929,593	0.54
6.	The Boeing Company	Industrial	252,521,179	0.39
7.	OOCL LLC	Industrial – Terminal Operations	243,888,328	0.37
8.	SSAT-Long Beach LLC	Industrial – Terminal Operations	212,129,738	0.32
9.	Tesoro Logistics Operations LLC	Industrial – Petroleum	205,162,667	0.31
10.	Signal Hill Petroleum	Industrial – Petroleum	200,353,796	0.31
11.	Massachusetts Mutual Life Insurance	Shopping Center	177,052,393	0.27
12.	Kilroy Realty LP	Office Building	164,748,810	0.25
13.	2009 CUSA Community Owner LLC	Apartments	158,895,804	0.24
14.	John Hancock Life Insurance	Office Building	148,903,344	0.23
15.	AGNL Clinic LP	Office Building	148,614,550	0.23
16.	TABC Inc.	Industrial	139,096,273	0.21
17.	Pacific Maritime Services LLC	Industrial – Terminal Operations	138,965,000	0.21
18.	Studio Management Services Inc.	Commercial	134,514,540	0.21
19.	IMT Capital IV Gallery LLC	Commercial	125,246,750	0.19
20.	Hyatt Long Beach	Hotel	112,496,641	0.17
	TOTAL		$4,780,253,241	7.31%

[1] 2019-20 Local Secured Assessed Valuation: $65,380,490,747.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

The following table is a statement of the District's direct and estimated overlapping bonded debt as of October 1, 2019, for debt issued as of September 13, 2019. The debt report is included for general information purposes only. The District has not reviewed the debt report for completeness or accuracy and makes no representation in connection therewith.

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

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Direct and Overlapping Bonded Indebtedness

2019-20 Assessed Valuation: $69,681,180,789

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/19
Metropolitan Water District	2.221%	$ 1,067,177
Long Beach Community College District	**100.**	401,017,106(1)
Long Beach Unified School District	100.	1,473,970,702
Paramount Unified School District	0.134	202,921
City of Long Beach Community Facilities Districts	100.	46,720,000
City of Long Beach 1915 Act Bonds	100.	675,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,923,652,906
OVERLAPPING GENERAL FUND DEBT:	4.320%	$102,491,312
Los Angeles County General Fund Obligations	4.320%	$102,491,312
Los Angeles County Superintendent of Schools Certificates of Participation	4.320	223,881
Paramount Unified School District Certificates of Participation	0.134	37,775
City of Long Beach General Fund Obligations	97.990	107,294,151
City of Long Beach Pension Obligation Bonds	97.990	12,934,680
City of Signal Hill General Fund Obligations	100.	8,540,000
Los Angeles County Sanitation District No. 3 Authority	94.537	4,057,101
Other Los Angeles County Sanitation District Authorities	Various	413,712
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$235,992,612
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$263,794,449
COMBINED TOTAL DEBT		$2,423,439,967(2)

Ratios to 2019-20 Assessed Valuation:

DIRECT DEBT ($401,017,106)	**0.58%**
Total Direct and Overlapping Tax and Assessment Debt	2.76%
Combined Total Debt	3.48%

Ratio to Successor Agency Redevelopment Incremental Valuation ($19,149,190,816):

Total Overlapping Tax Increment Debt	1.38%

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

TAX MATTERS – SERIES C BONDS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended, (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series C Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series C Bonds. Pursuant to the Series C Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Series C Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series C

Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Series C Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law, and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Series C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property financed with Bond proceeds, the investment and use of Series C Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Series C Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes

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

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series C Bonds over its issue price (*i.e.*, the first price at which price a substantial amount of such maturity of the Series C Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters of wholesalers) (each, a "Discount Bond" and collectively, the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series C Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series C Bonds sold at prices in excess of their principal amounts are "Premium Bonds." An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series C Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series C Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series C Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series C Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion for the Series C Bonds set forth in APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series C Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series C Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series C Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series C Bonds may occur. Prospective purchasers of the Series C Bonds should consult their own tax advisors regarding the impact of any change in law on the Series C Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Series C Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Series C Bonds or the proceeds thereof upon the advice or approval of other counsel.

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

TAX MATTERS – REFUNDING BONDS

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

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

U.S. Holders

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

Taxation of Interest Generally

Interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Code section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase the Refunding Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Refunding Bonds. In general, interest paid on the Refunding Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in the Refunding Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451 of the Code was amended by the Tax Cuts and Jobs Act, Pub. L. No. 115-97, enacted December 22, 2017, to provide that purchasers using an accrual method of accounting for U.S. federal income tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. The application of this rule thus may require the accrual of income earlier than would have been the case prior to the amendment of Section 451. In this regard, on September 27, 2018, the IRS issued Notice 2018-80, which states that the Treasury Department and the IRS intend to issue proposed regulations providing that accrued market discount is not includible in income under Section 451(b) of the Code, and that such guidance will be applicable as of January 1, 2018. Prospective purchasers of the Refunding Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Refunding Bonds under the Code.

Original Issue Discount

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

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

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

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

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

Market Discount

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

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

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

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

Bond Premium

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

Surtax on Unearned Income

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

Sale or Redemption of the Refunding Bonds

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

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

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

Non-U.S. Holders

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

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

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

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

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

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

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

Information Reporting and Backup Withholding

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

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

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

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

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

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

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

State Taxes

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

Changes in Law and Post Issuance Events

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

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

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

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

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

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

Refunding Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Refunding Bonds or any interest therein by a Benefit Plan is prohibited.

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

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

By acquiring a Refunding Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to (a) represent and warrant that either (i) it is not acquiring the Refunding Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Refunding Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws, and (b) acknowledge and agree that a Benefit Plan, Governmental plan or Church plan subject to Similar Laws may not purchase the Refunding Bonds (or any interest therein) at any time that the ratings on the Refunding Bonds are withdrawn or downgraded to below investment grade or the Refunding Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires Refunding Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

In addition, each purchaser and each transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) of a Refunding Bond that is a Benefit Plan is deemed to represent and warrant that: (a) the decision to acquire the Refunding Bonds was made by the plan fiduciary; (b) the plan fiduciary is independent of the District, Trustee, and Underwriters; (c) the plan fiduciary meets the requirements of 29 C.F.R. § 2510.3 21(c)(1) and specifically is either a bank as defined in Section 202 of the Investment Advisers Act of 1940 or similar institution that is regulated and supervised and subject to periodic examination by a U.S. state or U.S. federal agency; an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; an investment adviser registered under the Investment Advisers Act of 1940 or, if not registered as an investment adviser under the Investment Advisers Act by reason of paragraph(1) of

Section 203A of the Investment Advisers Act, is registered as an investment adviser under the laws of the U.S. state in which it maintains its principal office and place of business; a broker dealer registered under the Exchange Act; or holds, or has under its management or control, total assets of at least $50 million (provided that this clause shall not be satisfied if the plan fiduciary is an individual directing his or her own individual plan account or is a relative of such individual); (d) the plan fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions, and investment strategies, including the purchase or transfer of the Refunding Bonds; (e) the plan fiduciary is a "fiduciary" with respect to the plan within the meaning of Section (21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the acquisition, transfer or holding of the Refunding Bonds; (f) none of the District, Trustee, or Underwriters has exercised any authority to cause the Benefit Plan to invest in the Refunding Bonds or to negotiate the terms of the Benefit Plan's investment in the Refunding Bonds; and (g) the plan fiduciary has been informed: (1) that none of the District, Trustee, or Underwriters are undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the plan's acquisition or transfer of the Refunding Bonds and (2) of the existence and nature of the District's, Trustee's, or Underwriters' financial interests in the Benefit Plan's acquisition or transfer of the Refunding Bonds.

None of the District, Trustee, or Underwriters is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the acquisition or transfer of the Refunding Bonds by any Benefit Plan.

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

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

LEGAL OPINIONS

The legal opinions of Bond Counsel attesting to the validity and tax status of the Bonds will be supplied to the original purchasers of the Bonds without charge. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds, and undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

LEGALITY FOR INVESTMENT

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

VERIFICATION

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

RATINGS

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

LEGAL MATTERS

Continuing Disclosure

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in the form of APPENDIX D hereto, on or prior to the issuance of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriters in complying with the Rule. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" hereto.

In the last five years, the District has filed all of its annual reports. However, in the last five years, although notices regarding changes to the ratings of bond insurers for certain of the District's outstanding obligations were filed, such notices were not timely filed. The District has filed material event notices in connection with the ratings changes of such insurers relating to its General Obligation Bonds, 2008 Election, 2008 Series A (the "2008 Bonds") and its General Obligation Bonds, 2002 Election, 2007 Series D (the "2007 Bonds"), but such filings were not made within ten business days after such events. In June 2015, the District filed an additional material event notice in connection with the 2008 Bonds, informing investors that the District entered into a voluntary closing agreement under the Voluntary Compliance Agreement Program with the Internal Revenue Service regarding nonconforming use of certain real property originally financed with tax-exempt certificates of participation, later refunded with the proceeds of the 2008 Bonds. While the District's Annual Report and Audited Financial Statements for Fiscal Year 2014-15 and Fiscal Year 2016-17 were available on EMMA in a timely manner, such information was not initially linked to the CUSIPs of each affected bond.

Limitation on Remedies; Amounts Held in the County Treasury Pool

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

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

California Senate Bill 222

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

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

Special Revenues

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

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

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

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

UNDERWRITING

Piper Jaffray & Co. ("Piper Jaffray") and RBC Capital Markets, LLC ("RBC"), as Underwriters (collectively, the "Underwriters"), have agreed to purchase the Series C Bonds from the District at the purchase price of $141,640,808.35 (being the par amount of the Series C Bonds, plus net original issue premium of $12,095,808.35, less an Underwriters' discount of $455,000.00), at the rates and yields shown on the inside cover hereof. The Underwriters have agreed to purchase the Refunding Bonds from the District at the purchase price of $67,179,047.50 (being the par amount of the Refunding Bonds, less an Underwriters' discount of $235,952.50), at the rates and yield shown on the inside cover hereof.

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

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

RBC made voluntary contributions to the committee that was formed to support the 2002 and 2008 elections that authorized the issuance of the bonds that are being refunded.

RBC has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but does not guarantee the accuracy or completeness of such information.

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

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

PROFESSIONALS INVOLVED IN THE OFFERING

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

FINANCIAL STATEMENTS

The District's Audited Financial Statements for fiscal year 2017-18 have been audited by CliftonLarsonAllen LLP, independent certified public accountants (the "Auditor"), as stated in their report appearing in APPENDIX C. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX C to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

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

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OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolutions are available upon request from the Vice President, Business Services, Long Beach Community College District, 4901 East Carson Street, Long Beach, California 90808. The District may charge a nominal fee for copying and shipping.

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

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

LONG BEACH COMMUNITY COLLEGE DISTRICT

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

APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

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APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

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

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

THE DISTRICT

District Organization

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

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

**LONG BEACH COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES**

Name	Office	Term Expires
Vivian Malauulu	President	Dec 2020
Uduak-Joe Ntuk	Vice President	Dec 2022
Dr. Virginia Baxter	Member	Dec 2022
Douglas W. Otto	Member	Dec 2020
Sunny Zia	Member	Dec 2022

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

Key Personnel

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

Name	Title
Dr. Reagan Ferragamo Romali	Superintendent-President
Dr. Kathleen Scott	Vice President, Academic Affairs
Marlene P. Drinkwine	Vice President, Business Services
Gene Durand	Vice President, Human Resources
Dr. Mike Muñoz	Vice President, Student Support Services

The Superintendent-President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board.

District Employees

As of May 31, 2019, the District employed 353 full-time certificated professionals and 520 full-time classified employees and managers. In addition, the District employs 1,396 part-time faculty and staff (including limited term employees).

The District's collective bargaining units are the Long Beach City College Faculty Association (LBCCFA) (formerly the California College Association ("CCA")), which represents full-time faculty; the Certificated Hourly Instructors ("CHI/CTA/NEA") which represents part-time faculty; and the Long Beach Council of Classified Employees ("LBCCE/AFT/AFL-CIO") which represents classified support staff. The contract with LBCCFA expires on June 30, 2020. The contract with CHI/CTA/NEA expired on June 30, 2019. The District is currently in negotiations with CHI/CTA/NEA and is operating under the terms of the expired contract. The contract with LBCCE/AFT/AFL-CIO expires on June 30, 2020.

The District has had no strikes or work stoppages by its represented employees.

Insurance

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

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Funding is provided by transfers from the General Fund. Claims paid within the member-retained limit during fiscal year 2018-19 totaled $70,071.

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

The District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid during fiscal year 2018-19 totaled $14,616.

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

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

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

District Enrollment

The District had no unfunded FTES for fiscal year 2018-19 and is budgeted to have no unfunded FTES for fiscal year 2019-20. The table on the following page sets forth the FTES figures for the District for fiscal years 2014-15 through 2019-20, representing only funded FTES, and the projected funded FTES in the District for the next five fiscal years.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Full-Time Equivalent Students
Fiscal Years 2014-15 through 2018-19, and Projections through 2023-24

Fiscal Year	FTES	Increase/Decrease From Prior Year
2014-15	20,775	865
2015-16[1]	19,077	(1,698)
2016-17	21,076	1,999
2017-18	18,897	(2,179)
2018-19	19,519	622
2019-20	19,375	(144)
2020-21[2]	19,517	142
2021-22[2]	19,673	156
2022-23[2]	19,923	250
2023-24[2]	20,173	250

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

Population

The populations of the City of Long Beach, the County and the State are set forth in the following table.

POPULATION FIGURES
2014 through 2019

Year	City of Long Beach	County of Los Angeles	State of California
2014	477,566	10,089,847	38,572,211
2015	479,436	10,150,617	38,915,880
2016	479,756	10,182,961	39,189,035
2017	480,173	10,241,278	39,523,613
2018	475,984	10,254,658	39,740,508
2019	475,013	10,253,716	39,927,315

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

Employment

The following table sets forth the principal employers in the City of Long Beach as of September 30, 2018.

CITY OF LONG BEACH
Principal Employers

Employer	Number of Employees
1. Long Beach Unified School District	12,511
2. Long Beach Memorial Medical Center	4,923
3. City of Long Beach	4,852
4. Veteran Affairs Medical Center	3,255
5. California State University Long Beach	3,136
6. Long Beach City College	2,735
7. Molina Healthcare Inc.	1,869
8. California State University Long Beach Research Foundation	1,649
9. St. Mary Medical Center	1,517
10. The Boeing Company	897

Source: City of Long Beach

District Investments

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

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

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

Revenue Limits

California community college districts (other than Basic Aid districts) receive approximately 58% of their funds from the State, 39% from local sources, and 3% from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery, and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources. Funds for fiscal years up to and including fiscal year 2005-06 were allocated to the colleges using a program-based model. The model used different factors to establish support levels for five different programs or functions: (1) Instruction and Instructional Administration; (2) Instructional Services; (3) Student Services; (4) Operation and Maintenance of Plants; and (5) Institutional Support. The program-based model was instituted in 1991, and replaced an older model based on enrollments. From and after fiscal year 2006-07, a revised model was and is used based on the adoption of Senate Bill 361 ("SB 361"). See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – *General*" herein. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the District.

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

Proposition 13 and its implementing legislation permit each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribe how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

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

Federal Revenues

The federal government provides funding for several District programs, including Supplemental Education Opportunity Grants, Work Study, Pell Grant, Veterans' Education, and Temporary Assistance for Needy Families. The federal revenues, most of which are restricted, comprised approximately 11.0% of total District operating revenues in fiscal year 2016-17.

Expenditures

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

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

Financial Statements of the District

The District's General Fund finances most of the activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, interest income, facilities rentals, enrollment fees, and aid from other governmental agencies. Certain information from the District's financial statements follows. The District's audited financial statements for fiscal year 2017-18 are attached hereto as APPENDIX C. The District's complete audited financial statements for prior and subsequent fiscal years can be obtained by contacting the District's Fiscal Services Office located at 4901 East Carson Street, Long Beach, California 90808, telephone: (562) 938-4102. The District may impose a fee for copying, mailing and handling.

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

Funds used by the District are categorized as follows:

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

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

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

Budgets of the District

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

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

District Finances

The following pages describe the District's audited financial results for the fiscal years 2015-16, 2016-17 and 2017-18, as well as a comparison of the adopted general fund budget to audited actuals for fiscal years 2015-16 through 2017-18, and the general fund adopted budget for 2019-20.

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LONG BEACH COMMUNITY COLLEGE DISTRICT
Statement of Revenues, Expenditures and Changes in Net Position
Fiscal Years Ended June 30, 2016 through June 30, 2018

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
OPERATING REVENUES			
Tuition and fees (gross)	$ 28,017,947	$ 28,769,087	$ 28,205,629
Less: Scholarship discounts and allowances	(17,291,314)	(16,844,935)	(16,072,900)
Net tuition and fees	$ 10,726,633	$ 11,924,152	$ 12,132,729
Grants and contracts, non-capital:			
Federal	46,855,071	47,912,777	46,745,613
State	24,131,642	29,420,139	35,591,805
Local	6,504,273	7,433,247	5,492,094
Sales	911,681	812,577	1,004,163
TOTAL OPERATING REVENUES	$ 89,129,300	$ 97,502,892	$ 100,966,404
OPERATING EXPENSES			
Salaries	89,728,672	91,179,130	96,757,343
Employee benefits	38,848,173	42,347,016	54,167,805
Supplies, materials and other operating expenses and services	38,967,344	35,686,753	38,104,326
Financial aid	43,733,418	44,307,275	45,658,217
Utilities	2,762,925	2,854,499	3,106,458
Depreciation	11,137,288	14,774,768	16,011,486
TOTAL OPERATING EXPENSES	$ 225,177,820	$ 231,149,441	$ 253,805,635
OPERATING LOSS	$(136,048,520)	$(133,646,549)	$(152,839,231)
NON-OPERATING REVENUE (EXPENSES)			
State apportionments, non-capital	81,446,607	76,653,809	77,192,646
Local property taxes	26,312,917	32,704,785	36,835,746
State taxes and other revenues	15,986,260	6,167,301	5,332,797
Interest and investment income	662,452	922,706	1,337,737
TOTAL NON-OPERATING REVENUES (EXPENSES)	$ 124,408,236	$ 116,448,601	$ 120,698,926
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	$ (11,640,284)	$ (17,197,948)	$ (32,140,305)
OTHER REVENUE, EXPENSES, GAINS AND LOSSES			
State apportionments, capital	1,906,248	3,606,267	1,352,735
Local property taxes and revenue, capital	22,884,836	37,764,597	43,276,199
Interest and investment income, capital	388,383	1,142,894	1,495,796
Interest expense and costs of issuing capital asset-related debt	(16,139,876)	(18,424,853)	(18,614,687)
Write-off of construction in progress not capitalized	-	-	-
Loss/gain on disposal of capital assets	7,823	15,735	27,572
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES	$ 9,047,414	$ 24,104,640	$ 27,537,615
INCREASE (DECREASE) IN NET POSITION	(2,592,870)	6,906,692	(4,602,690)
NET POSITION, BEGINNING OF YEAR	$ (72,404,061)	$ (74,996,931)	$ (93,797,328)
Cumulative Effect of Change in Accounting Principles	-	(25,707,089)	-
NET POSITION, END OF YEAR	$ (74,996,931)	$ (93,797,328)	$ (98,400,018)

Source: The District.

LONG BEACH COMMUNITY COLLEGE DISTRICT
Schedule of Financial Trends and Analysis for the General Fund (Restricted and Unrestricted)
for Fiscal Years 2016-17 through 2018-19, with Adopted Budget for Fiscal Year 2019-20

	2016-17 Budgeted	2016-17 Audited Actuals	2017-18 Budgeted	2017-18 Audited Actuals	2018-19 Budgeted	2018-19 Unaudited Actuals	2019-20 Budgeted
REVENUES:							
Federal	$ 7,989,846	$ 8,605,803	$ 9,666,513	$ 6,969,541	$ 6,380,397	$ 6,785,551	$ 6,736,362
State	128,155,088	106,860,454	121,319,814	112,466,031	121,410,352	110,823,713	129,212,292
County and Local	36,777,506	46,075,651	45,790,261	49,944,835	47,805,910	49,441,982	49,225,994
Other Financing Sources	333,439	345,577	341,591	323,339	360,675	355,046	323,043
Total Revenues	$ 173,255,879	$ 161,887,485	$ 177,118,179	$ 169,703,746	$ 175,957,334	$ 167,406,292	$ 185,497,691
EXPENDITURES:							
Academic Salaries	$ 54,470,255	$ 53,689,349	$ 56,775,601	$ 57,566,489	$ 58,436,299	$ 56,279,242	$ 60,687,705
Classified Salaries	36,533,938	35,013,451	36,799,245	36,995,878	38,208,696	35,795,799	40,682,816
Employee Benefits	39,131,230	38,002,900	44,179,387	42,433,709	45,777,531	42,962,135	49,426,130
Supplies and Materials	4,562,390	2,652,089	4,500,890	2,422,677	4,596,411	2,049,457	4,940,233
Other Operating Expenses and Services	41,520,616	21,439,061	36,415,095	22,866,379	26,037,259	17,973,264	25,704,537
Capital Outlay	4,493,499	5,487,203	4,101,256	3,557,970	3,773,295	3,826,166	4,064,801
Other Outgo	2,923,332	2,984,878	3,143,060	3,852,447	3,251,169	2,368,804	4,212,950
Total Expenditures	$ 183,635,260	$ 159,268,931	$ 185,914,534	$ 169,695,549	$ 180,080,660	$ 161,254,867	$ 189,719,172
Change in Fund Balance	$ (10,379,381)	$ 2,618,554	$ (8,796,355)	$ 8,197	$ (4,123,326)	$ 6,151,425	$ (4,221,481)
Beginning Fund Balance	$ 32,333,523	$ 32,333,523	$ 34,952,077	$ 34,952,077	$ 34,960,274	$ 34,960,274	$ 41,111,698
Ending Fund Balance	$ 21,954,142	$ 34,952,077	$ 26,155,722	$ 34,960,274	$ 30,836,948	$ 41,111,699	$ 36,890,217

District Debt

The District's general obligation indebtedness as of June 30, 2019, was approximately $420,172,106, which was 0.64% of its total fiscal year 2018-19 assessed valuation. All general obligation bonds issued on behalf of the District are issued on a parity with one another. See "DEBT SERVICE SCHEDULE."

The District voters approved the issuance of $440,000,000 in general obligation bonds at an election held on February 5, 2008 (the "2008 Authorization"). A total of $151,412,323.65 remains unissued under the 2008 Authorization. The District voters also approved the issuance of $850,000,000 in general obligation bonds at an election held on June 7, 2016 (the "2016 Authorization"). Following the issuance of the Bonds, a total of $638,210,000 will remain unissued under the 2016 Authorization. All general obligation bonds of the District are issued on parity with one another and with the Bonds.

A schedule of changes in long-term debt of the District which includes debt paid from its General Fund for the year ended June 30, 2018, is shown below:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Balance Due In One Year
General obligation bonds (2002 election):					
Bonds payable	$115,008,138	$	$5,910,883	$109,097,255	$5,969,949
Accreted interest	11,928,076	1,582,151	1,874,117	11,636,110	2,065,051
Bond premium	10,611,489		1,225,054	9,386,435	
General obligation bonds (2008 election):					
Bonds payable	275,180,492	83,490,000	89,395,693	269,274,299	6,080,000
Accreted interest	21,545,170	4,638,081	829,307	25,353,944	
Bond premium	24,044,986	16,211,881	1,411,596	38,845,271	
General obligation bonds (2016 election):					
Bonds payable	81,790,000		13,225,000	68,565,000	14,715,000
Bond premium	6,692,939		352,260	6,340,679	
Compensated absences	5,795,086		182,832	5,612,254	3,509,645
Other postemployment benefits other than pensions (OPEB)	29,363,467	5,363,861		34,727,328	
Net pension liability	128,760,261	22,148,295		150,908,556	
Supplemental Employee Retirement Plan (SERP)	1,874,336	3,526,540	468,587	4,932,289	1,173,891
TOTAL	$712,594,440	$136,960,809	$114,875,329	$734,679,920	$33,513,536

Source: The District.

Operating Leases

The District has entered into various operating leases for land, building, and equipment with lease terms in excess of one year. None of these agreements contain purchase options. As of June 30, 2018, minimum remaining lease payments under these agreements were as follows:

Fiscal Year	Lease Payments
2019	$461,776
2020	253,899
2021	34,335
2022	17,171
2023	4,293
Total	$771,474

Source: The District.

Fiscal Year 2018-19 expenditures for operating leases were approximately $461,776. The District will receive no sublease rental revenues nor pay any contingent rentals for these leases.

Retirement Systems

The District participates in the State Teachers' Retirement System ("STRS"). This plan covers all full-time certificated and some classified District employees. The District's employer contribution to STRS was $6,359,424 for fiscal year 2016-17, $7,552,499 for fiscal year 2017-18, $8,387,203 for fiscal year 2018-19 and is projected to be $9,050,036 for fiscal year 2019-20.

The District also participates in the State Public Employees' Retirement System ("CalPERS"). This plan covers all classified personnel who are employed four or more hours per day. The District's employer contribution to CalPERS was $4,579,905 for fiscal year 2016-17, $5,419,021 for fiscal year 2017-18, $6,183,589 for fiscal year 2018-19 and is projected to be $7,173,947 for fiscal year 2019-20.

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

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

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

In order to address STRS funding inadequacies, the 2014-15 State Budget set forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS. The first year's increased contributions from all three entities were approximately $275 million. The contributions would increase in subsequent years, reaching more than $5 billion annually. Then Governor Brown expected that this will eliminate the unfunded liability in approximately 30 years. The 2018-19 State Budget included $3.1 billion for state contributions to STRS, which reflects action by the STRS board to increase state contributions by 0.5% of teacher payroll. The 2019-20 State Budget includes approximately $3.3 billion for State contributions to STRS.

STATE OF CALIFORNIA
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS

Name of Plan	Market Value of Assets	Actuarial Value of Assets[(3)]	Actuarial Obligation	Unfunded Actuarial Accrued Liability	Funded Ratio (Market Value)	Funded Ratio (Actuarial Value)
Public Employees' Retirement Fund Schools Pool (PERS)[(1)]	$64.846 billion	—	$92.071 billion	$27.225 billion	70.4%	—
State Teachers' Retirement Fund Defined Benefit Program (STRS)[(2)]	$211.367 billion	$190.451 billion	$297.603 billion	$107.152 billion	65.7%	64.0%

Figures as of June 30, 2018.
[(1)] As of June 30, 2018, the PERS provided pension benefits to 1,264,318 active and inactive program members and 694,570 retirees, beneficiaries, and survivors.
[(2)] As of June 30, 2018, the STRS Defined Benefit Program had approximately 647,653 active and inactive program members and 301,859retirees and benefit recipients.
[(3)] PERS no longer uses an actuarial value of assets and only uses the market value of assets.
Source: PERS State and Schools Actuarial Valuation, STRS Defined Benefit Program Actuarial Valuation, PERS Comprehensive Annual Financial Report 2017-18 and STRS Comprehensive Annual Financial Report 2017-18.

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

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

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

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

The State contributions are set pursuant to the Education Code. As of July 1, 2019 the State will contribute 7.828% of members' annual earnings to the defined benefit plan. The employee contribution rate for STRS members first hired on or before December 31, 2012 to perform STRS creditable activities (i.e., STRS 2% at 60 members) is 10.25% for fiscal year 2019-20. The employee contribution rate for STRS members first hired on or after January 1, 2013 to perform STRS creditable activities (i.e., STRS 2% at 62 members) is 10.205% for fiscal year 2019-20.

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

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

inflation. The STRS unfunded liability will vary based on actuarial assumptions, actual returns on investments and contribution rates.

The Defined Benefit Program of the California State Teachers' Retirement System, June 30, 2018 Actuarial Valuation (the "2018 STRS Actuarial Valuation") states that for fiscal year 2017-18 the funded ratio increased by 1.4% over the previous year, mainly due to the return on the Actuarial Value of Assets (8.3%) that exceeded the assumed return (7.0%). However, the funded ratio as a whole has decreased by approximately 23% over the past 10 years primarily due to a combination of returns that have, on a smoothed basis, been less than the actuarial assumption, contributions less than the actuarially calculated amount, and changes in the actuarial assumptions that have increased the Actuarial Obligation. The alternate funded ratio using the Fair Market Value of assets has increased since the last valuation. This increase is due to the greater than expected return on assets during the 2017-18 fiscal year.

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

Member contribution rates are determined by the Public Employees' Retirement Law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by statute. For fiscal year 2019-20, the employee contribution rate for classic plan members is 7.0% of monthly salary and the estimated employee contribution rate for PEPRA members is 7.0% of monthly salary. The employer contribution rate increased from 18.062% of covered payroll for fiscal year 2018-19, to 20.733% of covered payroll for fiscal year 2019-20.

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

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

On December 20, 2017, the PERS Board of Administration adopted new actuarial demographic assumptions to update various assumptions including mortality, retirement rates and inflation. These new assumptions were applied beginning with the June 30, 2018 valuation for the schools pool, setting employer contribution rates for fiscal year 2019-20. As a result, the June 30, 2018 actuarial valuation assumes a reduced inflation rate of 2.625% per year and reduced payroll growth of 2.875% per year. The actuarial funding method used in the PERS Schools Pool Actuarial Valuation as of June 30, 2018 (the "2018 PERS Actuarial Valuation") is the "Individual Entry Age Normal Cost Method." The PERS

Schools Pool Actuarial Valuation as of June 30, 2018 assumes, among other things, a 7.25% discount rate, projected 2.625% inflation per year, and projected payroll growth of 2.875% per year. The prescribed discount rate will reduce to 7.00% per year, projected 2.50% inflation per year, and projected payroll growth of 2.75% per year as of the June 30, 2019 actuarial valuation. At its February 12, 2018 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization policy once again. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 30-year period with the increases or decreases in the rate spread directly over a 5-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period rather than a 30-year period. The new amortization policy will be used for the first time in the June 30, 2019 actuarial valuations.

On April 17, 2019, subsequent to the release of the 2017 PERS Schools Pool Actuarial Valuation, the PERS Board adopted updated projections for future employer contribution rates of 23.6%, 24.9%, 25.7%, and 26.4% in Fiscal Years 2020-21, 2021-22, 2022-23 and 2023-24, respectively. The PERS Board did not adjust the employer contribution rate for Fiscal Year 2019-20.

On June 27, 2019, PERS released an Actuarial Circular Letter, which reflected a modified employer contribution rate of 19.7% (reduced from 20.7%) for Fiscal Year 2019-20 as a result of contributions to PERS included in the 2019-20 State Budget. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA — State Assistance – 2019-20 State Budget" herein.

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

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

The District is unable to predict what the amount of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. The District's proportionate share of net pension liability is $150,908,556 as of June 30, 2018. See APPENDIX C — "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018" for additional information concerning STRS and PERS contained in the notes to said financial statements.

GASB Statement Nos. 67 and 68. On June 25, 2012, the GASB approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), revised existing guidance for the financial reports of most pension plans. The new Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were previously typically included as notes to the government's financial statements);

(ii) more components of full pension costs being shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates being required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements, which generally would increase expenses; and (v) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. GASB 67 became effective beginning in fiscal year 2013-14, and GASB 68 became effective beginning in fiscal year 2014-15. See APPENDIX C for additional information.

Other Post-Employment Benefits (OPEB)

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

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

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

The District has an actuarial report dated as of June 30, 2017, with respect to its post-employment benefits. Such report concluded that the Net OPEB Liability (the "NOL," formerly the Unfunded Actuarial Accrued Liability ("UAAL")), as of June 30, 2017 was $29,363,467 ($15,032,915 lower than the initial UAAL found in the previous actuarial report dated July 1, 2015). Under GASB 74 and 75, there is no longer an Annual Required Contribution ("ARC"). For budgeting purposes, the actuary provides an equivalent ARC amount, which was $4,112,718 as of June 30, 2017. The "pay-as-you-go" cost of providing post-employment health benefits was $2,887,758 in fiscal year 2017-18 and was estimated to be $3,393,184 in fiscal year 2018-19. On June 30, 2017, the estimated Total OPEB Liability (the "TOL," formerly the Actuarial Accrued Liability ("AAL")), was $37,170,840. The District has set aside funds in an irrevocable trust in order to prefund a portion of its NOL. On June 30, 2019, the ending reserve balance in the trust was $8,623,948. In addition, the District maintains a retiree benefits fund to designate resources for retiree health care costs. The fund's committed resources are estimated at $22,876,353 as of June 30, 2019. The service cost beginning 2017-18 is $2,332,879. The "pay-as-you-go" cost of providing post-employment health benefits is estimated to be $2,817,936, beginning 2017-18. See Note 11 – Postemployment Healthcare Benefits in APPENDIX C hereto for discussion of the District's OPEB obligations, including its Net OPEB obligation, based on to the District's actuarial report dated as of June 30, 2017.

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

Standards allow for implementation of GASB 74 and GASB 75 in different years. However, to avoid possible reporting confusion, the District implemented both GASB 74 and GASB 75 beginning with its 2016-17 audit report. A draft actuarial study for the District under GASB 74 and GASB 75 was completed by Total Compensation Systems, Inc. and submitted to the District in September 2019 (the "Draft 2019 Actuarial Study"), which covers the valuation and measurement date of June 30, 2019. The Draft 2019 Actuarial Study includes a service cost beginning July 1, 2019 of $2,345,973, a Total OPEB Liability of $36,301,571 and a Net OPEB Liability of $27,677,622, each as of June 30, 2019. The "pay-as-you-go" cost of providing post-employment health benefits was estimated to be $2,862,015, beginning in July 1, 2019.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

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

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

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

Official Statement for additional information regarding Article XIIIA, assessed valuations and *ad valorem* property taxes.

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

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

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

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

The SCFF, the funding levels therein, the hold harmless provisions and other provisions thereof may be subject to future adjustment through the state budget process in future fiscal years or other supplemental legislation.

Budget Procedures. On or before September 15 of each calendar year, the respective board of trustees for each community college district is required under Section 58305 of the California Code of Regulations, Title 5, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office"), submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's proposed State budget is then analyzed and discussed in committees, and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she supports. The law requires the State Legislature to submit its approved budget by June 15. State law requires the Governor to announce his or her line item reductions and sign the State budget by June 30.

In response to growing concern for accountability the statewide Board of Governors and the Chancellor's Office have, through enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

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

Proposition 98

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

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

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In 1989, the Legislature and the Governor last utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

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

State Assistance

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

2019-20 State Budget. On June 27, 2019, Governor Gavin Newsom signed the fiscal year 2019-20 budget (the "2019-20 State Budget"). The 2019-20 State Budget projects general fund revenues in the amount of $138.05 billion in fiscal year 2018-19 and $143.81 billion in fiscal year 2019-20. The 2019-20 State Budget projects that the State will end fiscal year 2018-19 with a reserve balance of approximately $19.75 billion, comprised of an approximate balance of $5.39 billion in the Special Fund for Economic Uncertainties (the "SFEU") and an approximate balance of $14.36 billion in the Budget Stabilization Account (the "BSA"). The 2019-20 State Budget projects that the State will end fiscal year 2019-20 with an approximately $17.93 billion reserve balance, comprised of approximately $1.41 billion in the SFEU and approximately $16.52 billion in the BSA.

The 2019-20 State Budget describes the State's financial situation as balanced, with a strong fiscal foundation as a result of paying down debts and building up reserves. The 2019-20 State Budget acknowledges the State's hard-won recovery and is centered on making necessary investments for a more effective government, promoting affordability and opportunity, and supporting justice and dignity for all Californians. For example, the 2019-20 State Budget includes $4.5 billion to eliminate debts and reverse deferrals, $5.5 billion to build reserves, and $4.3 billion to pay down unfunded retirement liabilities.

Further, the 2019-20 State Budget represents a significant investment in the state's public higher education segments – the University of California, the California State University, and the California Community Colleges, providing significant ongoing increases in base funding to all three segments and unprecedented investments in financial aid programs that will increase the quality of education, expand access, improve timely degree completion, and support upward economic mobility for Californians. The 2019-20 State Budget includes total funding of $36.9 billion ($20.8 billion General Fund and local property tax and $16.1 billion other funds) for all higher education entities in fiscal year 2019-20.

In fiscal year 2011-12 at the depth of the state budget crisis, the minimum guarantee of Proposition 98 funding levels for K-12 schools and community colleges declined to a relative low of $47.3 billion. Since then, driven primarily by significant increases in state General Fund revenues, the Proposition 98 minimum guarantee has increased to $81.1 billion. The 2019-20 State Budget also includes $42.6 million ongoing Proposition 98 General Fund to support a second year of free tuition for community college students. This extends the California College Promise to waive enrollment fees for first-time, full-time students for a second academic year.

The 2019-20 State Budget included the following significant adjustments affecting California Community Colleges:

- California Community Colleges State Operations – An ongoing increase of $516,000 non-Proposition 98 General Fund for four new positions to support the Chancellor's Office state operations. These positions are for the Chancellor's Office to improve data security capacity, to support accounting operations, and to monitor districts' fiscal health and provide technical assistance to districts in need.

- Student-Focused Funding Formula – An ongoing increase of $254.7 million Proposition 98 General Fund to support the funding formula, which includes the following:

    - An increase of $230 million to support a 3.26-percent cost-of-living adjustment for total apportionment growth.

    - An increase of $24.7 million for enrollment growth of 0.55 percent.

- Rapid Rehousing – An ongoing increase of $9 million Proposition 98 General Fund to provide support for community college students who are homeless or experiencing housing insecurity, including connecting students to safety net resources and providing emergency grants to secure housing or prevent the imminent loss of housing.

- Veteran Resource Centers – An ongoing increase of $5 million Proposition 98 General Fund to augment an existing allocation that establishes or enhances veteran resource centers at community colleges. In addition, an increase of $2.25 million Proposition 98 settle-up funds is provided to expand veteran resource centers at specified colleges.

- Retirement Systems' Employer Contribution Rate – As referenced in the K-12 Education Chapter, the 2019-20 State Budget includes a $3.15 billion one-time non-Proposition 98 General Fund payment on behalf of local educational agencies and community college districts to STRS and the PERS Schools Pool.

- Deferred Maintenance and Instructional Equipment – A one-time increase of $13.5 million Proposition 98 settle-up for deferred maintenance, instructional equipment, and specified water conservation projects.

- Mental Health Services – A one-time increase of $7 million Proposition 63 funds to create a grant program for colleges, in collaboration with county behavioral health departments, to establish or improve access to mental health services and early identification or intervention programs.

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

- Student Basic Needs Programs – A one-time increase of $3.9 million Proposition 98 settle-up to address student basic needs at community colleges, including housing and food insecurity.

- Reentry of Incarcerated Individuals Program Grants – A one-time increase of $3.5 million Proposition 98 settle-up to provide support for a grant program to provide student support services for currently and formerly incarcerated students who are focused on reentry into their communities.

- Foster Care Education Program – An ongoing increase of $400,000 Proposition 98 General Fund to sustain program funding at its current level for foster and relative or kinship care education and training, due to a projected decrease of federal matching funds.

- Historically Black Colleges and Universities (“HBCU”) Transfer Pathway Program – An increase of $81,000 ongoing Proposition 98 General Fund to support the development of transfer guarantee agreements between the California Community Colleges and partner HBCU institutions.

- California Community Colleges Facilities – An increase of $535.3 million in general obligation bond funding for 39 new and 20 continuing projects. This allocation represents the next installment of the $2 billion available to California Community Colleges under Proposition 51 and will address critical fire and life safety issues at campuses statewide.

Proposition 1A

Proposition 1A (“Proposition 1A”), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions.

Final State Budgets

The State’s fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor is required to propose a budget for the next fiscal year (the “Governor’s Budget”) to the State Legislature no later than January 10 of each year. Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than June 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor. In certain years prior to the adoption of Proposition 25, the State’s final budget was not timely adopted.

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

The District cannot predict whether the State will again encounter budgetary difficulties in future fiscal years. The District also cannot predict the impact future State budgets will have on the District's finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors which the District cannot control.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on the District budget or operations.

CONSTITUTIONAL INITIATIVES AND STATUTORY MEASURES

Article XIIIA of the California Constitution

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

Proposition 26

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

Article XIIIB of the California Constitution

Under Article XIIIB of the California State Constitution state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. The District's 2017-18 appropriations limit is $155,074,438.

Unitary Property

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

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

California Lottery

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

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

Proposition 46

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

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act," which amends Section 1 of Article XIIIA, Section 18 of

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

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

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

Proposition 30 and Proposition 55

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

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

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

Proposition 51

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

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

- $3 billion for construction of new K-12 school district facilities;
- Another $3 billion for the modernization of K-12 public school sites, which includes repairs to outdated facilities to increase earthquake and fire safety, removing asbestos, technology upgrades and other health and safety improvements;
- $500 million for various charter school facilities;
- $500 million for career technical education facilities;
- $2 billion for California community college facility construction and modernization.

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

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

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

- Buildings M and N, Liberal Arts Campus;
- Construction Trades Phase 1, Building MM, Pacific Coast Campus; and

- Music/Theatre Complex, Buildings G & H, Liberal Arts Campus

Article XIIIC and XIIID of the California Constitution

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

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

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

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

Proposition 1A

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

Prohibitions on Diverting Local Revenues for State Purposes

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

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

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

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

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

Future Initiatives and Propositions

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46, 39 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the District's revenues or their ability to expend revenues.

APPENDIX B

FORM OF BOND COUNSEL OPINIONS

[Closing Date]

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

Re: $130,000,000 Long Beach Community College District General Obligation Bonds, Election of 2016, 2019 Series C

Ladies and Gentlemen:

We have acted as Bond Counsel to the Long Beach Community College District, County of Los Angeles, State of California (the "District"), in connection with the issuance by the District of $130,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2016, 2019 Series C (the "Bonds"). The Bonds are being issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "Act"), and other applicable laws and regulations of the State of California (the "State"), and a resolution of the Board of Trustees of the District adopted on September 11, 2019 (the "Resolution"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Resolution.

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

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

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

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

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

4. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

   Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

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

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

In rendering the opinion set forth in paragraph 4 above, we are relying upon representations and covenants of the District in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion. Each owner of the Bonds should seek advice based on its particular circumstances from an independent tax advisor.

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

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

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

Respectfully submitted,

[Closing Date]

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

Re: $67,415,000 Long Beach Community College District (Los Angeles County, California) General Obligation Refunding Bonds, 2019 Series H (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Long Beach Community College District, County of Los Angeles, State of California (the "District") in connection with the issuance by the District of $67,415,000 aggregate principal amount of the District's General Obligation Refunding Bonds, 2019 Series H (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Act") and other applicable laws of the State of California (the "State"), and pursuant to a resolution adopted by the Board of Trustees of the District (the "Board of Trustees") on September 11, 2019 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

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APPENDIX C

AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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LONG BEACH COMMUNITY COLLEGE DISTRICT
LOS ANGELES COUNTY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2018

LONG BEACH COMMUNITY COLLEGE DISTRICT

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* As a result of the implementation of this standard, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported, prospectively. Our auditors' opinion was not modified with respect to the implementation.

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, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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
November 30, 2018

LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018. 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.

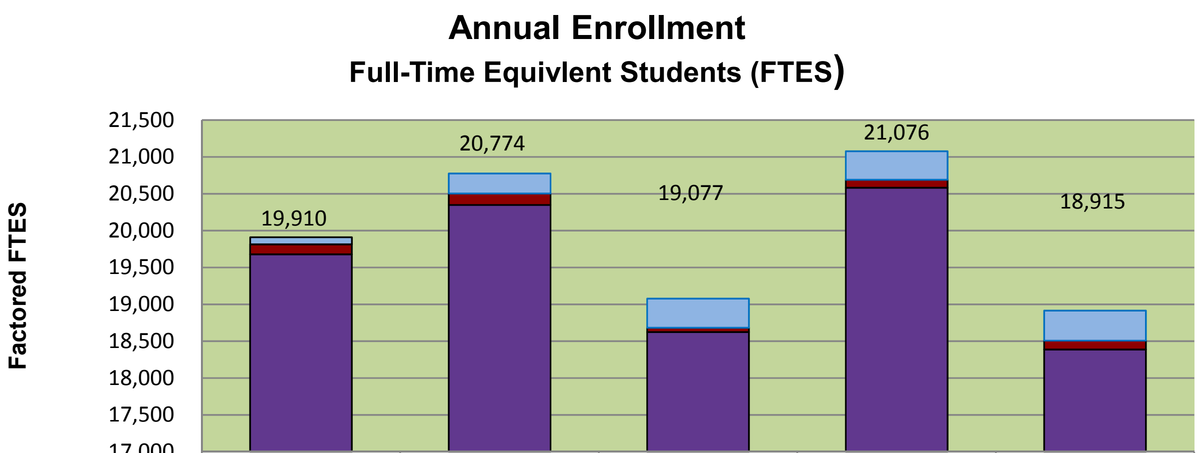
Selected Highlights

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 $15.9 million (-7.5%) from $211.4 million to $195.5 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 $11.3 million (4.4%) from $256.5 million to $267.8 million due to overall increases in most revenues. (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, 2018. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our total apportionment eligible FTES reported was 18,915 for the 2017-18 fiscal year. This represents a decrease of 2,161.



	2013-14	2014-15	2015-16	2016-17	2017-18
CDCP Noncredit	97	272	395	387	406
Noncredit	137	155	59	108	123
Credit	19,676	20,347	18,623	20,581	18,386

- Total ending fund balances (modified accrual basis of accounting) decreased $19.2 million (-9.7%) from $198.4 million to $179.2 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 $4.6 million (4.9%) from -$93.8 million to -$98.4 million, which was mainly due to the $12.1 million decrease in restricted net position.

- The primary expenditure of the District is for the salaries and benefits for academic, classified, and administrative personnel. These costs increased from the previous fiscal year by $17.4 million to $150.9 million. This 13.0% net increase is due to staff and salary increases, one-time retro payments, the increased STRS and PERS contributions, the supplemental employee retirement plan (SERP), the increase to STRS state on behalf contributions, and increases to health insurance premiums.

- 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	80%
Language Arts Department (Building P) Modernization	85%
Auditorium (Building J)	20%
Pacific Coast Campus	
ADA Site Barrier Removal Project	90%
ADA Building Barrier Removal Project	5%
Water Conservation Project	90%

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

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 $45.7 million. This represents a $1.4 million increase from the 2016-17 fiscal year. This aid is provided through grants and loans from the Federal and State programs. Federal Pell Grant maximums increased 1.8% to $5,920 per student in 2017-18. 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, 2018 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, 2018.

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 $15.9 million (-7.5%) from $211.4 million to $195.5 million mainly due to decrease in bond cash for planned payments for construction projects offset by other net increases.
Capital assets increased 1.3% from $391.8 million to $396.9 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.

Deferred outflows – pensions and deferred inflows – pensions are components of the pension liability for STRS and PERS. These items are explained in the footnotes of these financial statements. Deferred outflows increased $15.1 million (48.5%) and the deferred inflows increased $0.4 million (8.7%) for the District's proportionate share of changes in actuarial assumptions, based on statements from STRS and PERS. These net positive changes are offset by the $22.1 million increase in net pension liability, which makes the net effect of reporting pensions $109.9 million, which is a 7.3% increase from the previous year.

Long-term liabilities less current portion increased $18.1 million (2.7%) from $683.1 million to $701.2 million due to the $22.1 million increase to pension liability, less the bond principal payments.

The components of net position are investment in capital assets, restricted assets and unrestricted assets. The negative $63.4 million in net position invested in capital assets consists of $396.9 million in capital assets, net of accumulated depreciation and including the Bond Construction Fund balance of $54.5 million, less $514.8 million in bond debt, including bond premiums.

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.

$53.8 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 $88.7 million. The negative balance is primarily due to the recognition of $150.9 million net pension liability for STRS and PERS. The net impact of financial reporting for pensions is a negative $109.9 million ($7.5 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 increases the net position deficit an additional $30.7 million. Without recognizing these liabilities, the unrestricted net position would be a positive $51.9 million, which is a $15.6 million increase from prior year. Much of the positive portion of unrestricted net position has been designated by the Board for such purposes as outstanding commitments on contracts, child development, community education and retiree health benefits and general reserves for the ongoing financial health of the District.

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

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

	(in thousands) June 30, 2018	(in thousands) June 30, 2017	Change
Assets			
Current assets			
Cash and cash equivalents	$ 83,494	$ 78,048	7.0%
Receivables	15,776	14,906	5.8%
Prepaid expenses	1,678	2,528	-33.6%
Total current assets	100,948	95,482	5.7%
Non-current assets			
Restricted cash and cash equivalents	112,091	133,323	-15.9%
Capital assets, net of depreciation	396,861	391,839	1.3%
Total non-current assets	508,952	525,162	-3.1%
Total Assets	609,900	620,644	-1.7%
Deferred Outflows of Resources			
Deferred charge on refunding	23,697	11,971	98.0%
Deferred outflows - pensions	46,223	31,128	48.5%
Deferred outflows - OPEB	4,083		100.0%
Total Deferred Outflows of Resources	74,003	43,099	71.7%
Total Assets and Deferred Outflows of Resources	$ 683,903	$ 663,743	3.0%

	(in thousands) June 30, 2018	(in thousands) June 30, 2017	Change
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	28,092	20,958	34.0%
Due to fiduciary fund	235	111	111.7%
Due to OPEB Trust	-	65	-100.0%
Unearned revenue	13,765	18,649	-26.2%
Amounts held in trust for others	9	155	-94.2%
Estimated claims liability	195	194	0.5%
Long-term liabilities - current portion	33,514	29,533	13.5%
Total current liabilities	75,810	69,665	8.8%
Non-current liabilities			
Long-term liabilities less current portion	701,166	683,061	2.7%
Total non-current liabilities	701,166	683,061	2.7%
Total Liabilities	776,976	752,726	3.2%
Deferred Inflows of Resources			
Deferred inflows - pensions	5,235	4,814	8.7%
Deferred inflows - OPEB	92	-	100.0%
Total Deferred Outflows of Resources	5,327	4,814	10.7%
Net Position			
Net investment in capital assets	(63,409)	(64,116)	1.1%
Restricted	53,812	65,924	-18.4%
Unrestricted	(88,803)	(95,605)	-7.1%
Total Net Position	(98,400)	(93,797)	4.9%
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 683,903	$ 663,743	3.0%

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, 2018	(in thousands) June 30, 2017	Change
Operating Revenues			
Net tuition and fees	$ 12,133	$ 11,924	1.8%
Grants and contracts, non-capital	87,829	84,766	3.6%
Auxiliary commissions and stadium concessions	1,004	812	23.6%
Total operating revenues	100,966	97,502	3.6%
Operating Expenses			
Salaries and benefits	150,925	133,526	13.0%
Supplies, materials and other operating expenses and services	41,211	38,541	6.9%
Financial aid	45,658	44,307	3.0%
Depreciation	16,012	14,775	8.4%
Total operating expenses	253,806	231,149	9.8%
Operating loss	(152,840)	(133,647)	14.4%
Non-operating revenues			
State apportionments, non-capital	77,193	76,654	0.7%
Local property taxes	36,835	32,705	12.6%
State taxes and other revenues	5,333	6,167	-13.5%
Investment income, net	1,338	923	45.0%
Total non-operating revenues	120,699	116,449	3.6%
Other revenues, (expenses), gains or (losses)			
State apportionments, capital	1,353	3,606	-62.5%
Local property taxes and other revenues, capital	43,276	37,765	14.6%
Investment income, capital	1,496	1,143	30.9%
Interest expense and costs of issuing capitl asset - related debt	(18,615)	(18,425)	1.0%
Net gain (loss) on disposal of capital assets	28	16	75%
Total other revenues, (expenses), gains or (losses)	27,538	24,105	14.2%
Changes in net position	(4,603)	6,907	-166.6%
Net position, beginning of year as previously reported	(93,797)	(74,997)	25.1%
Cumulative effect of change in accounting principles	-	(25,707)	100.0%
Net position, beginning of year after cumulative effect	(93,797)	(100,704)	-6.9%
Net position, end of year	$ (98,400)	$ (93,797)	4.9%

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Position on page 3.

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, 2018	(in thousands) June 30, 2017	Change
Revenues			
Operating Revenues	$ 100,966	$ 97,502	3.6%
Non Operating Revenues	120,699	116,449	3.6%
Other Revenues	46,153	42,530	8.5%
	267,818	256,481	4.4%
Expense			
Operating Expenses	253,806	231,149	9.8%
Other Expenses	18,615	18,425	1.0%
Total Expenses	272,421	249,574	9.2%
Change in Net Position	(4,603)	6,907	-166.6%
Net position, beginning of year as previously reported	(93,797)	(74,997)	25.1%
Cumulative effect of change in accounting principles	-	(25,707)	-100.0%
Net position, beginning of year after cumulative effect	(93,797)	(100,704)	-6.9%
Net Position End of Year	$ (98,400)	$ (93,797)	4.9%

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position presented on page 3.

Other revenues increased $3.6 million due mainly to the increase 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 increased by $22.7 million due mainly to the $17.4 million increase in salaries and benefits, which includes ongoing increases and one-time retro payments paid in 2017-18.

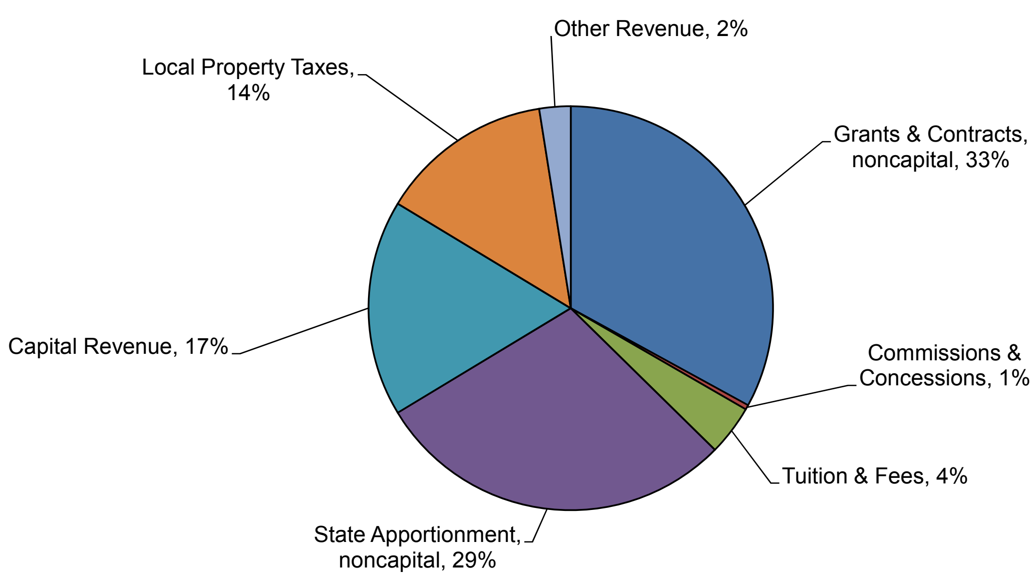
Total revenues were $267.8 million while total expenditures were $272.4 million. This yields a decrease in net position of $4.6 million.

The combined net effect of pension liabilities for STRS and PERS, including deferred inflows and outflows, and the OPEB liability is $140.6 million as of June, 30, 2018. The District's net position would be higher by that amount if the liabilities were not required in the financial statements.

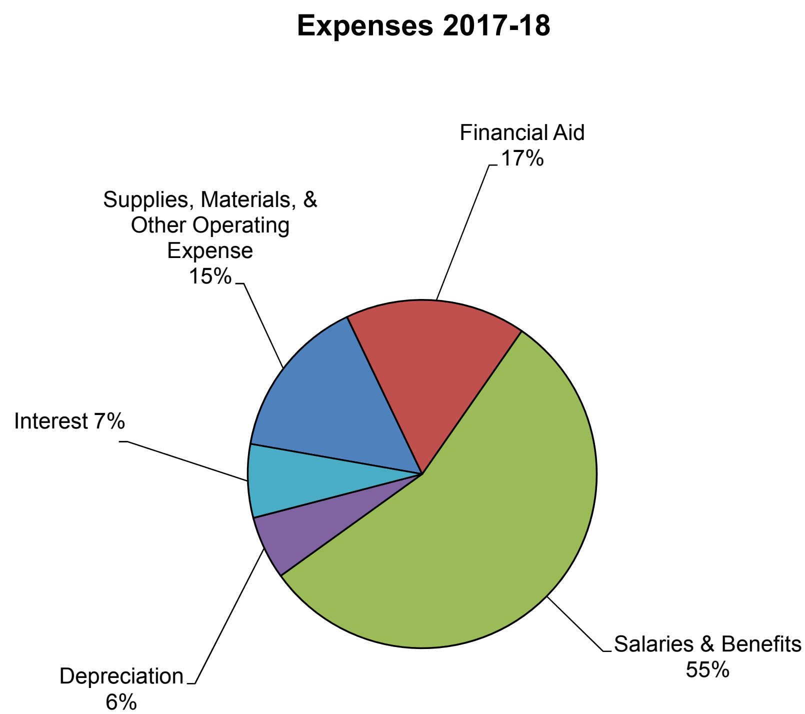
Pronouncements effective in recent years require the District to reflect its proportionate share of pension liabilities in the financial statements. In addition, the implementation of GASB Statements No. 74 and No. 75 last year require us to report the full value of our net OPEB liability. As a result,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

The following chart shows the sources of revenue to the District. The largest sources are State apportionment; non-capital (29%) which is derived from the State's funding formula for Community Colleges; and Grants & Contracts, non-capital (33%).

Revenue 2017-18



The following chart shows where the District's money is spent. The largest category of expenses (55%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to carry out its educational mission.



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 $15.8 million. This results in an end of year cash balance of $195.6 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, 2018	(in thousands) June 30, 2017	Change
Cash Provided By (Used in)			
Operating activities	$ (129,615)	$ (125,159)	-3.6%
Non-capital financing activities	122,187	118,225	3.4%
Capital and related financing activities	(9,397)	81,018	111.6%
Investing activities	1,039	703	47.8%
Net increase/(decrease) in cash and cash equivalents	(15,786)	74,787	121.1%
Cash balance, beginning of year	211,371	136,584	54.8%
Cash balance, end of year	$ 195,585	$ 211,371	-7.5%

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

Net cash flows used in operating activities increased by $4.5 million, which is in line with operating expenses that outpaced operating revenues.

Cash provided by non-capital financing activities increased $4.0 million due mainly to a net increase in local property tax collections and decrease in mandated cost reimbursement.

Cash flows used in capital and related financing activities decreased $90.4 million. This is mainly due to the issuance of general obligation bonds during the 2016-17 year. These issuances are done every three or four years.

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, 2017, the District had $391.8 million, net of depreciation, in a broad range of capital assets including land, buildings, equipment and construction in progress. During the 2017-18 fiscal year, the District continued to modernize various facilities throughout the District at a cost of $21.0 million. At the end of the year capital assets, net of depreciation, were valued at $396.9 million, which is a 1.3% 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, 2018	(in thousands) Balance June 30, 2017	Change
Land	$ 25,976	$ 25,976	0.0%
Construction in progress	20,455	24,651	-17.0%
Site and site improvements	448,190	425,816	5.3%
Equipment	20,235	18,747	7.9%
Totals at historical cost	514,856	495,190	4.0%
Less accumulated depreciation for:			
Site and site improvements	104,025	90,458	15.0%
Equipment	13,970	12,893	8.4%
Total accumulated depreciation	117,995	103,351	14.2%
Capital assets, net	$ 396,861	$ 391,839	1.3%

Long-Term Debt

As of June 30, 2017, the District had $712.6 million in long-term debt. During the 2017-18 fiscal year, long-term debt increased by $22.1 million. This is mainly due to the $5.4 million increase in OPEB liability due to GASB Statements No. 74 and No. 75 and the $22.1 million increase to net 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 11 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, 2018	(in thousands) Balance June 30, 2017	Change
General obligation bonds, net	$ 538,500	$ 546,802	-1.5%
Compensated absences	5,612	5,795	-3.2%
Net other postemployment benefits other than pensions	34,727	29,363	18.3%
Net pension liability	150,909	128,760	17.2%
Supplemental employee retirement plan	4,932	1,874	163.2%
Total long term debt	734,680	712,594	3.1%
Total short term portion	(33,514)	(29,533)	13.5%
Total long term portion	$ 701,166	$ 683,061	2.7%

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 Associated Student Body 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 $114.0 million support 48.0% of total operating expenses, excluding depreciation.

State Budget. On June 27, 2018, Governor Brown signed the final State Budget of his career. Seven and a half years ago he inherited a $27.0 billion budget deficit. His 2018-19 Budget includes a rainy day fund of $13.8 billion. The Budget also includes several trailer bills and results in a total investment in Proposition 98 (K-14 education) of 478.4 billion, an increase of $2.8 billion over last year. The major features for Community Colleges are the new online community college and the new community college funding formula, which will be phased in over three years.

Student-Centered Funding Formula (SCFF). Simulations of early versions of the SCFF, projected a $10.0 million decrease in apportionment funding for LBCCD. The Budget version of the funding formula includes provisions that should mitigate the negative impacts. Some of the main features of the new SCFF are:

- Three-Year Phase in - The formula is designed to provide 70% base allocation, 20% for equity allocation, and 10% for the student success allocation in 2018-19 (a 70-20-10 split), with a 65-20-15 split in 2019-20 and a 60-20-20 split in 2020-21.
    - Base Grants (70% in 2018-19) — District base grants determined by three-year rolling average FTES enrollment. Noncredit FTES is funded at existing rates.
    - Supplemental Grant (20% in 2018-19) — Supplemental grants based on the number of low-income students that the district enrolls reflecting 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% in 2018-19) — Funding based on an elaborate point system derived from measures of student progress, outcomes (certificates, degrees and transfers) and wages (for recent graduates).
- "Summer Shift" – continues. This provision continues district's ability to choose the fiscal year in which to report specified summer FTES for summer enrollment that overlaps fiscal years.
- Stability funding – continues. Total apportionment will be equal to the greater of the current year or prior year apportionment calculated.
- Hold Harmless Provision—Extended for the next three 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 and 2020-21.

LBCCD is projected to be a hold harmless district for the next two to three years.

Challenges

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. The Governor began addressing the severely underfunded status of the STRS pension in 2013-14. Beginning in that year, the Governor increased contribution rates after years without change to these rates that are set by statute. STRS employer contribution rates will increase from 8.25% to 20.25% by 2022-23 according to the Governor's plan. PERS also has plans to increase employer's contributions. The employer's share is expected to be 25.50% by 2025-26. 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. Apportionment funding based on enrollment has decreased from 100% to 70% of the new funding formula. Though it is reduced, it is still by far the largest factor. We received stabilization funding in 2017-18 due to declining enrollment and shifted summer school enrollment. Declining enrollment is an issue throughout the state. We have budgeted 20,132 FTES for 2018-19, which is below our base from 2016-17, but will still be difficult to attain. The strong economy typically results in lower enrollment. In addition, stricter eligibility requirements for the California Promise Waivers (formerly Board of Governors Grant (BOGG) waivers) enacted in 2016-17 could reduce enrollment going forward. We continue to explore enrollment strategies to try to improve our enrollment to avoid decreased apportionment funding. Teams were formed to address enrollment issues and we had a Partnership Resource Team (PRT) visit, which focused on enrollment management.

Student Success Metrics. Simulations of the new SCFF do not look favorable for the District largely due to the enrollment challenges noted above and challenges in student success metrics. The student success portion on the new formula is designed to be 10% of statewide apportionment, but it only represents about 7% for LBCCD in the Chancellor's Office's simulation. We will work to verify accurate counts and reporting of success metrics. We will continue to work to improve the timely completion of students' goals including certificates, degrees and transfers.

Retiree Benefit Obligations. This is the second year of implementation of GASB Statements No. 74 and No. 75 for the District, which results in reporting the full value of our Net OPEB Liability in our financial statements, which is $34.7 million at June 30, 2018. This results in an even higher net position deficit as of June 30, 2018.

Deficit Spending. The District's 2018-19 Unrestricted General Fund Adopted Budget includes over $3.5 million in deficit spending. $1.0 million of that is due to one-time projects, leaving a budgeted structural deficit of $2.5. Multi-year projections show deficits of over $6 million per year for the next two years. The District began a three-phase deficit reduction plan at the beginning of 2018-19, which will continue into 2019-20.
<u>Other Updates</u>

Salary increases. The District's 2018-19 Adopted Budget includes salary increases based on previously negotiated agreements including a 2% increase in 2018-19 for part-time faculty; a 2.71% increase for full-time classified staff effective July 1, 2018; and a 1.50% increase for full-time faculty effective July 1, 2018.

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 is held in escrow and is refundable during the due diligence period. Providing the agreement has not been terminated or extended, and all the conditions of the agreement have been satisfied, the closing date may occur in May 2019.

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 $4.2 million as of July 1, 2018. The Retiree Health Fund, ended the 2017-18 year with a $30.0 million fund balance. Of that balance, $8.2 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.

District Administration. This the second year for Superintendent-President, Dr. Reagan Romali. The Vice President, Academic Affairs was filled last year on an interim basis and now on a permanent basis by Dr. Kathleen Scott. Dr. Mike Munoz became the Vice President, Student Support Services in July 2018. Marlene Dunn became Vice President, Business Services in May 2018. Gene Durand is the Interim Vice President, Human Resources as of July 2018.

State Facilities Bonds. The 2018-19 State Budget continues to provide funding for the District's two approved state capital projects:

- Buildings M & N at the Liberal Arts Campus $27,520,152
- Construction Trades Phase 1, Building MM at the Pacific Coast Campus $320,345

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

Tax Reform. Federal tax reform was signed into law in December 2017. The bill includes the elimination of advance refunding of municipal bonds. This will probably reduce our future bond refunding opportunities. Bond refundings are refinancing of prior issued bonds, which reduce the related property tax payments for taxpayers. Tax reform also reduces the tax benefits of charitable donations for millions of tax payers. This could reduce donations to the College and the College Foundation, which could impact our students.

Supplemental Employee Retirement Plan (SERP) - The District offered a SERP to full-time faculty, management and permanent classified staff. Employees were offered a benefit based on 70% of their annual salary. To be eligible employees had to be older than 50 by June 30, 2018; have at least 5 years of service with the District; be eligible to retire from STRS/PERS; retire from the District by June 30, 2018 and enroll in the SERP program between May 1 and June 12, 2018. 53 employees (17 faculty, 11 management and 25 classified) enrolled for the SERP. Our consultants estimate the 5-year total net savings at $234,112. This estimate allows for normal attrition and assumes that positions are refilled immediately.

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, 2018

Assets	
Current assets:	
Cash and cash equivalents	$ 83,494,239
Accounts receivable, net	15,776,030
Prepaid expenses	1,678,243
Total Current Assets	100,948,512
Non-Current Assets:	
Restricted cash and cash equivalents	112,090,626
Capital assets, net	396,861,376
Total Non-Current Assets	508,952,002
Total Assets	609,900,514
Deferred Outflows of Resources	
Deferred charge on refunding	23,697,316
Deferred outflows - pension	46,222,819
Deferred outflows - other postemployment benefits plan	4,082,686
Total Deferred Outflows of Resources	74,002,821
Total Assets and Deferred Outflows of Resources	$ 683,903,335

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

Liabilities	
Current Liabilities:	
Accounts payable	$ 20,095,112
Accrued interest payable	4,257,658
Accrued liabilities	3,739,030
Due to fiduciary fund	235,415
Unearned revenue	13,765,062
Amounts held in trust for others	9,441
Estimated claims liability	194,828
Current portion of long-term debt	33,513,536
Total Current Liabilities	75,810,082
Non-Current Liabilities	
Long-term debt	701,166,384
Total Non-Current Liabilities	701,166,384
Total Liabilities	776,976,466
Deferred Inflows of Resources	
Deferred inflows - pensions	5,234,916
Deferred inflows - other postemployment benefits plan	91,971
Total Deferred Outflows of Resources	5,326,887
Net Position	
Net investment in capital assets	(63,409,012)
Restricted for:	
Capital projects	23,615,386
Debt service	25,595,801
Scholarship and loans	121,521
Other special purposes	4,479,377
Unrestricted	(88,803,091)
Total Net Position	(98,400,018)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 683,903,335

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, 2018

	Primary Governmental
Operating Revenues	
Tuition and fees (gross)	$ 28,205,629
Less: Scholarship discounts and allowances	(16,072,900)
Net tuition and fees	12,132,729
Grants and contracts, non-capital:	
Federal	46,745,613
State	35,591,805
Local	5,492,094
Auxiliary commissions and stadium concessions	1,004,163
Total Operating Revenues	100,966,404
Operating Expenses	
Salaries	96,757,343
Employee benefits	54,167,805
Supplies, materials, and other operating expenses and services	38,104,326
Financial aid	45,658,217
Utilities	3,106,458
Depreciation	16,011,486
Total Operating Expenses	253,805,635
Operating Income (Loss)	(152,839,231)
Non-Operating Revenues (Expenses)	
State apportionments, non-capital	77,192,646
Local property taxes	36,835,746
States taxes and other revenue	5,332,797
Interest and investment income	1,337,737
Total Non-Operating Revenues (Expenses)	120,698,926
Income Before Other Revenues, Expenses, Gains and Losses	(32,140,305)
Other Revenues, Expenses, Gains and Losses	
State apportionments, capital	1,352,735
Local property taxes and revenues, capital	43,276,199
Interest and investment income, capital	1,495,796
Interest expense and costs of issuing capital asset-related debt	(18,614,687)
Proceeds from sale of capital assets	27,572
Total Other Revenues, Expenses, Gains and Losses	27,537,615
Changes in Net Position	(4,602,690)
Net Position, Beginning of Year	(93,797,328)
Net Position, End of Year	$ (98,400,018)

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees (net)	$ 12,058,873
Federal grants and contracts	48,237,839
State grants and contracts	31,533,619
Local grants and contracts	4,554,424
Auxiliary commissions and stadium concessions	1,004,163
Payments to suppliers	(39,447,864)
Payments to/on-behalf of employees	(138,097,551)
Payments to/on-behalf of students	(45,980,458)
Amounts received/(paid) in trust	(215,666)
Net cash used by operating activities	(126,352,621)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments and receipts	80,253,469
Local property taxes	36,835,746
State taxes and other revenue	5,097,953
Net cash provided by non-capital financing activities	122,187,168
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State apportionment for capital purposes	1,352,735
Local revenue for capital purposes	43,123,968
Interest on investments, capital funds	31,471
Net purchase and sale of capital assets	(18,000,793)
Proceeds of debt issuance	99,701,881
Transfer to escrow account for defeased debt	(85,835,000)
Principal and interest paid on capital related debt	(53,034,449)
Net cash used by capital and related financing activities	(12,660,187)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,039,186
Net cash provided by investing activities	1,039,186
NET INCREASE IN CASH AND CASH EQUIVALENTS	(15,786,454)
CASH BALANCE - Beginning of Year	211,371,319
CASH BALANCE - End of Year	$ 195,584,865

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

Reconciliation of Operating Loss to
Net Cash Used by Operating Activities

CASH USED BY OPERATING ACTIVITIES

Operating loss	$ (152,839,231)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	16,011,486
Changes in assets and liabilities:	
Receivables, net	832,891
Prepaid expenses	850,114
Deferred outflows of resources - pensions	(15,094,385)
Deferred outflows of resources - OPEB	(4,082,686)
Accounts payable	395,737
Accrued liabilities	700,472
Due to fiduciary	124,377
Due to OPEB trust	(64,708)
Unearned revenue	(4,410,377)
Amounts held for others	(145,215)
Compensated absences	(182,832)
Net other postemployment retiree benefits (OPEB)	5,363,861
Net pension liabilities	22,148,295
Supplemental employee retirement plan (SERP)	3,526,540
Deferred inflows of resources - pensions	421,069
Deferred inflows of resources - OPEB	91,971
Net cash used by operating activities	$ (126,352,621)

Breakdown of ending cash balance:	
Cash and cash equivalents	$ 83,494,239
Restricted cash and cash equivalents	112,090,626
Total	$ 195,584,865

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

		Student Trust Funds
Assets		
Cash and cash equivalents	$	3,261,736
Accounts receivable		6,030
Due from Governmental funds		235,415
Total Assets		3,503,181
Liabilities		
Accounts payable		82,596
Amount held for others		596,895
Unearned revenue		146,107
Total Liabilities		825,598
Net Position		
Restricted		
Unrestricted		2,677,583
Total Net Position	$	2,677,583

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, 2018

	Student Trust Funds
Additions	
Student fees	$ 975,899
Other local revenues	39,043
Interest and investment income	22,712
Total Additions	1,037,654
Deductions	
Salaries	198,765
Employee benefits	90,355
Supplies, materials, and other operating expenses and services	678,938
Total Deductions	968,058
Net increase in net position	69,596
Net Position, Beginning of Year	2,607,987
Net Position, End of Year	$ 2,677,583

See accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF
OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
June 30, 2018

	Retiree (OPEB) Trust
Assets	
Investments	$ 8,177,646
Total Assets	8,177,646
Net Position - Restricted for Other Postemployment Benefits	$ 8,177,646

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, 2018

	Retiree (OPEB) Trust
Additions	
Employer contributions	$ 2,817,936
Investment income:	
Interest and investment income	297,054
Realized gain on investments	11,749
Unrealized gain on investments	132,893
Investment expense	(71,423)
Net investment income	370,273
Total Additions	3,188,209
Deductions	
Benefit payments	2,817,936
Total Deductions	2,817,936
Net increase in net position	370,273
Net Position - Restricted for Other Postemployment Benefits, Beginning of Year	7,807,373
Net Position - Restricted for Other Postemployment Benefits, End of Year	$ 8,177,646

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 $1,147,220 on June 30, 2018, 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

measurement made, regardless of the measurement focus applied.

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

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

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

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

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

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

Cash and Cash Equivalents

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable

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

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

Prepaid Expenses

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

Restricted Cash and Cash Equivalents

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

Investments

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

Capital Assets

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Deferred Outflows of Resources

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

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

Deferred Outflows – Pensions: 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, (the effect of changes in proportion of cost-sharing programs,) 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Unearned Revenue

Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes summer 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 nonoperating 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.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. 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. 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. With few exceptions, the statute of limitation for U.S. federal and state examinations by tax authorities is generally three and four years, respectively.

Minimum Reserve Policy

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

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

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, 2018, \$4,052,620 of the District's bank balance of \$5,088,008 was exposed to credit risk as follows:

NOTE 2: DEPOSITS AND INVESTMENTS

District's Bank Balance	June 30, 2018
Uninsured and collateral held by pledging bank's trust department not in the District's name	$ 3,289,295
Uninsured and uncollateralized (1)	763,325
Total	$ 4,052,620

(1) Deposits held with the fiscal agent, SWACC under the District's Property and Liability self-insurance program, totaled $763,235. 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, 2018 is measured at 98.7% of carrying value and is based upon the District's pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). The District's investment in the pool is considered to be highly liquid and is therefore reflected as cash and cash equivalents in the Statement of Net Position.

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

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

NOTE 2: DEPOSITS AND INVESTMENTS

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, 2018.

Investment Valuation

Investments are measured at fair value on a recurring basis. 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. Investments' fair value measurements at June 30, 2018 are presented below:

Investment	Cost	Fair Value Measurements Net Asset Value (NAV)
Mutual Fund - Fixed Income	$ 4,565,051	$ 4,503,423
Mutual Fund - Domestic Equity	2,300,041	2,679,164
Mutual Fund - International Equity	538,964	660,260
Mutual Fund - Real Estate	333,239	334,799
Total	$ 7,737,295	$ 8,177,646

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

NOTE 2: DEPOSITS AND INVESTMENTS

measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Retiree Benefit Trust's investments are in mutual funds which are not rated.

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

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, 2018 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, 2018 consists of the following:

Accounts Receivable	June 30, 2018
Federal and state	$ 3,806,481
Tuition and fees	3,166,765
Debt related property taxes	4,049,054
Miscellaneous	4,753,730
Total	$ 15,776,030

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, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 25,976,471	$	$	$ 25,976,471
Construction in progress	24,650,643	17,387,134	21,582,848	20,454,929
Total capital assets not being depreciated	50,627,114	17,387,134	21,582,848	46,431,400
Capital assets being depreciated:				
Site improvements	425,815,367	22,374,775		448,190,142
Equipment	18,746,838	2,855,169	1,366,779	20,235,228
Total capital assets being depreciated	444,562,205	25,229,944	1,366,779	468,425,370
Less accumulated depreciation for:				
Site improvements	90,457,991	13,567,016		104,025,007
Equipment	12,892,696	2,444,470	1,366,779	13,970,387
Total accumulated depreciation	103,350,687	16,011,486	1,366,779	117,995,394
Depreciable assets, net	341,211,518	9,218,458	-	350,429,976
Governmental activities capital assets, net	$ 391,838,632	$ 26,605,592	$ 21,582,848	$ 396,861,376

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,	June 30, 2018
2019	$ 313,551
2020	253,899
2021	34,335
2022	17,171
2023	4,293
Total	$ 623,249

Current year expenditures for operating leases is approximately $464,000. 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, 2018 is shown below.

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
General obligation bonds					
(2002 election):					
General obligation bonds	$ 115,008,138	$	$ 5,910,883	$ 109,097,255	$ 5,969,949
Accreted interest	11,928,076	1,582,151	1,874,117	11,636,110	2,065,051
Bond premium	10,611,489		1,225,054	9,386,435	
(2008 election):					
General obligation bonds	275,180,492	83,490,000	89,395,693	269,274,799	6,080,000
Accreted interest	21,545,170	4,638,081	829,307	25,353,944	
Bond premium	24,044,986	16,211,881	1,411,596	38,845,271	
(2016 election):					
General obligation bonds	81,790,000		13,225,000	68,565,000	14,715,000
Bond premium	6,692,939		352,260	6,340,679	
Compensated absences	5,795,086		182,832	5,612,254	3,509,645
Net other postemployment benefits other than (OPEB)	29,363,467	5,363,861		34,727,328	
Net pension liability	128,760,261	22,148,295		150,908,556	
Supplemental employee retirement plan (SERP)	1,874,336	3,526,540	468,587	4,932,289	1,173,891
	$ 712,594,440	$ 136,960,809	$ 114,875,329	$ 734,679,920	$ 33,513,536

Liabilities for compensated absences, SERP obligations, pension liabilities, and OPEB

NOTE 7: LONG-TERM DEBT – SCHEDULE OF CHANGES

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.

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.

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

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.

The proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayment. The outstanding balance of the defeased debt was redeemed by the escrow agent by May 1, 2015. 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 $5,501,838. Amortization of $305,658 was recognized during the fiscal year ended June 30, 2018.

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, 2018.

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

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

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 $1,225,055 was recognized during the fiscal year ended June 30, 2018.

The outstanding bonded debt of Measure E (2002) at June 30, 2018 is presented on the following page:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
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	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	19,112,255
Series A (1)	8/15/2012	5/1/2016 to 5/1/2031	3.00-5.00%	40,960,000	36,080,000
Series E (2)	8/5/2014	5/1/2015 to 5/1/2032	2.00-5.00%	43,200,000	42,430,000
Series F (3)	6/9/2015	6/1/2016 to 5/1/2030	2.00-5.00%	12,200,000	11,475,000
Total					$ 109,097,255

(1) Refunding Bonds 2012 Series A - refunded the outstanding 2003 Series A bonds and portions of the 2005 Series B bonds.
(2) Refunding Bonds 2014 Series E - refunded portions of the 2007 Series D bonds.
(3) 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, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2019	$ 5,969,949	$ 2,065,051	$ 3,970,963	$ 12,005,963
2020	5,886,392	2,188,608	3,865,963	11,940,963
2021	5,944,706	2,345,294	3,747,063	12,037,063
2022	6,021,127	2,493,873	3,619,013	12,134,013
2023	6,136,026	2,633,974	3,456,513	12,226,513
2024-2028	42,364,055	6,160,945	13,796,965	62,321,965
2029-2032	36,775,000	-	3,581,284	40,356,284
Total Debt Service	$ 109,097,255	$ 17,887,745	$ 36,037,764	$ 163,022,764

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

On February 5, 2008, $440 million in general obligation bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure E (2008). Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities. In addition, proceeds will be used for the prepayment of certain lease and financing obligations of the District.
On July 24, 2008, the District offered for sale $48,373,981 in General Obligation 2008 Election Series A (2008) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $24,990,000 and capital appreciation bonds in the aggregate principal amount of $23,383,981. These bonds contain interest provisions ranging from 3.59 percent to 5.45 percent depending on maturity date of the bond. The capital appreciation bonds were issued with maturity dates of June 1, 2012 through June 1, 2018 and June 1, 2027 through June 1, 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

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

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

30, 2018.

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.

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, 2018.

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 2018 Series G of current interest bonds. 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 $602,344 was recognized during the fiscal year ended June 30, 2018.

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

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

$1,411,595 was recognized during the fiscal year ended June 30, 2018, which includes premiums recognized for the refunded portion of bonds.

The outstanding bonded debt of Measure E (2008) at June 30, 2018 is presented on the following page:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
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	140,078,695
Series C (1)	3/11/2014	8/1/2016 to 8/1/2026	0.66-4.10%	11,825,000	8,745,000
Series F (2)	6/25/2015	6/1/2016 to 5/1/2030	2.00-5.00%	20,345,000	18,655,000
Series D	9/7/2016	8/1/2018 to 8/1/2019	1.05-1.27%	3,210,000	3,210,000
Series G (3)	11/16/2017	2/1/2018 to 8/1/2034	2.00-5.00%	83,490,000	83,490,000
Total					$ 269,274,799

(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 2018 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, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2019	$ 6,080,000	$	$ 8,265,375	$ 14,345,375
2020	7,395,000		8,088,539	15,483,539
2021	8,390,000		7,809,312	16,199,312
2022	9,270,000		7,453,436	16,723,436
2023	10,385,000		7,034,911	17,419,911
2024-2028	65,794,525	6,440,475	26,310,275	98,545,275
2027-2033	47,981,579	27,403,420	17,723,125	93,108,124
2034-2038	19,462,984	7,917,016	39,948,550	67,328,550
2039-2043	43,885,000		36,131,825	80,016,825
2044-2048	34,450,603	52,154,396	20,326,319	106,931,318
2049-2050	16,180,108	24,494,892	1,954,507	42,629,507
Total Debt Service	$ 269,274,799	$ 118,410,199	$ 181,046,174	$ 568,731,172

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,

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

furnishing and equipping of District facilities.

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, 2018.

The outstanding bonded debt of Measure LB (2016) at June 30, 2018 is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
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	68,565,000
Total					$ 68,565,000

The annual requirements to amortize all Measure LB (2016) bonds payable, outstanding as of June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ 14,715,000	$ 2,361,400	$ 17,076,400
2020	13,260,000	1,801,900	15,061,900
2021		1,536,700	1,536,700
2022		1,536,700	1,536,700
2023-2027	1,350,000	7,610,225	8,960,225
2028-2032	3,690,000	7,174,557	10,864,557
2033-2037	6,830,000	6,356,276	13,186,276
2038-2042	11,250,000	4,704,000	15,954,000
2043-2047	17,470,000	1,862,000	19,332,000
Total Debt Service	$ 68,565,000	$ 34,943,758	$ 103,508,758

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 (FUTURIS). FUTURIS 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.

As of June 30, 2018, the District's total liability for postemployment healthcare benefits consisted of the following:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
OPEB Plan	$ 34,727,328	$ 4,082,686	$ 91,971	$ 4,112,718

Membership of the plan consisted of the following at June 30, 2018:

Participant Type:	Number of Participants
Inactive participants currently receiving benefits	158
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	808
Total	966

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

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, 2018 the District contributed $2,817,936 to the plan. District maintains a retiree benefits fund to designate resources for retiree health care costs. Committed resources in the fund totaled $21,808,969 at June 30, 2018.

Net OPEB Liability

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

	Balance June 30, 2018
Total OPEB liability	$ 42,904,974
Plan fiduciary net position	8,177,646
District's net OPEB liability	$ 34,727,328
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	19%

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, 2018 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 projected and actual earnings on plan investments is amortived over a five year period on a straight-line basis. One-fifth is recognized in OPEB expense during the measurement period and the remaining amount is deffered and will be amortized over the remaining four-year period.

At June 30, 2018, the District reported deferred inflows and outflows as follows:

Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 474,731	$ 22,993
2020	474,731	22,993
2021	474,731	22,993
2022	474,731	22,992
2023	474,731	-
Thereafter	1,709,031	-
Total	$ 4,082,686	$ 91,971

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

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, 2018, 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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was -0.69%.

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Fair value for mutual funds has been determined using Net Asset Value per share (NAV). NAV is based on the underlying securities held in the fund. The Plan's investment fair value measurements at June 30, 2018 are presented below:

		Fair Value Measurements
Investment	Cost	Net Asset Value (NAV)
Mutual Fund - Fixed Income	$ 4,565,051	$ 4,503,423
Mutual Fund - Domestic Equity	2,300,041	2,679,164
Mutual Fund - International Equity	538,964	660,260
Mutual Fund - Real Estate	333,239	334,799
Total	$ 7,737,295	$ 8,177,646

Actuarial Methods and Assumptions

The District's net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The actuarial assumptions noted below were applied to all periods included

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	4.50%
Health Care Trend Rate	4%

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 (see the discussion of the Plan's investment policy) are as follows:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
US Large Cap	40%	7.80%
US Small Cap	20%	7.80%
Long-Term Corporate Bonds	30%	5.30%
Short-Term Government Fixed	10%	3.25%

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 5.8% to 4.5%. This was based on assumed long-term return on plan assets using historic 30 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 20 basis points. Contributions were assumed to be sufficient to fully fund the obligation over a period not to exceed 30 years. The long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

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, 2017	$ 37,170,840	$ 7,807,373	$ 29,363,467
Changes for the year:			
Service cost	2,332,879	-	2,332,879
Interest	1,661,774	-	1,661,774
Employer contributions	-	2,817,936	(2,817,936)
Assumption Changes	4,557,417	-	4,557,417
Net investment income	-	349,725	(349,725)
Investment Gains/Losses	-	91,971	(91,971)
Benefit payments	(2,817,936)	(2,817,936)	-
Administrative expenses	-	(71,423)	71,423
Net changes	5,734,134	370,273	5,363,861
Balances at June 30, 2018	$ 42,904,974	$ 8,177,646	$ 34,727,328

The following presents the District's net OPEB liability calculated using the discount rate of 4.5 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 (3.5 percent) or 1-percentage-point higher (5.5 percent) than the current rate:

Discount rate	Net OPEB Liability (Asset)
1% decrease (3.5%)	$ 38,697,875
Current discount rate (4.5%)	34,727,328
1% increase (5.5%)	31,578,113

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%)	$ 31,124,702
Current healthcare trend rate (4.0%)	34,727,328
1% increase (5.0%)	38,771,547

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

OPEB Expense

For the year ended June 30, 2018, the District recognized OPEB expense of $4,172,687.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2018, 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	$ 86,006,400	$ 26,235,896	$ 3,790,680	$ 9,184,287
CalPERS - Schools Pool Plan	61,639,155	18,942,477	1,316,514	10,689,136
CalPERS - Miscellaneous Employer Plan (Auxiliary)	3,263,001	1,044,446	127,722	559,324
Total	$ 150,908,556	$ 46,222,819	$ 5,234,916	$ 20,432,747

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

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

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

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%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The 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, 2018 are presented above and the total District contributions were $7,552,499.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension

NOTE 12: EMPLOYEE RETIREMENT PLANS

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, 2018
District proportionate share of net pension liability	$ 86,006,400
State's proportionate share of the net pension liability associated with the District	50,881,074
Total	$ 136,887,474

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.0930%.

For the year ended June 30, 2018, the District recognized pension expense of $15,888,673, including on-behalf expense and revenue of $5,121,669 for support provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 7,552,499	$ -
Differences between expected and actual experience	318,060	1,500,090
Changes of assumptions	15,933,690	-
Changes in proportion	2,431,647	-
Net differences between projected and actual earnings on pension plan investments	-	2,290,590
Total	$ 26,235,896	$ 3,790,680

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, 2019. 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.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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, 2017 measurement date is 7 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 6 years.

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

Year Ending June 30,	Amortization
2019	$ 996,396
2020	4,341,606
2021	3,108,426
2022	865,576
2023	2,762,910
2024	2,817,803
Total	$ 14,892,717

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent

NOTE 12: EMPLOYEE RETIREMENT PLANS

from year to year to develop an expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 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 7.60%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.60%)	$ 126,284,700
Current discount rate (7.60%)	86,006,400
1% increase (8.60%)	53,317,830

NOTE 12: EMPLOYEE RETIREMENT PLANS

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2017, CalSTRS completed an experience study for the period starting July 1, 2010 and ending June 30, 2015. The experience study was adopted by the CalSTRS Board in February 2017. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including the discount rate, price inflation, wage growth, mortality assumptions and the mortality tables used in the actuarial valuation of the net pension liability. The changes to the assumptions as a result of the experience study follow:

Assumptions:	As of June 30, 2017	As of June 30, 2016
Investment Rate of Return	7.10%	7.60%
Consumer Price Inflation	2.75%	3.00%
Wage Growth	3.50%	3.75%

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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.

The CalPERS provisions and benefits in effect at June 30, 2018, 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%	6.00%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on 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, 2018 are as presented above and the total District contributions were $5,419,021.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $61,639,155. The net pension liability was measured as of June 30, 2017. The total pension liability for CalPERS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The 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

NOTE 12: EMPLOYEE RETIREMENT PLANS

relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.2582%.

For the year ended June 30, 2018, the District recognized pension expense of $3,846,285. At June 30, 2018, 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	$ 5,419,021	$ -
Differences between expected and actual experience	2,208,277	-
Changes of assumptions	9,003,368	725,725
Changes in proportion	179,518	590,789
Net differences between projected and actual earnings on pension plan investments	2,132,293	-
Total	$ 18,942,477	$ 1,316,514

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, 2019. 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 Plan for the June 30, 2017 measurement date is 3.9 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 2.9 years.

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

Year Ending June 30,	Amortization
2019	$ 3,388,464
2020	5,777,029
2021	4,209,092
2022	(1,167,643)
Total	$ 12,206,942

NOTE 12: EMPLOYEE RETIREMENT PLANS

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on CalPERS specific membership data and mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 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 rounded down to the nearest one quarter of one percent. 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	47%	5.38%
Fixed income	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and forestland	3%	5.39%
Liquidity	2%	-0.90%

NOTE 12: EMPLOYEE RETIREMENT PLANS

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 90,690,949
Current discount rate (7.65%)	61,639,155
1% increase (8.65%)	37,538,259

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2017, the financial reporting discount rate for the Schools Pool Plan was lowered from 7.65% to 7.15%. 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.

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary)

Plan Description

Qualified former employees of the Auxiliary are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual

NOTE 12: EMPLOYEE RETIREMENT PLANS

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, 2018, are summarized as follows:

Provisions and Benefits	CalPERS - Miscellaneous Employer Pool	
Plan	First Tier	Second Tier
Hire date	On or Before December 31, 2012	June 26, 2011- December 31, 2012
Benefit formula	2% at 55	2% at 60
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	60
Required employee contribution	n/a, there are no longer any employees	
Required employer contribution	$ 174,923	

NOTE 12: EMPLOYEE RETIREMENT PLANS

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, 2018 are presented above and the total Auxiliary contributions were $174,923.

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

As of June 30, 2018, the Auxiliary reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling $3,263,001. The net pension liability was measured as of June 30, 2017. 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, 2017, the Auxiliary's proportion was 0.0329%.

For the year ended June 30, 2018, the Auxiliary recognized pension expense of $573,252. At June 30, 2018, the Auxiliary reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 174,923	$
Differences between expected and actual experience	3,269	46,835
Changes of assumptions	405,613	30,928
Changes in proportion	144,040	
Differences between contributions and proportionate share of contributions	224,868	49,959
Net differences between projected and actual earnings on pension plan investments	91,733	
Total	$ 1,044,446	$ 127,722

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, 2019.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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, 2017 measurement date is 3.7 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 2.7 years.

The remaining will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2019	$ 255,339
2020	357,457
2021	183,468
2022	(54,463)
Total	$ 741,801

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	June 30, 2016 to June 30, 2017
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvement using Scale BB published by the Society of Actuaries.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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 rounded down to the nearest one quarter of one percent. 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	47%	5.38%
Global fixed income	19%	2.27%
Inflation sensitive assets	6%	1.39%
Private equity	12%	6.63%
Real assets	11%	5.21%
Infrastructure and forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 (6.65%)	$ 3,729,445
Current discount rate (7.65%)	3,263,001
1% increase (8.65%)	1,285,087

NOTE 12: EMPLOYEE RETIREMENT PLANS

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.

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 $457,601 during the fiscal year. The total amount of covered compensation was $6,101,312. 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 $4,932,289 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 $468,584 annually through 2020-21. The total remaining liability of $1,405,749 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

NOTE 13: SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

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 $3,526,540 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, 2018 totaled $43,386.

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, 2018 totaled $64,272.

Claims Liability

At June 30, 2018, 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	$ 45,558	$ (45,558)	$ 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, 2018.

NOTE 15: JOINT POWERS AGREEMENTS

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

PIPS provides workers' compensation insurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.
SAFER provides excess insurance coverage for liability losses from $1,000,000 to $50,000,000 and $5,000,000 to $250,000,000 for excess property coverage.

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

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

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

Each JPA is independently accountable for its fiscal matters. All JPAs maintains their own accounting records. Budgets are not subject to any approval other than that of the respective

NOTE 15: JOINT POWERS AGREEMENTS

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 6/30/2018 (Audited)	SAFER 6/30/2018 (Audited)	SEWUP 6/30/2018 (Audited)	SWACC 6/30/2018 (Audited)
Total assets	$ 128,632,982	$ 39,841,694	$ 28,006,375	$ 52,332,118
Total liabilities	104,498,678	38,695,867	26,011,078	34,316,883
Net position	$ 24,134,304	$ 1,145,827	$ 1,995,297	$ 18,015,235
Total revenues	310,649,471	59,869,098	19,450,109	22,350,383
Total expenses	303,959,631	59,413,248	19,349,667	29,435,155
Changes in net position	$ 6,689,840	$ 455,850	$ 100,442	$ (7,084,772)

NOTE 16: 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	$ 49,435,437	$ 22,800,409	$ 1,573,444	$	$	$ 73,809,290
Academic support	9,762,212	4,189,971	1,895,580	840,620		16,688,383
Student services	14,738,531	6,490,682	7,193,591	261,616		28,684,420
Operation and maintenance of plant	4,551,645	2,416,051	3,713,296			10,680,992
Institutional support	11,862,095	15,235,235	6,853,383	1,697		33,952,410
Community services and economic development	2,475,667	1,144,402	4,913,756			8,533,825
Ancillary services auxiliary operations	3,931,756	1,891,055	14,523,929			20,346,740
Student aid				44,554,284		44,554,284
Transfers and other outgo			543,805			543,805
Depreciation expense					16,011,486	16,011,486
Total	$ 96,757,343	$ 54,167,805	$ 41,210,784	$ 45,658,217	$ 16,011,486	$ 253,805,635

NOTE 17: COMMITMENTS AND CONTINGENCIES

Litigation

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

State and Federal Allowances, Awards, and Grants

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

Purchase Commitments

As of June 30, 2018, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $29.5 million. Projects will be funded through bond proceeds, state funds and general funds.

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. 83 – *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations when a legally enforceable liability is associated with the retirement of a tangible capital asset. The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. The statement is effective for the fiscal year 2018-19.

Statement No. 84 – *Fiduciary Activities*

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

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

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. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The statement defines debt for purposes of disclosure in the notes to the financial statements. The statement requires additional disclosures related to debt obligations, including direct borrowings and direct placements. Amounts of unused lines of credit, assets pledged as collateral for debt and terms specified in debt agreements related to significant 1) events or default with finance-related consequences; 2) termination events with finance-related consequences and) subjective acceleration clauses are also required to be disclosed. The statement is effective for the fiscal year 2018-19.

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.

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 is held in escrow and is refundable during the due diligence period. Providing the agreement has not been terminated or extended, and all the conditions of the agreement have been satisfied, the closing date may occur in May 2019. The Board had previously (October 2017) awarded the purchase and sale agreement to Los Coyotes Redevelopment, LLC, however on February 22, 2018, they asked for an additional 90 day extension of due diligence or they would terminate the escrow. On

NOTE 19: SUBSEQUENT EVENTS

February 27, 2018, the Board of Trustees denied the request and escrow was terminated. The District immediately went to the list of other firms who submitted a response to the RFP (10 responses were received) and began negotiations with Olson Urban Housing.

REQUIRED SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

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

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018
District's proportion of the net pension liability (assets)	0.0880%	0.0910%	0.0920%	0.0930%
District's proportionate share of the net pension liability (asset)	$ 51,424,560	$ 61,264,840	$ 74,410,520	$ 86,006,400
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
Total	$ 82,477,241	$ 93,667,100	$ 116,777,338	$ 136,887,474
District's covered payroll	$37.4 million	$37.3 million	$47.4 million	$50.6 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%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.02%	70.04%	69.00%

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

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

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 Year Ended June 30,

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

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

California Public Employees' Retirement System - Miscellaneous Employer Plan (Auxiliary)	**2015**	**2016**	**2017**	**2018**
Auxiliary contractually required contribution	$ 534	$ -	$ -	$ -
Auxiliary contributions in relation to the contractually required contribution (1)	407,658	420,701	440,547	174,923
Auxiliary contribution deficiency (excess)	$ (407,124)	$ (420,701)	$ (440,547)	$ (174,923)
Auxiliary's covered payroll (2)	n/a	n/a	n/a	n/a
Auxiliary contributions as a percentage of covered payroll	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 Year Ended June 30, 2018

Total OPEB Liability	2017	2018
Service Cost	$ 2,270,442	$ 2,332,879
Interest	2,048,046	1,661,774
Assumption Changes	-	4,557,417
Benefit Payments	(2,709,554)	(2,817,936)
Net Change in Total OPEB Liability	1,608,934	5,734,134
Total OPEB Liability - beginning	35,561,906	37,170,840
Total OPEB Liability - ending (a)	$ 37,170,840	$ 42,904,974

Plan Fiduciary Net Position	2017	2018
Contributions - Employer	$ 2,774,262	$ 2,817,936
Net Investment Income	716,625	349,725
Investment Gains/Losses	-	91,971
Benefit Payments	(2,709,554)	(2,817,936)
Administrative Expense	(65,077)	(71,423)
Net Change in Plan Fiduciary Net Position	716,256	370,273
Plan Fiduciary Net Position - beginning	7,091,117	7,807,373
Plan Fiduciary Net Position - ending (b)	$ 7,807,373	$ 8,177,646
Net OPEB Liability- ending (a) - (b)	$ 29,363,467	$ 34,727,328
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.00%	19.06%
Covered payroll	$ 65,033,514	$ 71,362,047
Net OPEB liability as a percentage of covered-employee payroll	45.15%	48.66%

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.

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2018

OPEB Contributions	2017	2018
Actuarially Determined Contribution (ADC)	$ 5,153,982	$ 4,112,718
Contributions in relation to the ADC	2,774,262	2,817,936
Contribution deficiency (excess)	$ 2,379,720	$ 1,294,782
District's covered payroll	$ 65,033,514	$ 71,362,047
Contributions as a percentage of covered-employee payroll	4.27%	3.95%

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 BENEFITS MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
For the Fiscal Year Ended June 30, 2018

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

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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

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 5.8% to 4.5%.

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, 2017, 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	4.5%
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

LONG BEACH COMMUNITY COLLEGE DISTRICT

HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2018

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, 2018 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Mr. Jeffrey A. Kellogg[1]	President	July 2018
Ms. Sunny Zia	Vice President	December 2022
Dr. Virginia L. Baxter	Member	December 2022
Ms. Vivian Malauulu	Member	December 2020
Mr. Douglas W. Otto	Member	December 2020
Mr. Donnell Jones	Student Trustee	May 2019

DISTRICT ADMINISTRATORS

Dr. Reagan F. Romali	Superintendent/President
Ms. Marlene Dunn	Vice President, Business Services
Dr. Kathleen Scott	Vice President, Academic Affairs
Dr. Kim McGinnis[2]	Vice President, Student Support Services
Ms. Rose Del Gaudio[3]	Vice President, Human Resources

1 Effective July 1, 2018, Mr. Uduak-Joe Ntuk was elected as member to the Board of Trustees.
2 Effective July 1, 2018, Dr. Mike Munoz is the Vice President, Student Support Services.
3 Effective July 1, 2018, Gene Duran is the Interim Vice President of Human Resources.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

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	$ 777,922
Administrative Allowance - Campus Based Programs	84.000	n/a	89,726
Federal Work Study (FWS)	84.033	n/a	646,949
Administrative Allowance - Pell	84.063	n/a	50,505
Pell Grant	84.063	n/a	35,900,391
William D. Ford Direct Loan Program	84.268	n/a	3,042,781
Total Student Financial Aid Cluster			40,508,274
TRIO Cluster			
Direct:			
Student Support Services-Project Go	84.042A	n/a	251,464
Upward Bound	84.047A	n/a	410,862
Total TRIO Cluster			662,326
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)	805,537
Career Technical Education Transitions	84.048A	(1)	41,592
Total Career Technical Education			847,129
Total Department of Education			42,017,729
Department of Agriculture			
Direct:			
Child Nutrition Program	10.558	n/a	60,876
Department of Commerce			
Direct:			
B2B Market Development Cooperator Program	11.112	n/a	102,641
Department of Labor			
Direct:			
Trade Adjustment Assistance Community College Career Training (TAACCCT) - Alternative Pathways to Engineering Education and Careers	17.282	n/a	314,445
U.S Small Business Administration			
Direct:			
Small Business Development Center (SBDC)	59.037	n/a	3,710,087

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, 2018

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	201,820
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)	15,666
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	(1)	34,079
Total Child Care and Development Fund Cluster			49,745
Pass-Through Program from the California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	110,453
Foster Care - Title IV - E	93.658	(1)	105,161
Total Department of Health and Human Services			265,359
Corporation for National and Community Service (CNCS)			
Direct:			
AmeriCorps National Service Awards	94.006	n/a	72,656
Total Federal Grants			$ 46,745,613
Amount Provided of Subrecipients			
Small Business Development Center (SBDC)	59.037	n/a	
Economic Development Collaboration - Ventura			$ 357,437
El Camino Community College District			312,943
Los Angeles Chamber of Commerce			231,520
Pacific Coast Regional Small Business Development Corporation			255,012
Pasadena Community College District			201,149
Santa Clarita Community College District			341,401
University of La Verne			209,510
			$ 1,908,972

(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
For the Fiscal Year Ended June 30, 2018

Program Name	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	Total Program Expenditures
State Categorical Aid Programs:						
Access to Print and Electronic Info	$ 11,549	$ -	$ -	$ -	$ 11,549	$ 11,549
Adult Education	2,166,491	-	1,135,280	-	1,031,211	1,031,211
Basic Skills	872,953	-	262,266	-	610,687	610,687
Board Financial Assistance Program (BFAP) - Student Financial Aid Administration (SFAA)	862,526	-	-	-	862,526	862,526
Cal Grant	2,638,815	-	-	236,452	2,402,363	2,402,363
CalWORKs	634,695	-	-	-	634,695	634,695
Childcare Taxbailout	55,092	-	-	-	55,092	55,092
Community College Completion Grant	234,750	-	-	-	234,750	234,750
Cooperative Agencies Resources for Education (CARE)	248,795	-	-	-	248,795	248,795
Deaf and Hard of Hearing	306,115	-	-	-	306,115	306,115
Disabled Student Program and Services (DSPS)	1,326,577	-	-	-	1,326,577	1,326,577
Equal Employment Opportunity	80,511	-	42,798	-	37,713	37,713
Extended Opportunities Program and Services (EOPS)	1,656,742	-	-	-	1,656,742	1,656,742
Foster Care Education Program	129,818	-	-	-	129,818	129,818
Full Time Student Success Grant	1,263,625	-	134,993	-	1,128,632	1,128,632
Part-Time Faculty Compensation	440,636	-	-	-	440,636	440,636
Physical Plant and Instructional Planning - Block Grant	2,246,248	-	520,077	-	1,726,171	1,726,171
Strong Workforce Program	3,470,331	-	2,517,737	-	952,594	952,594
Student Equity	3,749,201	-	360,917	-	3,388,284	3,388,284
Student Success and Support Program (SSSP) - Credit	3,468,564	-	25,339	-	3,443,225	3,443,225
Student Success and Support Program (SSSP) - Non-Credit	141,357	-	-	-	141,357	141,357
Veterans Resource Center	74,858	-	71,895	-	2,963	2,963
Total State Categorical Aid Programs	$ 26,080,249	$ -	$ 5,071,302	$ 236,452	$ 20,772,495	$ 20,772,495

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL)
For the Fiscal Year Ended June 30, 2018

	Annual - Factored FTES		
Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit[1]	65.20	-	65.20
2. Credit[1]	407.18	-	407.18
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit[1]	-	-	-
2. Credit[1]	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	14,015.27	-	14,015.27
(b) Daily Census Contact Hours	1,306.89	-	1,306.89
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	463.77	-	463.77
(b) Credit[1]	383.21	-	383.21
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,357.00	-	1,357.00
(b) Daily Census Contact Hours	916.53	-	916.53
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	18,915.05	-	18,915.05
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	-	-	-
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	500.38	-	500.38
(b) Credit[1]	919.11	-	919.11
CCFS 320 Addendum			
CDCP Noncredit FTES	405.87	-	405.87
Centers FTES			
(a) Noncredit[1]	3,462.07	-	3,462.07
(b) Credit[1]	410.97	-	410.97

[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, 2018

The audit resulted in no adjustments to the fund balances reported on the June 30, 2018 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles.

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, 2018 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:

	Governmental Funds
Unrestricted General Fund Balance	$ 30,220,553
Restricted General Fund Balance	4,739,721
Bond Interest and Redemption Fund Balance	28,398,711
Bond Construction Fund Balance (2008 and 2016 Election)	54,531,791
Capital Projects Fund Balance	21,910,894
Child and Adult Development Fund Balance	1,515,246
Other Special Revenue Funds Balance (Veteran's Stadium Operation and Contract/Community Education)	1,014,680
Other Trust Fund Balance (Retiree Benefits)	29,986,615
Student Financial Aid and Trust Fund Balance	121,523
Self Insurance Fund Balance	3,441,199
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	175,880,933
Auxiliary (not reported on CCFS-311)	3,277,178
Total Ending Fund Balance	$ 179,158,111

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, 2018

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 179,158,111
Amounts reported for governmental activites 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 asset of $17,363 are already reported in the Auxiliary Fund.	396,844,013
Amounts for 2017-18 property taxes levied for debt service not received as of June 30, 2018 are accrued on the statement of net position which increases the total net assets reported.	4,049,054
Deferred outflows associated with advanced refunding of debt	23,697,316
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.	46,222,819
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.	4,082,686
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.	(5,429,332)
Interest expense related to bonds incurred through June 30, 2018 is accrued as a current lability on the statement of net position which reduces the total net assets reported.	(4,257,658)
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.	(538,499,494)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(150,908,556)
The liability associated with other postemployment retirement benefits, is recognized as a liability, which reduces the total net position reported.	(34,727,328)
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.	(4,932,288)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(5,234,916)
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.	(91,971)
Amounts held in an irrevocable trust for other postemployment retirement benefits are reported in the trust statement of net position.	(8,177,646)
Total net position	$ (98,400,018)

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2018

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	$ 26,781,495	$ -	$ 26,781,495	$ 26,781,495	$ -	$ 26,781,495
Instructional Salaries - Other	1300	16,167,823	-	16,167,823	16,167,823	-	16,167,823
Total Instructional Salaries		42,949,318	-	42,949,318	42,949,318	-	42,949,318
Non-Instructional Salaries - Contract or Regular	1200			-	9,305,395		9,305,395
Non-Instructional Salaries - Other	1400			-	1,105,824		1,105,824
Total Non-Instructional Salaries		-	-	-	10,411,219	-	10,411,219
Total Academic Salaries		42,949,318	-	42,949,318	53,360,537	-	53,360,537
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-	-	-	21,648,964	-	21,648,964
Non-Instructional Salaries - Other	2300	-	-	-	1,390,507	-	1,390,507
Total Non-Instructional Salaries		-	-	-	23,039,471	-	23,039,471
Instructional Aides - Regular Status	2200	2,525,679	-	2,525,679	2,525,679		2,525,679
Instructional Aides - Other	2400	836,572	-	836,572	836,572		836,572
Total Instructional Aides		3,362,251	-	3,362,251	3,362,251		3,362,251
Total Classified Salaries		3,362,251	-	3,362,251	26,401,722	-	26,401,722
Employee Benefits	3000	20,564,889	-	20,564,889	36,834,500		36,834,500
Supplies and Materials	4000	-	-	-	731,338		731,338
Other Operating Expenses	5000			-	8,810,691		8,810,691
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		66,876,458	-	66,876,458	126,138,788	-	126,138,788
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900	558,623		558,623	558,623		558,623
Student Health Services Above Amount Collected	6441			-			-
Student Transportation	6491			-			-
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-	62,518		62,518
Objects to Exclude							
Rents and Leases	5060			-	70,043		70,043
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			-	3,336,344		3,336,344
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Other Outgo	7000			-			-
Total Exclusions		558,623	-	558,623	4,027,528	-	4,027,528
Total for ECS 84362, 50% Law		66,317,835	-	66,317,835	122,111,260	-	122,111,260
Percent of CEE (Instructional Salary Cost/Total CEE)		54.31%	0%	54.31%	100%	0%	100%
50% of Current Expense of Education					61,055,630	-	61,055,630

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, 2018

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 16,746,867
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 16,746,867	$	$	$ 16,746,867
					-
					-
					-
					-
					-
					-
					-
					-
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					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 16,746,867	$ -	$ -	16,746,867
Revenue less Expenditures					-

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

LONG BEACH COMMUNITY COLLEGE DISTRICT

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

	(Budget) 2019 Amount	2018 Amount	2017 Amount	2016 Amount
Combined General Fund:				
Revenue				
Federal	$ 6,380,397	$ 6,969,541	$ 8,605,803	$ 7,497,620
State	121,410,352	112,466,031	106,860,454	117,958,362
County, local, and other	47,805,910	49,944,835	46,075,651	39,965,361
Other Financing Sources	360,675	323,339	345,577	335,102
Total Revenue	175,957,334	169,703,746	161,887,485	165,756,445
Expenditures				
Academic salaries	58,436,299	57,566,489	53,689,349	54,712,690
Classified salaries	38,208,696	36,995,878	35,013,451	32,485,893
Employee benefits	45,777,531	42,433,709	38,002,900	36,225,614
Supplies and materials	4,596,411	2,422,677	2,652,089	2,143,810
Other operating expenses and services	26,037,259	22,866,379	21,439,061	19,955,980
Capital outlay	3,773,295	3,557,970	5,487,203	5,972,552
Other uses	3,251,169	3,852,447	2,984,878	10,880,720
Total Expenditures	180,080,660	169,695,549	159,268,931	162,377,259
Change in fund balance	$ (4,123,326)	$ 8,197	$ 2,618,554	$ 3,379,186
Ending fund balance	$ 30,836,948	$ 34,960,274	$ 34,952,077	$ 32,333,523
Available reserve	$ 20,351,313	$ 22,022,662	$ 18,987,782	$ 19,392,060
Available reserve %	11.3%	13.0%	11.9%	11.9%
Full-time equivalent students	20,133	18,915	21,076	19,077
Total long term debt	$ 646,593,999	$ 680,107,535	$ 671,245,026	$ 543,135,650

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 2019 budget is the Plan and Budget adopted by the Board of Trustees on September 12, 2018.

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. The 2016 balance have not been adjusted for the adoption of GASB Statements No. 74 and 75.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON
FOR THE COMBINED GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	Combined General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue from Federal Sources			
Higher Education Act	$ 845,486	$ 787,181	$ (58,305)
Temporary Assistance for Needy Families (TANF)	110,453	110,453	-
Veterans Education	180,000	204,783	24,783
Vocational and Technical Education Act	847,128	847,129	1
Other Federal Revenue	7,909,261	5,019,995	(2,889,266)
Revenue from State Sources			
General Apportionment	80,180,302	76,752,010	(3,428,292)
Categorical Apportionment	21,543,319	11,950,955	(9,592,364)
Other State Revenues	22,164,858	23,763,066	1,598,208
Revenue from Local Sources			
Property Taxes	31,578,163	35,222,019	3,643,856
Interest and Investment Income	400,000	576,163	176,163
Student Fees and Charges	8,386,239	8,256,513	(129,726)
Other Local Revenue	5,603,914	5,890,140	286,226
TOTAL REVENUES	179,749,123	169,380,407	(10,368,716)
EXPENDITURES			
Academic Salaries	57,935,573	57,566,489	369,084
Classified Salaries	37,900,353	36,995,878	904,475
Employee Benefits	44,725,449	42,433,709	2,291,740
Supplies and Materials	4,654,792	2,422,677	2,232,115
Other Operating Expenses and Services	35,991,636	22,866,379	13,125,257
Capital Outlay	4,150,713	3,557,970	592,743
TOTAL EXPENDITURES	185,358,516	165,843,102	19,515,414
Excess of revenue over expenditures	(5,609,393)	3,537,305	9,146,698
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	323,591	323,339	(252)
Interfund Transfers Out	(2,669,251)	(2,523,452)	145,799
Student Financial Aid	(1,353,317)	(1,328,995)	24,322
TOTAL OTHER FINANCING SOURCES (USES)	(3,698,977)	(3,529,108)	169,869
Excess (deficiencies) of revenues over expenditures and other sources (uses)	$ (9,308,370)	8,197	$ 9,316,567
Fund Balance, beginning of year		34,952,077	
Fund Balance, end of year		$ 34,960,274	

See the accompanying notes to the supplementary information.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

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, 2018. 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 assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified 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.

Federal Loan Programs

The District administers the following federal loan programs:

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Outstanding Balance at June 30, 2018
Student Financial Aid Loan Program			
Perkins program	84.038	n/a	$ 265,463

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.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

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, 2018 *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, 2018 *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 30 and 55 Education Protection Act were expended.

Schedule of Financial Trends and Analysis

This report is prepared to show financial trends of the General Fund over the past three fiscal years as well as the current year budget. This schedule is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

Schedule of Budgetary Comparison for the Combined General Fund

Continuing disclosure for the general obligation bond requires a budgetary comparison be presented for the combined General Fund. This schedule presents the revised combined General Fund budget as of the fiscal year end, actual amounts at fiscal year-end and the variance between the revised budget and actual amounts.

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, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2018.

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
November 30, 2018

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, 2018. 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, 2018.

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 are described in the accompanying schedule of findings and questioned costs as item 2018-01. 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 identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-01, that we consider to be a significant deficiency

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

<u>Purpose of this Report</u>

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
November 30, 2018

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 *2017-18 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2018. 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 *2017-18 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 Instructional Service Agreements/Contracts	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
428	Student Equity	Yes
429	Student Success and Support Program (SSSP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
440	Intersession Extension Program	Not applicable
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Not applicable
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Not applicable
490	Proposition 1D and 51 State Bond Funded Projects	Yes
491	Education Protection Account (EPA) Funds	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

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 *2017-18 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
November 30, 2018

FINDINGS AND QUESTIONED COSTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:				*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

Dollar threshold used to distinguish between type A and type B programs:				$1,368,441
Auditee qualified as low-risk auditee?	X	*Yes*		*No*

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS June 30, 2018

There were no findings and questioned costs related to basic financial statements for the year ended June 30, 2018.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS June 30, 2018

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

Federal Program: Student Financial Aid Cluster
CFDA Number: 84.007, 84.000, 84.033, 84.063, 84.268
Award Period: July 1, 2017 through June 30, 2018
Federal Agency: Department of Education

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

Criteria: The institutional portion of unearned aid is to be returned to the appropriate Title IV Higher Education Act (HEA) program or Federal Family Education Loan ("FFEL") lender no later than 45 days after the date of the institution's determination that the student withdrew (34 CFR Section 668.173 (b)).

Furthermore, the institution must disburse directly to a student any post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must notify the student within 30 days after the date of the institution's determination that the student withdrew and disburse no later than 180 days within the students response (34 CFR Section 668.22 (b)).

Condition: During our testing we 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).

Context: We selected a sample of 40 students who had received Federal aid and had withdrawn from courses offered by the District during the 2017-18 fiscal year. The sample consisted of 35 student with Return to Title IV calculations and 5 students requiring student notification.

Effect: For the cases identified, the District Return to Title IV funds were not returned to the appropriate program or lender within the 45 day requirement and students had not been notified.

Cause: The District's current processes and procedures did not result in the return of the institutions share to the appropriate program or lender within the 45 day requirement or the notification to students within the 30 day requirement.

Total Program Expenditures: $40,508,274

Questioned Costs and Units: None. Amounts were calculated timely and correctly, but the institutions share was not returned to the appropriate program or lender within the 45 day

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

requirement or the notification to students within the 30 day requirement.

Recommendation: We recommend the District to implement controls to ensure the Title IV funds are returned to the appropriate program or lender and the notification and direct disbursements to students are performed in accordance with requirement time lines.

Corrective Action Plan: Long Beach Community College District has implemented parts of the corrective action plan and will implement the additional steps, as outlined below:

1. On November 9, 2018 the college implemented the automated Return to Title IV process that is delivered with its PeopleSoft SIS and utilized the system for the 2018-2019 aid year. The process enables two Financial Aid Accounting Technicians to perform Return to Title IV calculations and the required return of funds and post-withdrawal disbursements on the following schedule:

    - The Return to Title IV calculations report is run and processed at least weekly.

    - Students are notified of their debt or eligibility for a post-withdrawal disbursement by email within 5 working days and are instructed to pay their portion of the debt or accept the PWD within 30 days. Notifications are generated manually at this time, but are in the process of being automated.

    - Funds subject to return are returned by the institution to the appropriate issuing program or lender no later than 45 days after determination of the student's withdrawal and overpayment.

      The process was first utilized for Fall 2018 and is being tested for accuracy on an ongoing basis during this first term of use by the Financial Aid Accounting Technicians, along with the PeopleSoft Consultant from Highstreet IT Solutions.

2. Dr. Mike Munoz, Vice President Student Support Services, has reviewed the structure of the Financial Aid area in relation to this finding and has determined that a reorganization with additional staffing is required. As such, the District is splitting Financial Aid operations from Enrollment Services and is hiring a permanent Senior Director of Financial Aid, with an anticipated hire by January 2019.

3. A former Enrollment Services Supervisor, with Return to Title IV experience, will be permanently reassigned to the Financial Aid department effective December 14, 2018. This individual will be tasked with monitoring and verifying both the accuracy and timeliness of Return to Title IV processes monthly, beginning with the month of December 2018.

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

4. This supervisor is revising the procedural guide for Return to Title IV processing, including post-withdrawal disbursements. The guide will include required timelines for each process, proper segregation of duties to ensure internal controls exist and the process to monitor the accuracy and timeliness of the Return to Title IV process every term. The updated guide will be completed by December 14, 2018. The Supervisor will also be responsible for revising the guide as needed.

5. Once hired, the Senior Director of Financial Aid will be tasked with ensuring that the updated Return to Title IV processes are being followed, each semester. The Director will also ensure that processes are updated to reflect new legal requirements set forth by the Department of Education.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2018

There were no findings and questioned costs related to state awards for the year endedJune 30, 2018.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2018

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the year ended June 30, 2018.

CONTINUING DISCLOSURE INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
June 30, 2018

Assessed valuation for fiscal year 2017-18	$558,767,900,340	(2)
Secured tax levies for fiscal year 2017-18	$12,103,207	(1)
Secured tax delinquencies for fiscal 2017-18	$444,510	(1)
Secured tax collections for fiscal year 2017-18	$11,658,697	(1)

2017-18 Largest Local Secured Taxpayers (2)

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total[3]
1.	Participants in Long Beach Unit	Industrial – Petroleum	$763,318,502	1.30%
2.	Hanjin America Inc.	Industrial – Terminal Operations	425,593,000	0.72
3.	Macerich Lakewood LLC	Shopping Center	346,279,128	0.59
4.	International Trans Service	Industrial – Terminal Operations	337,302,570	0.57
5.	OOCL LLC	Industrial – Terminal Operations	234,417,849	0.40
6.	The Boeing Company	Industrial	228,872,961	0.39
7.	Tidelands Oil Production Co.	Industrial – Petroleum	210,801,818	0.36
8.	SSAT Long Beach LLC	Industrial – Terminal Operations	203,892,483	0.35
9.	Tesoro Logistics Operations LLC	Shopping Center	201,625,873	0.34
10.	AGNL Clinic LP	Apartments	194,404,625	0.33
11.	Pacific Maritime Services LLC	Industrial – Terminal Operations	181,098,000	0.31
12.	W GL Ocean Avenue LB Holdings	Office Building	171,891,703	0.29
13.	Massachusetts Mutual Life Insurance	Shopping Center	168,061,570	0.29
14.	Kilroy Realty LP	Office Building	158,351,420	0.27
15.	2009 CUSA Community Owner LLC	Apartments	152,409,288	0.26
16.	Signal Hill Petroleum	Industrial – Petroleum	152,189,336	0.26
17.	John Hancock Insurance	Apartments	143,121,248	0.24
18.	Hyatt Long Beach	Hotel	121,646,514	0.21
19.	Terra Funding Shoreline Square	Apartments	107,420,155	0.18
20.	Toyota Motor Sales USA Inc.	Automobile Import	101,545,000	0.17
			4,604,243,043	7.83%

(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 2017-18 of $558,767,900,340

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Disclosure Undertaking") is executed and delivered by the Long Beach Community College District (the "District") as of October 23, 2019, in connection with the execution and delivery of $130,000,000 aggregate principal amount of the District's General Obligation Bonds, Election of 2016, 2019 Series C and $67,415,000 aggregate principal amount of the District's General Obligation Refunding Bonds, 2019 Series H (Federally Taxable) (collectively, the "Bonds"). The Bonds are being issued pursuant to Resolutions adopted by the Board of Trustees of the District on September 11, 2019 (each, a "Resolution" and together, the "Resolutions"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the respective Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriters described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Piper Jaffray & Co. and RBC Capital Markets, LLC (the "Underwriters") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolutions, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Undertaking.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any dissemination agent, or any alternate or successor dissemination agent, designated in writing by the Superintendent-President or the Vice President, Business Services (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

"Financial Obligation" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) the guarantee of a debt obligation or any such derivative instrument; provided, that "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Undertaking.

"MSRB" means the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") website located at http://emma.msrb.org, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated October 8, 2019.

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year ending June 30, 2019, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the EMMA system. Information regarding requirement for submissions to EMMA is available at http://emma.msrb.org.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) State funding received by the District for the last completed fiscal year;

(ii) outstanding District indebtedness;

(iii) assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(iv) top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value; and

(v) summary financial information on revenues, expenditures and fund balances for the District's General Fund reflecting adopted budget for the current year.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Listed Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the District; or

(x) Default, an event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) Incurrence of a Financial Obligation of the District, if material, or an agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect the Owners, if material.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent-President or Executive Vice President of Finance, Facilities and Technology Services may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom the such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

IN WITNESS WHEREOF, Long Beach Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

LONG BEACH COMMUNITY COLLEGE DISTRICT

By: ____
Vice President, Business Services

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Long Beach Community College District

Name of Issue: [$130,000,000 Long Beach Community College District General Obligation Bonds, Election of 2016, 2019 Series C][$67,415,000 Long Beach Community College District General Obligation Refunding Bonds, 2019 Series H (Federally Taxable)]

Date of Issuance: October 23, 2019

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated October 23, 2019. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: _____________________

[ISSUER/DISSEMINATION AGENT]

By: ____________________________________

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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

General

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Principal, premium, if any and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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APPENDIX F

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles (the "County") manages, in accordance with California Government Code Section 53600 et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool (the "Treasury Pool") as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. The Treasurer maintains a website, the address of which is http://ttc.lacounty.gov, on which the Treasurer periodically places information relating to the Treasury Pool. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the purchase of Bonds. The District makes no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained is correct as of any time subsequent to this date.*

1. Los Angeles County Pooled Surplus Investments

The Treasurer has the delegated authority to invest funds on deposit in the County treasury (the "Treasury Pool"). As of August 31, 2019, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$10.353
Schools and Community Colleges	14.523
Discretionary Participants	2.709
Total	$27.585

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	90.17%
Discretionary Participants:	
Independent Public Agencies	9.34%
County Bond Proceeds and Repayment Funds	0.49%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the County Board of Supervisors ("Board of Supervisors") on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated September 30, 2019, the August 31, 2019, book value of the Treasury Pool was approximately $27.585 billion and the corresponding market value was approximately $27.595 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annual accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of August 31, 2019:

Type of Investment	% of Pool
Certificates of Deposit	6.71
U.S. Government and Agency Obligations	66.53
Bankers Acceptances	0.00
Commercial Paper	26.21
Municipal Obligations	0.18
Corporate Notes & Deposit Notes	0.37
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of August 31, 2019, approximately 35% of the investments mature within 60 days, with an average of 552 days to maturity for the entire portfolio.

None of the District, the Financial Advisor or the Underwriters have made an independent investigation of the investments in the Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.