SUPPLEMENT TO PRELIMINARY OFFICIAL STATEMENT

relating to

COAST COMMUNITY COLLEGE DISTRICT
(Orange County, California)

$167,997,223.10*	**$150,385,000***
Election of 2012 General Obligation Bonds	**2019 General Obligation Refunding Bonds**
Series 2019F	**(Federally Taxable)**
(Federally Tax-Exempt)	

This Supplement to the Preliminary Official Statement (this "Supplement") provides information in connection with the sale of the above-captioned bonds (the "Bonds") and updates the Preliminary Official Statement of the Coast Community College District (the "District"), dated November 12, 2019 (the "Preliminary Official Statement"), relating to the Bonds. All persons in possession of the Preliminary Official Statement are requested to permanently affix this Supplement to the front cover of, or otherwise attach this Supplement to, the Preliminary Official Statement. All terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Preliminary Official Statement. Except as expressly supplemented hereby, the Preliminary Official Statement has not been amended or supplemented.

1. The cover page is replaced in its entirety with the following page:

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PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2019

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

NEW ISSUE—FULL BOOK-ENTRY

RATINGS: Moody's: "Aa1"; S&P: "AA+"
(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2019F Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

COAST COMMUNITY COLLEGE DISTRICT
(Orange County, California)

$167,997,223.10*
Election of 2012 General Obligation Bonds
Series 2019F
(Federally Tax-Exempt)

$150,385,000*
2019 General Obligation Refunding Bonds
(Federally Taxable)

Dated: Date of Delivery **Due: August 1, as shown on the 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. Capitalized terms used on this cover page but not otherwise defined will have the meanings assigned thereto as provided in the Official Statement.

The Coast Community College District (Orange County, California) Election of 2012 General Obligation Bonds, Series 2019F (the "Series 2019F Bonds") (Federally Tax-Exempt), were authorized at an election of the registered voters of the Coast Community College District (the "District") held on November 6, 2012, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $698,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and (ii) pay the costs of issuing the Series 2019F Bonds.

The Coast Community College District (Orange County, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds," and together with the Series 2019F Bonds, the "Bonds") are being issued by the District to (i) advance refund certain of the District's outstanding Prior Bonds and (ii) pay the costs of issuing the Refunding Bonds

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

The Bonds will be issued in book-entry form only, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Series 2019F Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). The Refunding Bonds will be issued as Current Interest Bonds. Interest on the Current Interest Bonds accrues from the date of initial delivery and issuance of the Bonds (the "Dated Date"), and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Capital Appreciation Bonds are dated the Dated Date and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) and will not pay interest on a current basis.

Payments of principal and Accreted Value of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the paying agent, bond registrar and transfer agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

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

MATURITY SCHEDULE
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters are being passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Disclosure Counsel, and for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about ______________, 2019.

RBC Capital Markets

Piper Jaffray & Co. **Citigroup**

Dated: ______________, 2019

* Preliminary, subject to change.

2. The following paragraph in the Preliminary Official Statement under the heading MISCELLANEOUS – Ratings, on page 71, is hereby amended and replaced in its entirety:

The Bonds have been assigned ratings of "Aa1" by Moody's and "AA+" by S&P Global Ratings. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained therefrom. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Dated: November 15, 2019

COAST COMMUNITY COLLEGE DISTRICT

By: /s/ Dr. Andrew Dunn
Vice Chancellor, Finance and Administrative Services

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PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2019

NEW ISSUE—FULL BOOK-ENTRY

RATINGS: Moody's: "Aa1"; S&P: "___"
(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2019F Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

COAST COMMUNITY COLLEGE DISTRICT
(Orange County, California)

$167,997,223.10*
Election of 2012 General Obligation Bonds
Series 2019F
(Federally Tax-Exempt)

$150,385,000*
2019 General Obligation Refunding Bonds
(Federally Taxable)

Dated: Date of Delivery

Due: August 1, as shown on the 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. Capitalized terms used on this cover page but not otherwise defined will have the meanings assigned thereto as provided in the Official Statement.

The Coast Community College District (Orange County, California) Election of 2012 General Obligation Bonds, Series 2019F (the "Series 2019F Bonds") (Federally Tax-Exempt), were authorized at an election of the registered voters of the Coast Community College District (the "District") held on November 6, 2012, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $698,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and (ii) pay the costs of issuing the Series 2019F Bonds.

The Coast Community College District (Orange County, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds," and together with the Series 2019F Bonds, the "Bonds") are being issued by the District to (i) advance refund certain of the District's outstanding Prior Bonds and (ii) pay the costs of issuing the Refunding Bonds

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

The Bonds will be issued in book-entry form only, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Series 2019F Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). The Refunding Bonds will be issued as Current Interest Bonds. Interest on the Current Interest Bonds accrues from the date of initial delivery and issuance of the Bonds (the "Dated Date"), and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Capital Appreciation Bonds are dated the Dated Date and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) and will not pay interest on a current basis.

Payments of principal and Accreted Value of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the paying agent, bond registrar and transfer agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

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

MATURITY SCHEDULE
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters are being passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Disclosure Counsel, and for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about ______________, 2019.

RBC CAPITAL MARKETS

Piper Jaffray & Co.

Citigroup

Dated: ______________, 2019

* Preliminary, subject to change.

MATURITY SCHEDULE

Base CUSIP†: 190335

$167,997,223.10*
COAST COMMUNITY COLLEGE DISTRICT
(Orange County, California)
Election of 2012 General Obligation Bonds, Series 2019F
(Federally Tax-Exempt)

$_______________ Current Interest Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

$_______ - ___% Current Interest Term Bonds due August 1, 20__; Yield: ___%; CUSIP† Suffix: ____

$________________ Capital Appreciation Serial Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† Suffix

$________________ Capital Appreciation Term Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP† Suffix

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriters, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

MATURITY SCHEDULE

Base CUSIP[†]: 190335

$150,385,000[*]
COAST COMMUNITY COLLEGE DISTRICT
(Orange County, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

$______________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix

[*] Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriters, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: "The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS 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 AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES 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.

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

<u>PROFESSIONAL SERVICES</u>

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

PFM Financial Advisors LLC
Los Angeles, California

Paying Agent and Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Escrow Verification

Causey Demgen & Moore, PC
Denver, Colorado

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COAST COMMUNITY COLLEGE DISTRICT
(Orange County, California)

$167,997,223.10*
Election of 2012 General Obligation Bonds, Series 2019F
(Federally Tax-Exempt)

$150,385,000*
2019 General Obligation Refunding Bonds
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of (i) Coast Community College District (Orange County, California) Election of 2012 General Obligation Bonds, Series 2019F (Federally Tax-Exempt) (the "Series 2019F Bonds"), and (ii) Coast Community College District (Orange County, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds," and together with the Series 2019F Bonds, the "Bonds").

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

The District

The Coast Community College District (the "District") was established in 1947 and serves an area of approximately 105 square miles in Orange County, California (the "County"). The District operates three comprehensive community colleges, each providing collegiate-level instruction across a wide spectrum of subjects: Coastline Community College in Fountain Valley, Golden West College in Huntington Beach, and Orange Coast College in Costa Mesa (collectively, the "Colleges"). The Colleges are each fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC"). The District has more than 43,900 full and part-time students and serves a resident population of approximately 758,000. For fiscal year 2019-20, taxable property within the District has a total assessed valuation of $148,674,989,221.

The governing body of the District is the Board of Trustees (the "District Board") and includes five voting members serving four-year terms. Elections for Trustee positions to the District Board are held every two years, alternating between two and three positions. The management and policies of the District are administered by a Board-appointed Chancellor. Dr. John Weispfenning is the District's Chancellor.

For more information about the District generally, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "COAST COMMUNITY COLLEGE DISTRICT" herein. For more information regarding the District's assessed valuation, see "TAX BASE FOR REPAYMENT OF BONDS" herein. The District's audited financial statements for the fiscal year ended June 30, 2018 are attached hereto as APPENDIX B and should be read in their entirety.

* Preliminary, subject to change.

Purpose of the Bonds

Series 2019F Bonds. The Series 2019F Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the Series 2019F Bonds.

Refunding Bonds. The Refunding Bonds are being issued to (i) advance refund certain of the District's outstanding Election of 2012 General Obligation Bonds, Series 2013A (Federally Tax-Exempt) (the "2012 Series 2013A Bonds") and 2013 General Obligation Refunding Bonds (the "2013 General Obligation Refunding Bonds," and together with the 2012 Series 2013A Bonds, the "Prior Bonds"), and (ii) pay the costs of issuing the Refunding Bonds.

See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to resolutions adopted by the Board of Trustees of the District on October 23, 2019. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds" herein.

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

Current Interest and Capital Appreciation Bonds. The Series 2019F Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). The Refunding Bonds will be issued as Current Interest Bonds.

The Current Interest Bonds will bear periodic interest as further described herein. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) and will not bear interest on a current basis. The maturity value of each Capital Appreciation Bond is equal to its Accreted Value (defined herein) upon the maturity thereof (the "Maturity Value"), comprising its initial principal amount (the "Denominational Amount") and the interest accreting thereon between the Dated Date (defined herein) and its respective maturity date.

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

Redemption.* Certain of the Bonds are subject to redemption prior to their respective stated maturity dates, as further described herein. Certain of the Bonds identified as Term Bonds (as defined herein) are further subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the "Dated Date"). Interest on the Current Interest Bonds accrues from the Dated Date, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2020. Principal of the Current Interest Bonds is payable on August 1 in the amounts and years as set forth on the inside cover pages hereof.

The Capital Appreciation Bonds will accrete in value from their Denominational Amounts on the Dated Date to their respective Maturity Values, at the Accretion Rates (defined herein) per annum set forth on the inside cover pages hereof, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) according to the amounts set forth in the Accreted Values table as shown in APPENDIX D hereto.

Payments of the principal and Accreted Value of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2019F Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

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

* Preliminary, subject to change.

Bond Owner's Risks

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

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events. The specific nature of the information to be made available and of the notices of listed events is summarized below under "LEGAL MATTERS – Continuing Disclosure – Current Undertaking" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriters (as defined herein), in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. PFM Financial Advisors LLC, Los Angeles, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and PFM Financial Advisors LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California. From time to time, Bond Counsel represents each of the Underwriters on matters unrelated to the District or the Bonds.

Forward Looking Statements

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

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

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Coast Community College District, 1370 Adams Avenue, Costa Mesa, California 92626, telephone: (714) 438-4600. The District may impose a charge for copying, mailing and handling.

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

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

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The County, including its officials, officers, employees and representatives, shall have no responsibility with respect to any information in this Official Statement, except for information concerning the Treasurer's Pooled Investment Fund provided by the County Treasurer-Tax Collector. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions (as defined herein).

THE BONDS

Authority for Issuance

Series 2019F Bonds. The Bonds are issued by the District pursuant to the provisions of Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the "Act"), commencing with Section 53506 *et seq.*, as amended, Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board on October 23, 2019 (the "Series 2019F Resolution").

The District received authorization at an election held on November 6, 2012 by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue $698,000,000 aggregate principal amount of general obligation bonds (the "2012 Authorization"). The Bonds are the sixth and final series of bonds issued under the 2012 Authorization.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and pursuant to a resolution adopted by the Board on October 23, 2019 (the "Refunding Resolution," and together with the Series 2019F Resolution, the "Resolutions").

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal and Accreted Value of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal and Accreted Value of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein) established by the Resolutions, which funds are required to be segregated and maintained by the County and which are designated for the payment of the series of Bonds to which such fund relates, and interest thereon when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in the Debt Service Funds to the payment of the respective series of the Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Funds, the Bonds are not a debt of the County.

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

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, wildfire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

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

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

General Provisions

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

Capital Appreciation Bonds. Interest on each Capital Appreciation Bond is represented by the amount each such Bond accretes in value from its respective Denominational Amount on the Dated Date to the date for which the Accreted Value is calculated. The value of a Capital Appreciation Bond as of any date (the "Accreted Value") is calculated by discounting, on a 30-day month, 360-day year basis, its Maturity Value on the basis of a constant rate (the "Accretion Rate") compounded semiannually on February 1 and August 1 of each year to the date for which an Accreted Value is calculated, and if the date for which the Accreted Value is calculated is between February 1 and August 1, by pro-rating such Accreted Values to the closest prior or subsequent February 1 and August 1.

The Capital Appreciation Bonds will not pay interest on a periodic basis. The Capital Appreciation Bonds accrete in value from their Dated Date at the Accretion Rates per annum set forth on the inside cover pages hereof, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Maturity Value of a Capital Appreciation Bond is equal to the Accreted Value thereof at its maturity date.

See also the maturity schedules on the inside cover pages hereof, "—Annual Debt Service" herein, and "APPENDIX D – ACCRETED VALUES TABLE" attached hereto.

Payments. Payment of interest on any Current Interest Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal and Accreted Value of and redemption premiums, if any, payable on the Bonds will be payable upon maturity upon surrender at the designated office of the Paying Agent. The principal and Accreted Value of, and interest, and redemption premiums, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal and Accreted Value of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds..

Annual Debt Service

The table on the following page shows the annual debt service requirements of the District for Bonds, together with debt service on the District's prior outstanding bonded indebtedness (but excluding the debt service on the Prior Bonds being refunded with the Refunding Bonds), and assuming no further optional redemptions.

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		Series 2019F Bonds				Refunding Bonds		
		Current Interest Bonds		Capital Appreciation Bonds				
Year Ending (August 1)	Outstanding Bonded Debt Service*	Annual Principal Payment	Annual Interest Payment[1]	Annual Principal Payment[2]	Accreted Interest Payment[2]	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2020	$48,563,246.95							
2021	50,261,250.25							
2022	51,756,296.25							
2023	52,755,146.25							
2024	52,033,700.00							
2025	59,703,950.00							
2026	62,134,700.00							
2027	63,895,950.00							
2028	63,025,950.00							
2029	64,611,200.00							
2030	65,810,500.00							
2031	67,368,300.00							
2032	74,753,700.00							
2033	73,472,000.00							
2034	80,948,800.00							
2035	84,234,350.00							
2036	57,828,650.00							
2037	46,581,200.00							
2038	38,446,350.00							
2039	37,085,000.00							
2040	23,600,000.00							
2041	22,760,000.00							
2042	23,920,000.00							
Total	$1,265,550,239.70							

* Preliminary, subject to change. Includes debt service on the Prior Bonds, to be refunded with the Refunding Bonds.

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

(2) The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) on August 1 of the years indicated on the inside cover pages hereof, and interest on such Capital Appreciation Bonds is compounded semiannually on February 1 and August 1, commencing February 1, 2020.

See also "COAST COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for a full debt service schedule for all of the District's bonded debt.

Application and Investment of Bond Proceeds

Series 2019F Bonds. The Series 2019F Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) to pay the costs of issuing the Series 2019F Bonds.

The net proceeds from the sale of the Series 2019F Bonds will be paid to the County treasury to the credit of the building fund (the "Building Fund") created by the Series 2019F Resolution, and shall be accounted for separately from all other District and County funds. Any accrued interest or premium received by the County from the sale of the Series 2019F Bonds will be paid to the County treasury, to the credit of the debt service fund created by the Series 2019F Resolution (the "Series 2019F Debt Service Fund") and used only for payment of principal of and interest on the Series 2019F Bonds, and for no other purpose. Any excess proceeds of the Series 2019F Bonds not needed for the authorized purposes for which the Series 2019F Bonds are being issued shall be transferred to the Series 2019F Debt Service Fund. If, after payment in full of the Series 2019F Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District as permitted by law.

Refunding Bonds. The Refunding Bonds are being issued to (i) advance refund the Prior Bonds, and (ii) pay the costs of issuing the Refunding Bonds.

The net proceeds from the sale of the Refunding Bonds will be deposited with The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, to the credit of an escrow fund (the "Escrow Fund") held pursuant to that certain Escrow Agreement, dated as of November 1, 2019, by and between the District and the Escrow Agent. Amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Prior Bonds on the first optional redemption dates therefor, as well as the interest due on the Prior Bonds on and prior to such dates.

The tables below show information on the specific maturities of the Prior Bonds to be refunded with proceeds of the Refunding Bonds.

PRIOR BONDS*
Coast Community College District
Election of 2012 General Obligation Bonds, Series 2013A
(Federally Tax-Exempt)

Maturity Date (August 1)	CUSIP	Original Principal Amount	Outstanding Principal to be Refunded	Date of Redemption	Redemption Price (% of Principal Amount)
2024	190335FC8	$4,125,000	$4,125,000	8/1/2023	100%
2025	190335FD6	4,650,000	4,650,000	8/1/2023	100
2026	190335FE4	5,255,000	5,255,000	8/1/2023	100
2027	190335FF1	5,900,000	5,900,000	8/1/2023	100
2028	190335FG9	6,595,000	6,595,000	8/1/2023	100
2029	190335FH7	7,330,000	7,330,000	8/1/2023	100
2030	190335FJ3	8,055,000	8,055,000	8/1/2023	100
2031	190335FK0	8,815,000	8,815,000	8/1/2023	100
2032	190335FL8	9,625,000	9,625,000	8/1/2023	100
2033	190335FM6	10,480,000	10,480,000	8/1/2023	100
2038	190335FQ7	34,630,000	34,630,000	8/1/2023	100
2038	190335FN4	33,195,000	33,195,000	8/1/2023	100

* Prelminary, subject to change.

PRIOR BONDS*
Coast Community College District
2013 General Obligation Refunding Bonds
(Federally Tax-Exempt)

Maturity Date (August 1)	CUSIP	Original Principal Amount	Outstanding Principal to be Refunded	Date of Redemption	Redemption Price (% of Principal Amount)
2024	190335GC7	$17,565,000	$17,565,000	8/1/2023	100%

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Prior Bonds as described above will be verified by Causey Demgen & Moore, PC, as the verification agent (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriters and the Verification Agent, the Prior Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment thereof will terminate. See "LEGAL MATTERS – Escrow Verification" herein.

Any accrued interest received by the County from the sale of the Refunding Bonds will be paid to the County treasury, to the credit of the debt service fund created by the Refunding Resolution (the "Refunding Debt Service Fund," and together with the Series 2019F Debt Service Fund, the "Debt Service Funds") and used only for payment of principal of and interest on the Refunding Bonds, and for no other purpose.

Investment of Proceeds. Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Building Fund and Debt Service Funds will be invested through the County's pooled investment fund. See "APPENDIX F – ORANGE COUNTY INVESTMENT POOL" attached hereto.

Redemption

Optional Redemption.* The Current Interest Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on and after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__ at a redemption price equal to the principal amount of the Current Interest Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption, without premium.

The Capital Appreciation Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The Capital Appreciation Bonds maturing on and after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__ at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds to be redeemed as of the date set for such redemption, without premium.

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* Preliminary, subject to change.

Mandatory Redemption.* The Current Interest Bonds maturing on August 1, 20__ (the "20_ Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such 20_ Term Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

Year Ending (August 1)	Principal To Be Redeemed

(1) Maturity.

In the event that a portion of the 20__ Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of such 20__ Term Bonds optionally redeemed.

The Capital Appreciation Bonds maturing on August 1, 20__ (the "20_ Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after August 1, 20__, at a redemption price equal to the Accreted Value thereof as of the date fixed for redemption, without premium. The Accreted Value represented by such 20_ Term Bonds to be so redeemed and the redemption dates therefor, and the final Accreted Value payment date is as indicated in the following table:

Year Ending (August 1)	Accreted Value To Be Redeemed

(1) Maturity.

In the event that a portion of the 20__ Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 Maturity Value, in respect of the portion of such 20__ Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed by the District, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent, shall select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent

* Preliminary, subject to change.

shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in a principal amount or Maturity Value of $5,000, or any integral multiple thereof.

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

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

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

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

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

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

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amount (which, with respect to any outstanding Current Interest Bonds, means the principal amount, and with respect to any outstanding Capital Appreciation Bond, means the Maturity Value) to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

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

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

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

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor or the Underwriters take any responsibility for the accuracy or completeness thereof. The District and the Underwriters cannot and do not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest on, principal and Accreted Value of, or premium, if any, on the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered Owner of the Bonds, or that they will so *do on a timely basis or that DTC, Direct Participants or 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 "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.*

The Depository Trust Company, New York, New York, 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 3.6 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," and together with the Direct Participants, the "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 <u>www.dtcc.com</u>. However, the information presented on such website is not incorporated herein by any reference.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 Resolutions. 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 as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions 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.

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

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

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

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

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

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

The principal and Accreted Value of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

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

None of the District, the County nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date, or any day on which the applicable notice of redemption is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased, in whole or in part, prior to maturity in the following ways:

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

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

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

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

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

	Series 2019F Bonds	Refunding Bonds
Sources of Funds		
Principal Amount of Bonds		
Original Issue Premium		
Total Sources		
Uses of Funds		
Deposit to Building Fund		
Deposit to Debt Service Fund		
Deposit to Escrow Fund		
Costs of Issuance[1]		
Underwriters' discount		
Total Uses		

[1] Reflects all costs of issuance, including but not limited to credit rating fees, printing costs, legal and Municipal Advisory fees, Escrow Agent fees, Verification Agent fees, and the costs and fees of the Paying Agent. See also "MISCELLANEOUS – Underwriting" herein.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a minimum 10% penalty attaches to any delinquent installment plus a $10 cost on the second installment, plus any additional amount determined by the County Treasurer (the "Treasurer"). Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. Information regarding District-level tax delinquencies is not currently available. See also "—Alternative Method of Tax Apportionment – Teeter Plan" herein.

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

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

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

Assessed Valuations

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 State Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. 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.

The following table shows the 10-year history of assessed valuations in the District, as of the date the equalized assessment roll is established in August of each year.

ASSESSED VALUATION
Fiscal Year 2010-11 through 2019-20
Coast Community College District

	Local Secured	Utility	Unsecured	Total	% Change(1)
2010-11	$93,884,661,067	$73,128,322	$4,455,294,830	$98,413,085,114	--
2011-12	95,245,166,831	75,128,322	4,365,429,860	99,685,725,013	1.29%
2012-13	98,150,254,413	62,667,267	4,106,075,610	102,318,997,290	2.64
2013-14	102,467,786,652	55,569,267	4,055,473,924	106,578,829,843	4.16
2014-15	108,686,582,099	75,969,267	4,326,821,966	113,089,373,332	6.11
2015-16	114,934,665,511	68,669,267	4,345,142,183	119,348,476,961	5.53
2016-17	120,774,337,722	57,669,267	4,079,167,385	124,911,174,374	4.66
2017-18	128,372,862,645	42,969,267	4,188,417,314	132,604,249,226	6.16
2018-19	136,483,349,229	62,989,270	4,434,236,649	140,980,575,148	6.32
2019-20	143,728,625,878	419,989,270(2)	4,526,374,073	148,674,989,221	5.46

Source: California Municipal Statistics, Inc.
(1) Calculated based on information provided by California Municipal Statistics, Inc.
(2) SBE board adopted value increased from $11,400,000 in 2018 to $406,900,000 in 2019, for AES Huntington Beach Energy, LLC.

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

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the California State Board of Equalization ("SBE"), with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, drought, fire, or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution" herein.

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

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

Assessed Valuation by Jurisdiction. The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2018-19 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2018-19
Coast Community College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Costa Mesa	$18,879,373,893	13.39%	$19,953,537,995	94.62%
City of Fountain Valley	9,321,937,529	6.61	9,591,156,528	97.19
City of Garden Grove	8,859,575,955	6.28	16,905,098,847	52.41
City of Huntington Beach	40,169,845,596	28.49	40,169,845,596	100.00
City of Newport Beach	48,552,625,948	34.44	57,701,161,781	84.14
City of Santa Ana	346,123,958	0.25	26,520,241,206	1.31
City of Seal Beach	4,052,853,796	2.87	5,625,919,713	72.04
City of Stanton	581,090,518	0.41	2,836,468,798	20.49
City of Westminster	9,391,193,921	6.66	9,391,193,921	100.00
Unincorporated Orange County	825,954,034	0.59	29,526,543,695	2.80
Total District	$140,980,575,148	100.00%		
Orange County	$140,980,575,148	100.00%	$591,987,855,656	23.81%

Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2019-20 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Coast Community College District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	129,031	$90,127,822,806	$698,497	$468,801

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	11,888	9.213%	9.213%	$881,976,805	0.979%	0.979%
100,000 - 199,999	12,561	9.735	18.948	1,809,103,333	2.007	2.986
200,000 - 299,999	14,586	11.304	30.252	2,687,366,908	4.091	7.077
300,000 - 399,999	16,038	12.430	42.682	5,597,802,640	6.211	13.288
400,000 - 499,999	13,354	10.349	53.031	5,991,664,405	6.648	19.936
500,000 - 599,999	11,721	9.084	62.115	6,442,272,399	7.148	27.084
600,000 - 699,999	10,710	8.300	70.416	6,947,566,713	7.709	34.793
700,000 - 799,999	8,979	6.959	77.374	6,713,289,686	7.449	42.241
800,000 - 899,999	6,080	4.712	82.086	5,145,563,678	5.709	47.950
900,000 - 999,999	3,912	3.032	85.118	3,702,758,445	4.108	52.059
1,000,000 - 1,099,999	2,765	2.143	87.261	2,891,371,869	3.208	55.267
1,100,000 - 1,199,999	1,834	1.421	88.683	2,104,343,470	2.335	57.602
1,200,000 - 1,299,999	1,662	1.288	89.971	2,073,805,130	2.301	59.903
1,300,000 - 1,399,999	1,268	0.983	90.953	1,707,862,624	1.895	61.798
1,400,000 - 1,499,999	1,078	0.835	91.789	1,560,563,337	1.732	63.529
1,500,000 - 1,599,999	891	0.691	92.479	1,377,793,662	1.529	65.058
1,600,000 - 1,699,999	820	0.636	93.115	1,351,011,713	1.499	66.557
1,700,000 - 1,799,999	714	0.553	93.668	1,249,240,951	1.386	67.943
1,800,000 - 1,899,999	658	0.510	94.178	1,215,863,706	1.349	69.292
1,900,000 - 1,999,999	608	0.471	94.649	1,184,880,724	1.315	70.607
2,000,000 and greater	6,904	5.351	100.000	26,491,720,608	29.393	100.000
Total	129,031	100.000%		$90,127,822,806	100.000%	

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

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Assessed Valuation and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Coast Community College District

Non-Residential:	2019-20 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial/Office	$18,540,966,451	12.90%	6,501	3.09%
Vacant Commercial	346,092,446	0.24	862	0.41
Industrial	5,094,743,551	3.54	2,352	1.12
Oil & Gas	463,241,730	0.32	195	0.09
Vacant Industrial	62,395,314	0.04	143	0.07
Government/Social/Institutional	53,696,010	0.04	2,751	1.31
Miscellaneous	114,418,968	0.08	241	0.11
Subtotal Non-Residential	$24,675,554,470	17.17%	13,045	6.19%
Residential:				
Single Family Residence	$90,127,822,806	62.71%	129,031	61.24%
Condominium/Townhouse	12,703,399,804	8.84	24,382	11.57
2+ Residential Units/Apartments	15,006,296,676	10.44	10,039	4.76
Mobile Homes/Lots	220,005,044	0.15	7,276	3.45
Timeshare Parcels	314,346,943	0.22	22,906	10.87
Vacant Residential	681,200,135	0.47	4,027	1.91
Subtotal Residential	$119,053,071,408	82.83%	197,661	93.81%
Total	$143,728,625,878	100.00%	210,706	100.00%

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

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Tax Levies and Delinquencies

The County levies and collects all property taxes for property falling within the County's taxing boundaries. The annual secured tax levies and delinquencies for bonded debt service of the District for fiscal years 2010-11 through 2018-19 are shown below.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2010-11 through 2018-19
Coast Community College District

	Secured Tax Charge[1]	Amount Delinquent June 30	% Delinquent June 30
2010-11	$84,326,465.63	$1,383,199.32	1.64%
2011-12	85,339,223.56	1,249,872.20	1.46
2012-13	88,514,524.00	1,007,950.05	1.14
2013-14	93,506,033.65	946,898.82	1.01
2014-15	99,044,239.45	998,281.08	1.01
2015-16	106,070,888.91	2,418,637.62	2.28
2016-17	106,924,415.79	723,176.06	0.68
2017-18	113,163,782.20	637,134.93	0.56
2018-19	120,409,780.73	806,468.19	0.67

(1) Reflects taxes collected by the County within the District for the repayment of the District's general obligation bonds.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District during the period from fiscal years 2015-16 through 2019-20.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 4-001)[1]
Fiscal Years 2015-16 through 2019-20
Coast Community College District

	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
City of Huntington Beach Employee Retirement	.01500	.01500	.01500	.01500	.01500
Huntington Beach School District	.01963	.01308	.04422	.03806	.03362
Huntington Union High School District	.02560	.02543	.02403	.02388	.02326
Coast Community College District	.03092	.03116	.03145	.03052	.03100
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
Total All Property Tax Rate	1.09465%	1.08817%	1.11820%	1.11096%	1.10638%

Source: California Municipal Statistics, Inc.

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Alternative Method of Tax Apportionment - Teeter Plan

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Revenue and Taxation Code Section 4701 *et seq*. of the, each participating local agency levying property taxes, including community college districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the applicable county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose secured property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

The Board of Supervisors of the County has approved the implementation of the Teeter Plan. Under the Teeter Plan, the County funds the District its full secured property tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments when the late taxes are collected. The County includes the District's 1% general purpose secured property tax levy and the *ad valorem* property tax levy for the District's general obligation bonds, under the Teeter Plan. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses is such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representations as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

20 LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2019-20
Coast Community College District

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total (1)
1.	The Irvine Company LLC	Commercial	$1,448,896,738	1.01%
2.	South Coast Plaza	Commercial	395,938,388	0.28
3.	Bella Terra Associates LLC	Commercial	353,969,088	0.25
4.	PH Finance LLC	Commercial	294,840,518	0.21
5.	Socal Holding LLC	Oil & Gas	274,823,650	0.19
6.	Villas at Fashion Island LLC	Apartments	262,841,532	0.18
7.	PR II/MCC South Coast Property Owner LLC	Commercial	255,443,164	0.18
8.	PCH Beach Resort LLC	Commercial	219,134,973	0.15
9.	United Dominion Realty LP	Apartments	218,959,110	0.15
10.	DCO Pacific City LLC	Apartments	215,336,926	0.15
11.	Hyundai Motor America	Commercial	202,246,711	0.14
12.	520 Newport Center Drive LLC	Commercial	177,543,021	0.12
13.	JKS-CMFV LLC	Commercial	176,670,408	0.12
14.	650 Newport Center Drive LLC	Commercial	160,971,896	0.11
15.	S-Tract LLC	Commercial	153,921,019	0.11
16.	Interinsurance Exchange of the Automobile Club of America	Commercial	143,058,119	0.10
17.	Westminster Mall LLC	Commercial	141,347,012	0.10
18.	UDR Newport Beach North LP	Apartments	138,091,341	0.10
19.	Elan Multifamily LLC	Apartments	136,292,400	0.09
20.	Monogram Residential Huntington Beach	Apartments	135,585,637	0.09
			$5,505,911,651	3.83%

(1) The District's fiscal year 2019-20 local secured assessed valuation is $143,728,625,878.
Source: California Municipal Statistics, Inc.

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Statement of Direct and Overlapping Debt

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

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

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

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

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STATEMENT OF DIRECT AND OVERLAPPING DEBT
Coast Community College District

2019-20 Assessed Valuation: $148,674,989,221

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable [1]	Debt 11/1/19
Metropolitan Water District	4.829%	$2,320,335
Coast Community College District	**100.000**	**723,619,504**[2]
Garden Grove Unified School District	52.976	213,629,587
Los Alamitos Unified School District School Facilities Improvement District No. 1	33.522	51,097,661
Newport-Mesa Unified School District	94.675	237,173,420
Huntington Beach Union High School District	100.000	172,879,998
Fountain Valley School District	100.000	52,460,000
Huntington Beach School District	100.000	88,868,962
Ocean View School District	100.000	38,855,000
Westminster School District	100.000	100,121,110
Irvine Ranch Water District Improvement Districts	Various	29,624,226
Community Facilities Districts	63.559-100.	42,699,018
City and County 1915 Act Bonds	Various	29,742,950
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,783,091,771
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Orange County General Fund Obligations	23.815%	$92,573,668
Orange County Pension Obligation Bonds	23.815	48,596,592
Orange County Board of Education Certificates of Participation	23.815	3,212,644
Coast Community College District General Fund Obligations	**100.000**	**2,780,000**
Los Alamitos Unified School District Certificates of Participation	40.201	15,391,365
North Orange County Regional Occupation Program Certificates of Participation	3.260	291,770
Huntington Beach Union High School District Certificates of Participation	100.000	62,581,090
Huntington Beach School District Certificates of Participation	100.000	12,558,960
Ocean View School District Certificates of Participation	100.000	21,110,000
Westminster School District Certificates of Participation	100.000	36,282,297
City of Costa Mesa General Fund Obligations	94.617	37,903,570
City of Huntington Beach General Fund Obligations	100.000	36,266,662
City of Newport Beach Certificates of Participation	84.145	84,729,808
Other City General Fund Obligations	Various	42,743,123
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$497,021,549
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$180,500,855
COMBINED TOTAL DEBT		$2,460,614,175[3]

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($723,619,504)..0.49%
Total Direct and Overlapping Tax and Assessment Debt 1.20%
Combined Direct Debt ($726,399,504)..0.49%
Combined Total Debt...1.66%

Ratios to Redevelopment Incremental Valuation ($17,141,384,108):
Total Overlapping Tax Increment Debt 1.05%

(1) Reflects fiscal year 2018-19 ratios.
(2) Excludes the Series 2019F Bonds and the Refunding Bonds, and includes the Prior Bonds.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal and Accreted Value of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein) Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the principal and Accreted Value of and interest on the Bonds. The tax levied by the County for payment of the Series 2019F Bonds and the Prior Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

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

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

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Series 2019F Bonds and the Prior Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds of all members of the State legislature to change any state taxes for the purpose of increasing tax revenues.

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

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to claims, if any, on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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

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

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

Proposition 50 and Proposition 171

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

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

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

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

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

Unitary Property

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

Article XIIIB of the California Constitution

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

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

(b) "change in population" with respect to a community college district to mean the percentage change in the ADA of the community college district from the preceding fiscal year.

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

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

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

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

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

Proposition 26

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

Article XIIIC and Article XIIID of the California Constitution

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

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

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

Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State legislature to suspend this formula for a one-year period.

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

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

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

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

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

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

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the State legislature, and (ii) there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also referred to as a "maintenance factor") to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State legislature and approval by the Governor.

Proposition 1A and Proposition 22

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Jarvis vs. Connell

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

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

Proposition 2

On November 6, 2012, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

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

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

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1,"

(iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

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

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

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

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

Future Initiatives

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

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

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

Major Revenues

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

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

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

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

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

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

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

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

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

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

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

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

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

For fiscal year 2018-19 the District's budgeted Base Allocation was equal to $155,356,399 and has budgeted a Base Allocation equal to $127,618,049 for fiscal year 2019-20.

The table below shows a breakdown of the District's historical resident FTES figures for the last five fiscal years, and a projection for the current fiscal year.

RESIDENT FULL TIME EQUIVALENT STUDENTS[1]
Fiscal Years 2014-15 through 2019-20
Coast Community College District

Fiscal Year	Funded FTES	Unfunded FTES	Total FTES
2014-15	32,623[2]	--	30,924
2015-16[3]	32,623	--	32,623
2016-17	32,623[2]	--	30,292
2017-18[3]	32,626	--	32,626
2018-19[3]	30,562	--	30,562
2019-20[4]	30,542	--	30,542

(1) Reflects resident FTES counts only. Non-resident FTES are excluded from State funding formula calculations and pay full tuition.
(2) Reflects the receipt of "stability" funding. Under California Code Regulations Section 58776, during the initial year of a decline in FTES, community college districts are eligible to receive "stability" funding, in an amount equal to the revenue loss associated with a decline in FTES for that year. Stability funding is available for a one year period. If FTES are not restored to the pre-decline level within a period of two years following the initial decline, a community college district that has received stability funding is subject to a permanent reduction of its funded FTES and an attendant decline in operating revenue
(3) As part of adopting its budget for fiscal year 2016-17, the District allocated certain FTES expected to be generated during its 2016 summer sessions to its reportable FTES for fiscal year 2015-16. Also referred to as "borrowing" FTES, this procedure is permitted by the State student attendance accounting regulations.
(4) Projected.
Source: Coast Community College District.

The following table shows the District's nonresident enrollment for the last five fiscal years, along with the projected figures for fiscal year 2019-20. In fiscal year 2019-20, the District projects approximately $13,650,000 from non-resident student tuition.

NONRESIDENT STUDENT ENROLLMENT
Fiscal Years 2014-15 through 2019-20
Coast Community College District

Fiscal Year	Enrollment
2014-15	1,339
2015-16	1,445
2016-17	1,815
2017-18	2,022
2018-19	2,190
2019-20[1]	2,272

(1) Projected Figure. Non-resident student's tuition for fiscal year 2019-20 is set at $276 per unit.
Source: Coast Community College District.

For fiscal year 2019-20, the District projects an international student enrollment of approximately 1,547 students, to add an incremental 4.5% to the overall student population. The internal student tuition is set at the non-resident student's per unit rate.

The California Community College Financing Authority (the "Authority) issued $123,405,000 of College Housing Revenue Bonds (NCCD – Orange Coast Properties LLC – Orange Coast College Project) Series 2018 (the "2018 Housing Bonds"), on September 27, 2018, in order to finance the construction of a new housing facility, a surface parking lot, tennis courts and a monitoring well (the "Project") on the campus of Orange Coast College (the "College"), a community college operated by the District. The Project is expected to be complete in July 2020, and ready for occupancy in fiscal year 2020-21. The Project will provide 814 beds within 323 housing units, and will be available as on campus housing for the primary benefit of students of the District. Neither the District nor the College will have any obligation with respect to the payment of the principal of, or the premium, if any, or interest on the 2018 Housing Bonds. The impact of the Project on overall District enrollment is unknown at this time.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that qualify for Federal Pell Grants, California College Promise Grants or student fee waivers under Education Code 76300. The SCFF provides $919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount will be subject to appropriation therefor in the annual State budget. Headcounts are not unduplicated, such that districts will receive twice as much supplemental funding for a student that falls into more than one of the aforementioned categories.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in a various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation is expected to account for 10% of statewide funding for community college districts in fiscal year 2018-19, 15% in fiscal year 2019-20 and 20% in fiscal years 2020-21 and onward. Each metric is assigned a point value, with some metrics are weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding.

For fiscal year 2018-19, the SCFF provides a rate for all students of $440 per point, and an additional $111 per point for Pell Grant and California College Promise Grant students. For fiscal year 2019-20, these rates increase to $660 per point and $167 per point, respectively, subject to COLAs and other base adjustments. For fiscal year 2020-21, the rates increase to $880 per point and $222 per point, respectively, subject to COLAs and other base adjustments.

Budget Procedures

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

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

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

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

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

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

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

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

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

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

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Assistance

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal or Maturity Value of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

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

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $20.7 billion, including $5.4 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.8 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2.

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

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

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

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

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

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

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

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

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

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

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

COAST COMMUNITY COLLEGE DISTRICT

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

Introduction

The District was established in 1947 and serves an area of approximately 105 square miles in the County. The District operates three comprehensive community colleges, each providing collegiate-level instruction across a wide spectrum of subjects: Coastline Community College in Fountain Valley, Golden West College in Huntington Beach, and Orange Coast College in Costa Mesa. The Colleges are each fully accredited by the ACCJC. The District has more than 43,900 full and part-time students and serves a resident population of approximately 758,000. For fiscal year 2019-20, taxable property within the District has a total assessed valuation of $148,674,989,221.

Administration

The District is governed by a Board of Trustees, which includes five voting members elected by the voters of the District. The Trustees serve four-year terms. Elections for Trustee positions to the District Board are held every two years, alternating between two and three positions. Current members of the District Board, together with their offices and the dates their terms expire, are listed below:

COAST COMMUNITY COLLEGE DISTRICT
Board of Trustees

Name	Office	Term Expires
Lorraine Prinksy	President	November 2020
Jerry Patterson	Vice President	November 2020
Jim Moreno	Clerk	November 2022
Mary Honbuckle	Member	November 2020
David A. Grant	Member	November 2022

The Chancellor of the District is appointed by the District Board and reports thereto. The Chancellor is responsible for management of the District's day-to-day operations and supervises the work of other key administrators. Brief biographies of the Chancellor and the Vice Chancellor, Administrative Services follow:

Dr. John Weispfenning, Chancellor. Dr. Weispfenning was appointed as Chancellor of the District on April 20, 2016. Dr. Weispfenning previously served as President of Santiago Canyon College, within the Rancho Santiago Community College District for approximately 2 years. Dr. Weispfenning's other prior appointments include serving as Vice President of Instruction at Orange Coast College, Dean of Instruction at Santiago Canyon College, and as a professor, faculty member and Associate Dean for Academic Affairs at Otterbein University in Westerville Ohio. Dr. Weispfenning began his career in higher education in 1992, as an assistant professor at the University of Maine. Dr. Weispfenning was awarded his Doctorate degree in communication from Purdue University, a Master of Science degree in communication from North Dakota State University and a Bachelor of Science degree in mass communication from Minnesota State University, Moorhead.

Dr. Andrew Dunn, Vice Chancellor, Finance & Administrative Services. Dr. Dunn was hired to serve as the Vice Chancellor, Administrative Services of the District in October 2010. Prior to joining the District, Dr. Dunn served as Vice Chancellor of Business Services for the Foothill-DeAnza Community College District. He has over 20 years of experience in higher education. Dr. Dunn received his Doctorate in Education degree in Educational Leadership from California State University, Fullerton, a Master of Arts degree in Public Administration from California State University, San Bernardino, and a Bachelor of Science degree in Architecture from California Polytechnic Institute, Pomona.

Labor Relations

The District currently employs approximately 1,019 full-time certificated employees and 753 full-time classified employees. In addition, the District employs 660 part-time faculty and staff. These employees, except management and some part-time employees, are represented by three bargaining units as noted in the following table:

COAST COMMUNITY COLLEGE DISTRICT
Labor Relations

Labor Organization	Number of Employees in Organization	Contract Expiration Date
Coast Federation of Educators/AFT Local 1911 (Full-time teachers)	1,019	June 30, 2020
Coast Federation of Classified Employees/AFT, AFL/CIO, Local 4794	753	June 30, 2019[1]
Community College Association/California Teachers Association/NEA (Part-time teachers)	660	June 30, 2020

(1) Bargaining units currently working under terms of expired contract; new agreements under negotiation.
Source: Coast Community College District.

Retirement Programs

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

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

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

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

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

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

Source: AB 1469.

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

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

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

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

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

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

The District's contribution to STRS was $7,618,862 in fiscal year 2015-16, $9,698,103 in fiscal year 2016-17, $11,199,040 in fiscal year 2017-18 and $14,100,932 in fiscal year 2018-19. The District has projected $15,195,855 as its contribution to STRS in fiscal year 2019-20.

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

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

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

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

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

The District's contribution to PERS was $7,075,135 in fiscal year 2015-16, $8,536,763 in fiscal year 2016-17, $10,974,290 in fiscal year 2017-18 and $13,192,231 in fiscal year 2018-19. The District has projected $15,558,467 as its contribution to PERS in fiscal year 2019-20.

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

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

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

STRS

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

PERS

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

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

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

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

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

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

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

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

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

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

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

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

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

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

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

As of June 30, 2018, the District's proportionate shares of the STRS and PERS net pension liabilities were $129,472,000 and $114,063,471, respectively. For more information, see "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12" attached hereto.

Public Agency Retirement System – Alternate Retirement System. The District is a member of the Public Agency Retirement System (PARS), a multiple-employer retirement trust which administers a retirement plan for the District's part-time, temporary and other employees not covered under PERS or STRS, but whose salaries would otherwise be subject to Social Security tax (the "PARS Plan"). Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. The PARS Plan is a defined contribution qualified retirement plan under Section 401(a) of the Internal Revenue Code. The minimum total contribution is 7.5% of employees' salaries, of which the employee contributes 3.75% and the District contributes the remaining 3.75%. The District's contribution to PARS was $922,902 in fiscal year 2015-16, $745,386 in fiscal year 2016-17 and $882,403 in fiscal year 2017-18, and $922,813 in fiscal year 2018-19. The District has projected $954,766 as its contribution to PERS in fiscal year 2019-20.

Other Post-Employment Benefits

Benefit Plan. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. For employees, participating in CalSTRS and hired after July 1, 2018 and for employees participating in CalPERS and hired on or after January 1, 2018, the eligibility requirement is a minimum age of 60 and a minimum fifteen years of service with the District. Grandfathered employees participating in CalSTRS and hired before July 1, 2018 and for employees participating in CalPERS and hired before January 1, 2018, the eligibility requirement is minimum age of 55 and 10 years of service with the District. Additional age and service criteria may be required. Benefit provisions are established by the District in conjunction its bargaining units, and are renegotiated every three years.

Funding Practice. The District currently budgets for the cost of insurance premiums for current retirees, with additional amounts in each year sufficient to fund the District's pay as you go. The District's expenditures for current retiree premiums were $6,533,048 in fiscal year 2016-17, $6,794,370 in fiscal year 2017-18 and $6,794,370 for fiscal year 2018-19, and it has projected $6,588,869 for current retiree premiums.. Amounts allocated to fund the District's pay as you go are held within an internal insurance fund, and are periodically transferred to the District's OPEB Trust (defined herein). Prior to any such transfer, amounts on deposit therein may be used by the District for other purposes.

The District has also established an irrevocable trust to begin funding its accrued liability (discussed below) for post-employment benefits (the "OPEB Trust"). As of June 30, 2019, the value of assets in the OPEB Trust was $80,187,982.

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

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

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. For fiscal year 2017-18, the District reported a Total OPEB Liability of $107,409,737, a Fiduciary Net Position of $76,131,854 and a Net OPEB Liability of $31,277,883. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – schedule of changes in the net OPEB liability and related ratios" attached hereto.

Actuarial Valuation. The District's most recent actuarial study, dated as of September 20, 2019, calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2019 measurement date, the District's Total OPEB Liability was $103,551,998, its Fiduciary Net Position was $80,187,982 and its Net OPEB Liability was $23,364,016.

Risk Management

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of commercial insurance, self-insurance and participation in certain public entity risk pools, as described below.

The District maintains an internal service fund (the "Internal Service Fund") to account for and to finance its uninsured risks of loss. The Self Insurance Fund provides coverage for up to a maximum of $250,000 for each worker's compensation claim filed prior to June 30, 1998. The Self Insurance Fund also provides for a maximum of $275,000 for each claim each plan year, for medical claims. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss.

The District participates in four joint powers agreements: the CSAC Excess Insurance Authority ("CSAC") for liability, property and workers' compensation job-site risks of construction activities for District projects, the School Association for Excess Risk ("SAFER") for general liability and property loss excess insurance pool, the Statewide Association of Community College ("SWACC") for comprehensive property and liability coverage and the Protected Insurance Program for Schools ("PIPS," and together with CSAC, SAFER and SWACC, the "JPAs") for workers' compensation reinsurance protection. The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

There are a number of claims pending against the District. In the opinion of the District, the related liability, if any, stemming from these claims will not materially affect the financial condition of the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years. Based upon prior claims experience, the District believes that it has adequate insurance coverage.

See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 15 – Joint Powers Agreements" attached hereto.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the Education Code, is to be followed by all California community college districts. The Governmental Accounting Standards Board ("GASB") has released (i) Statement No. 34, which is effective for the District and makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted, and (ii) Statement No. 35, which is effective for the District and makes changes in the required content and format of annual financial statements for public colleges and universities. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

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District Budgeting

The table below shows the District's general fund budgets for fiscal years 2015-16 through 2019-20, ending results for fiscal years 2015-16 through 2017-18, and estimated actual results for fiscal year 2018-19.

GENERAL FUND BUDGETING
Fiscal Years 2015-16 through 2019-20
Coast Community College District

	Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20
REVENUES:	Budgeted[1]	Ending[1]	Budgeted[1]	Ending[1]	Budgeted[1]	Ending[1]	Budgeted[1]	Estimated[2]	Budgeted[2]
Federal Revenues	$2,956,476	$3,248,536	$3,572,189	$3,166,951	$3,948,242	$3,453,356	$3,816,439	$3,527,286	$4,483,747
State Revenues	101,582,867	101,705,581	87,053,770	85,876,897	93,477,875	86,850,101	104,563,326	96,518,907	107,147,809
Local Revenues	141,040,087	151,414,196	158,800,813	161,525,933	162,889,954	170,177,670	168,761,434	175,682,709	175,793,651
Total Revenues	$245,579,430	$256,368,313	$249,426,772	$250,569,781	$260,316,071	$260,481,127	$277,141,199	275,728,902	287,425,207
EXPENDITURES:									
Academic Salaries	73,133,642	83,584,724	85,546,147	89,178,225	84,729,161	93,922,269	92,194,290	97,435,450	91,441,015
Classified Salaries	54,583,621	52,920,345	58,692,312	55,988,497	63,406,575	60,779,608	69,480,147	65,359,892	70,179,629
Employee Benefits	54,013,908	58,333,953	56,481,468	62,130,351	64,641,737	70,340,266	70,445,279	75,289,174	72,812,137
Supplies and Materials	5,004,192	4,327,668	6,295,918	4,710,054	6,861,836	5,099,054	7,382,982	5,087,186	8,474,034
Other Operating Expenses and Services	60,764,763	23,062,670	52,503,151	23,623,437	42,739,881	24,281,137	36,524,011	24,564,403	38,981,217
Capital Outlay	2,867,059	3,785,952	5,279,632	6,991,749	3,879,581	5,227,010	3,495,574	4,189,427	4,757,496
Total Expenditures	250,367,185	226,015,312	264,798,628	242,622,313	266,258,771	259,649,344	279,522,283	271,925,532	286,645,528
Excess /(Deficiency) of Revenues over Expenditures	(4,787,755)	30,353,001	(15,371,856)	7,947,468	(5,942,700)	831,783	(2,381,084)	3,803,370	779,679
Other Financing Sources	750,000	771,906	750,000	1,050,000	750,000	1,099,030	2,477,721	1,667,530	1,107,343
Other Outgo[3]	(3,412,272)	(18,374,565)	(3,692,638)	(16,377,562)	(3,858,652)	6,474,523	(4,736,383)	(6,690,740)	(10,230,092)
Net Increase/(Decrease) in Fund Balance	(7,450,027)	12,750,342	(18,314,494)	(7,380,094)	(9,051,352)	(4,543,710)	96,637	(1,219,840)	(8,343,070)
Beginning Fund Balance, July 1	35,522,615	35,522,615	47,567,578	47,567,578	40,892,867	40,892,867	36,349,157	36,349,157	35,129,317
Prior Year Adjustment	--	(705,379)		705,383	--	--	--	--	--
Ending Fund Balance, June 30	$28,072,588	$47,567,578	$29,253,084	$40,892,867	$31,841,515	$36,349,157	$36,445,794	$35,129,317	$26,786,247

(1) From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. For audited results summaries of expenses, revenues and changes in net assets for the District's primary government funds for fiscal years 2014-15 through 2017-18, see "—Comparative Financial Statements" herein.
(2) From the District's Tentative Budget for 2019-20, adopted by the Board on June 19, 2019.
(3) From the District's Adopted Budgets for the respective fiscal year.
Source: Coast Community College District.

Comparative Financial Statements

Pursuant to applicable guidance from GASB, the District's financial statements present a comprehensive, entity-wide perspective of the District's assets, liabilities, and cash flows rather than the fund-group perspective previously required. The table on the following page displays the District's revenues, expenses and changes in net assets for its primary government funds for fiscal years 2013-14 through 2017-18.

STATEMENT OF TOTAL REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS
Fiscal Years 2013-14 through 2017-18
Coast Community College District

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
OPERATING REVENUES					
Tuition and Fees (Net of Scholarship Discount and Allowance)	$28,804,140	$30,743,648	$32,448,168	$38,261,422	$37,509,577
Grant and contracts, non-capital:					
Federal	53,645,222	60,948,756	57,552,825	52,234,278	49,184,384
State	15,821,773	27,977,977	31,081,838	41,021,073	45,183,711
Local	23,822,606	24,034,218	28,370,372	25,984,695	28,557,133
Auxiliary Enterprises/ Sales	4,957,724	3,144,932	3,248,390	3,526,830	3,292,351
TOTAL OPERATING REVENUES	127,051,465	146,849,531	152,701,593	161,028,298	163,727,156
OPERATING EXPENSES					
Salaries	130,647,542	137,957,017	145,998,961	154,282,143	165,533,032
Employee benefits	48,869,730	57,029,154	64,386,174	69,252,887	86,399,673
Supplies, materials and other operating expenses and services	24,556,811	37,184,227	42,495,108	41,277,656	48,313,561
Financial Aid	54,218,291	61,711,778	60,166,625	56,592,053	53,021,232
Utilities	4,417,775	4,526,316	3,953,730	3,571,650	3,980,389
Depreciation	21,012,718	18,545,440	17,609,358	21,745,349	21,167,716
TOTAL OPERATING EXPENSES	283,722,867	316,953,932	334,609,956	346,721,738	378,415,603
OPERATING LOSS	(156,671,402)	(170,104,401)	(181,908,363)	(185,693,440)	(214,688,447)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, non-capital	45,990,696	46,391,550	48,510,217	40,107,985	39,472,022
Local property taxes	98,140,709	105,715,579	114,654,192	120,884,154	129,195,223
State taxes and other revenues	7,324,381	8,619,555	25,800,581	11,280,936	9,643,943
Investment income, non-capital	172,552	251,855	505,935	619,161	1,209,284
Interest expense on capital related debt	(20,331,606)	(22,055,249)	(17,951,208)	(13,093,169)	(40,116,183)
Perkins loan program liquidation	--	--	--	--	(2,589,103)
Transfer to fiduciary funds	--	--	--	--	--
Gain (loss) on disposal of fixed assets	(4,676,110)	--	(10,269)	--	--
Other non-operating revenue	--	--	--	--	--
TOTAL NON-OPERATING REVENUES (EXPENSES)	126,620,622	138,923,290	171,509,448	159,799,067	136,815,186
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(30,050,780)	(31,181,111)	(10,398,915)	(25,894,373)	(77,873,261)
OTHER REVENUES, EXPENSES, GAINS OR LOSSES					
State apportionments, capital	410,731	--	3,727,917	40,647,991	44,210,273
Local property taxes and revenues, capital	31,300,543	35,507,868	38,132,122	1,229,156	1,572,111
Investment income - capital	1,013,174	896,221	1,219,971	3,024,319	4,107,908
TOTAL OTHER REVENUES, EXPENSES, GAINS OR LOSSES	32,724,448	36,404,089	43,080,010	44,901,466	49,890,292
CHANGE IN NET ASSETS	2,673,668	5,222,978	32,681,095	19,007,093	(27,982,969)
NET ASSETS, BEGINNING OF YEAR	113,066,762	115,740,430	(47,675,135)	(14,994,040)	(47,788,590)
AUDIT RESTATEMENTS	--	(168,638,543)[1]	--	(51,801,643)[2]	--
NET ASSETS, END OF YEAR	$115,740,430	$(47,675,135)	$(14,994,040)	$(47,788,590)	$(75,771,559)

(1) Restatement reflects the cumulative effect of recognizing the beginning balance of the net pension liability and deferred outflows of resources resulting from the implementation of GASB Statements No. 68 and No. 71.

(2) Restated by a reduction of $(51,801,643) to recognize the beginning balance of the OPEB liability of $33,347,897 and removal of the June 30, 2016 OPEB asset of $18,453,746, resulting from the implementation of GASB Statements No. 74 and No. 75.

Source: Coast Community College District.

District Debt Structure

Long-Term Debt. A schedule of changes in general long-term debt for the year ended June 30, 2018 is shown below.

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Capital leases	$91,481	--	$91,481	--
Compensated absences	6 ,785,024	$2,175,421	--	$8,960,445
Note payable	3,610,000	--	325,000	3,285,000
Perkins loan program liability	--	2,405,774	--	2,405,774
General Obligation Bonds				
Bonds payable	805,844,504	--	24,510,000	781,334,504
Accreted interest	45,493,579	7,946,761	--	53,440,340
Bonds premium	72,477,640	--	4,428,365	68,049,275
Sub totals	$923,815,723	$7,946,761	$28,938,365	$902,824,119
Postemployment healthcare liability	31,549,563	--	271,680	31,277,883
Medicare premium payment liability	--	870,865	--	870,865
Net Pension Liability	209,753,325	31,546,502	--	241,299,827
Totals	$1,175,605,116	$42,539,549	$29,029,846	$1,190,923,913

Source: Coast Community College District.

Operating Leases. The District has entered into various operating leases for land, buildings, and equipment with lease terms exceeding one year. None of these leases contain purchase options. Future minimum payments with respect thereto, as of June 30, 2018, are shown below.

Year Ending June 30	Lease Payments
2019	$695,664
2020	516,953
2021	403,109
2022	283,263
2023	83,524
Total	$1,982,513

Perkins Loan Program Liability. During fiscal year 2017-18, the District carried a liability of $2,405,774 for the Federal Capital Contributions ("FCC") received from the US Department of Education ("ED") which funded the Perkins loan program. With the Perkins loan program now closed, the FCC amount is due back to the ED. The District has elected to continue to collect on these loans and will return the FCC to the ED as it is collected.

Financing Lease. On March 24, 2016, the District entered into a lease-purchase agreement (the "2016 Lease") to finance the purchase of real property. The 2016 Lease is payable from lease payments ("Lease Payments") made by the District for the use and possession of certain District sites and facilities. The principal component of Lease Payments payable under the 2016 Lease is $3,765,000, with a term of repayment of 10 years at a stated interest rate of 3.75%.

Future semi-annual Lease Payments due under the 2016 Lease are as follows:

Period Ending	Principal Component	Interest Component[(1)]	Total Lease Payments
4/1/2020	$180,000.00	$52,125.00	$232,125.00
10/1/2020	175,000.00	48,750.00	223,750.00
4/1/2021	185,000.00	45,468.75	230,468.75
10/1/2021	185,000.00	42,000.00	227,000.00
4/1/2022	190,000.00	38,531.25	228,531.25
10/1/2022	190,000.00	34,968.75	224,968.75
4/1/2023	195,000.00	31,406.25	226,406.25
10/1/2023	200,000.00	27,750.00	227,750.00
4/1/2024	205,000.00	24,000.00	229,000.00
10/1/2024	205,000.00	20,156.25	225,156.25
4/1/2025	210,000.00	16,312.50	226,312.50
10/1/2025	215,000.00	12,375.00	227,375.00
4/1/2026	225,000.00	8,343.75	233,343.75
10/1/2026	220,000.00	4,125.00	224,125.00
TOTAL	$2,780,000	$406,312.50	$3,186,312.50

(1) Reflects the stated interest rate, which may be subject to change in certain circumstances. Upon certain events of defaults under the 2016 Lease, the interest component of Lease Payments may bear interest at a default rate equal to the sum of stated interest rate applicable to the principal portion of Lease Payments, plus 3.00%.

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General Obligation Bonds. At an election held on November 5, 2002, the voters of the District approved the issuance of not-to-exceed $370,000,000 of general obligation bonds of the District (the "2002 Authorization"). The District has issued substantially all of the bonds authorized by the 2002 Authorization. At an election held on November 6, 2012, the 2012 Authorization, the voters of the District approved the issuance of not-to-exceed $698,000,000 of general obligation bonds of the District. Pursuant to the 2012 Authorization, the voters have approved the issuance of $530,000,000 of bonds. The District has issued five series of bonds pursuant to the 2012 Authorization. The Series 2019F Bonds will be sixth issuance of bonds under the 2012 Authorization.

The District has also issued general obligation refunding bonds to refinance portions of the bonds issued pursuant to the 2002 Authorization. The following table summarizes the prior outstanding bond issuances of the District, not including the Bonds.

SUMMARY OF OUTSTANDING BONDED DEBT
Coast Community College District

Issuance	Initial Principal/Denominational Amount	Currently Outstanding	Date of Delivery
2005 Refunding Bonds	$74,893,867.00	$7,618,867.00	April 5, 2005
Election of 2002, Series 2006B	149,859,830.80	117,019,83.80	July 19, 2006
Election of 2012, Series 2013A	190,000,000.00	150,550,000.00	May 29, 2013
2013 Refunding, Series A	80,265,000.00	63,295,000.00	May 29, 2013
2013 Refunding, Series B	4,875,000.00	4,875,000.00	May 29, 2013
2015 Refunding	162, 855,806.25	161,135,806.25	October 29, 2015
Election of 2012, Series 2016C	30,000,000.00	14,035,000.00	August 31, 2016
Election of 2012, Series 2017D	280,000,000.00	278,250,000.00	March 29,2017

Source: Coast Community College District.

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The table below shows the annual debt service requirements of the District's general obligation bonded debt, including the Bonds.

GENERAL OBLIGATION BONDS – CONSOLIDATED DEBT SERVICE SCHEDULE*
Coast Community College District

Year Ending (Aug. 1)	2005 Refunding Bonds	Series 2006B Bonds	Series 2013A Bonds(1)	2013 Series A Refunding Bonds(1)	2013 Series B Refunding Bonds	2015 Refunding Bonds	Series 2016C Bonds	Series 2017D Bonds	Series 2019F Bonds(2)(3)	Refunding Bonds(2)	Total Annual Debt Service
2020	$2,540,000.00	--	$8,927,300.00	$10,634,750.00	$4,985,467.50	$5,177,950.00	$3,456,779.46	$12,841,000.00			
2021	7,770,000.00	--	9,243,900.00	11,636,250.00	--	5,177,950.00	3,592,150.26	12,841,000.00			
2022	7,780,000.00	--	9,564,100.00	12,654,000.00	--	5,177,950.00	3,739,246.26	12,841,000.00			
2023	--	--	9,902,100.00	20,943,750.00	--	5,177,950.00	3,890,346.26	12,841,000.00			
2024	--	--	10,241,500.00	18,443,250.00	--	5,177,950.00	--	18,171,000.00			
2025	--	$25,015,000.00	10,601,500.00	--	--	5,177,950.00	--	18,909,500.00			
2026	--	26,305,000.00	10,974,000.00	--	--	5,177,950.00	--	19,677,750.00			
2027	--	27,675,000.00	11,356,250.00	--	--	5,177,950.00	--	19,686,750.00			
2028	--	29,095,000.00	11,756,250.00	--	--	5,177,950.00	--	16,996,750.00			
2029	--	--	12,161,500.00	--	--	35,727,950.00	--	16,721,750.00			
2030	--	33,620,000.00	12,593,300.00	--	--	3,650,450.00	--	15,946,750.00			
2031	--	--	13,031,100.00	--	--	34,775,450.00	--	19,561,750.00			
2032	--	--	13,488,500.00	--	--	36,249,200.00	--	25,016,000.00			
2033	--	--	13,958,500.00	--	--	37,793,000.00	--	21,720,500.00			
2034	--	--	14,444,300.00	--	--	39,400,000.00	--	27,104,500.00			
2035	--	--	14,955,850.00	--	--	41,075,000.00	--	28,203,500.00			
2036	--	--	15,486,150.00	--	--	12,990,000.00	--	29,352,500.00			
2037	--	--	16,027,200.00	--	--	--	--	30,554,000.00			
2038	--	--	16,596,350.00	--	--	--	--	21,850,000.00			
2039	--	--	--	--	--	--	--	37,085,000.00			
2040	--	--	--	--	--	--	--	23,600,000.00			
2041	--	--	--	--	--	--	--	22,760,000.00			
2042	--	--	--	--	--	--	--	23,920,000.00			
Total	$18,090,000.00	$141,710,000.00	$235,309,650.00	$74,312,000.00	$4,985,467.50	$288,262,600.00	$14,678,522.24	$488,202,000.00			

* Preliminary, subject to change.
(1) Includes debt service on the Prior Bonds, to be refunded with the Refunding Bonds.
(2) Interest payments on the Current Interest Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.
(3) The Capital Appreciation Bonds are payable only at maturity (unless earlier redeemed) on August 1 of the years indicated on the inside cover pages hereof, and interest on such Capital Appreciation Bonds is compounded semiannually on February 1 and August 1, commencing February 1, 2020.

TAX MATTERS

Series 2019F Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2019F Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Series 2019F Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Series 2019F Bond (the first price at which a substantial amount of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Series 2019F Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2019F Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Series 2019F Bond Owner will increase the Series 2019F Bond Owner's basis in the applicable Series 2019F Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Series 2019F Bond is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Owners of the Series 2019F Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2019F Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2019F Bonds to assure that interest (and original issue discount) on the Series 2019F Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Internal Revenue Code of 1986, as amended (the "Code") might cause the interest (and original issue discount) on the Series 2019F Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019F Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Series 2019F Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2019F Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2019F Bond Owner's basis in the applicable Series 2019F Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2019F Bond Owner realizing a taxable gain when a Series 2019F Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2019F Bond to the Owner. Purchasers of the Series 2019F Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2019F Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2019F Bonds might be affected as a result of such an audit of the Series 2019F Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2019F Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2019F Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2019F BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES 2019F BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2019F BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2019F BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2019F BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2019F BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2019F BONDS.

Bond Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificate relating to the Series 2019F Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Series 2019F Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Series 2019F Bonds is excluded from gross income for federal income tax purposes provided that the District continue to comply with certain requirements of the Code, the ownership of the Series 2019F Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2019F Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2019F Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2019F Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Series 2019F Bonds is attached hereto as APPENDIX A.

Refunding Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Refunding Bond (the first price at which a substantial amount of the Refunding Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Refunding Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Refunding Bond will increase the Owner’s basis in the Refunding Bond.

Owners of Refunding Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Refunding Bonds.

In the event of a legal defeasance of a Refunding Bond, such bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Refunding Bondholder generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Refunding Bondholder's adjusted tax basis in such bond.

The amount by which a Refunding Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Refunding Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Refunding Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Refunding Bond Owner's basis in the applicable Refunding Bond (and the amount of taxable interest received). The basis reduction as a result of the amortization of bond premium may result in the Owner of a Refunding Bond realizing a taxable gain when a Refunding Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Refunding Bond to the Owner. The Owners of the Refunding Bonds that have a basis in the Refunding Bonds that is greater than the principal amount of the Refunding Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Refunding Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposition of the Refunding Bonds and the accrual or receipt of interest with respect to the Refunding Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

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

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

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

Statutory Lien

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

Special Revenues

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

Possession of Tax Revenues; Remedies

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

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

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

Expanded Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. The District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriters in complying with the Rule.

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

Litigation

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

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated November 13, 2018 of Clifton Larson Allen LLP, Certified Public Accountants (the "Auditor"), are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon as APPENDIX B 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.

Legal Opinions

The legal opinions of Bond Counsel approving the validity of each series of the Bonds will be supplied to the original purchasers thereof without cost. The proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "Aa1" by Moody's and "__" by S&P Global Ratings. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained therefrom. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

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

Underwriting

Purchase of Bonds. RBC Capital Markets, LLC (the "Representative") on behalf of itself, Piper Jaffray & Co. and Citigroup Global Markets Inc. (collectively, the "Underwriters") have agreed, pursuant to purchase contracts relating to each series of the Bonds, each by and between the District and the Representative, to purchase all of the Bonds. The Underwriters will purchase the Series 2019F Bonds for a purchase price of $____________ (consisting of the principal amount of the Series 2019F Bonds of $____________ plus original issue premium of $____________, less Underwriters' discount of $____________).

The Underwriters will purchase the Refunding Bonds for a purchase price of $____________ (consisting of the principal amount of the Refunding Bonds of $____________, less Underwriters' discount of $____________).

The purchase contracts for the Bonds provide that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contracts, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

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

The Representative made a voluntary contribution to the committee that was formed to support the election that authorized the issuance of the Bonds.

The Representative and its 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 Representative and its 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 Representative and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. The Representative and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Representative and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the offering of the Bonds or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

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

Citigroup Global Markets Inc. ("Citi"), an Underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citi may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citi will compensate Fidelity for its selling efforts with respect to the Bonds.

Additional Information

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

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

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

COAST COMMUNITY COLLEGE DISTRICT

By: ____

Dr. Andrew Dunn
Vice Chancellor, Finance and Administrative Services

APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL

Upon issuance and delivery of the Series 2019F Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2019F Bonds substantially in the following form:

___________, 2019

Board of Trustees
Coast Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $____________ Coast Community College District (Orange County, California) Election of 2012 General Obligation Bonds, Series 2019F (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the "Act"), commencing with Section 53506 *et seq*., a fifty-five percent vote of the qualified electors of the Coast Community College District (the "District") voting at an election held on November 6, 2012, and a resolution of the Board of Trustees of the District adopted on October 23, 2019 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal

alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Upon issuance and delivery of the Refunding Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Refunding Bonds substantially in the following form:

___________, 2019

Board of Trustees
Coast Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $______________ Coast Community College District 2019 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Government Code Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5, and a resolution of the Board of Trustees of the District adopted on October 23, 2019 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) 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 (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a

Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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COAST COMMUNITY COLLEGE DISTRICT
ORANGE COUNTY

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

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Coast Community College District
Costa Mesa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Coast Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Coast Community College District
Costa Mesa, California

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

Opinion

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the District as of June 30, 2018, and the results of its operations, changes in net position and cash flows 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.* 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 management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's financial statements as a whole. The supplementary schedules, and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Coast Community College District
Costa Mesa, California

additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also 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 supplementary section, including the schedule of expenditures of federal awards, 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 13, 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 13, 2018

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2018

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Coast Community College District (the "District") for the year ended June 30, 2018. This discussion has been prepared by management, and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District is reporting according to the standards of Governmental Accounting Standards Board Statements (GASB) No. 34 and 35 using the Business Type Activity (BTA) model. The California Community College Chancellor's Office, through its Fiscal Accountability Standards Committee, recommended that all community college districts use the reporting standards under the BTA model.

The District includes three comprehensive community colleges. The mission of the District is to respond to the educational needs of an ever-changing community and to provide programs and services that reflect academic excellence. The District's three colleges promote open access and celebrate the diversity of its students and staff, as well as the community. Coastline Community College, Golden West College, and Orange Coast College offer associate degrees, vocational certificates and transfer education, as well as developmental instruction and a broad array of specialized training. Specific activities in the colleges and the continuing education programs are directed toward economic development within the community.

The annual report includes three basic financial statements that provide information on the District as a whole:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

Each of these statements will be reviewed and significant events discussed. The previous year's financial information is also provided for comparison.

Financial and Enrollment Highlights

Key assumptions in the 2017-18 Adopted Budget plan included 1) a 1.56% Cost of Living Adjustment, 2) a Per-Employee-Per-Year (PEPY) cost of health benefits of $17,900, reflecting the total current year cost of $43.7 million, or a year-over-year programmatic increase of 6.69%, 3) No budgeted growth, 4) combined pension contribution increases across both the California

Public Employees Retirement System (CalPERS) and the California State Teachers Retirement System (Cal STRS) totaled $2.5 million, and 6) a beginning fund balance of $40.8 million.

The District ended the 2017-18 FY with a $36.3 million fund balance. This represents a $4.5 million decline from the prior year amount of $40.8 million. Nevertheless, the District has maintained resources sufficient to provide cash flow stability for the District without external borrowing. Health and welfare benefit costs continue to rise and are being monitored. Additional funds were set aside to fund the future retiree benefits liability. The District continues to manage its retiree health trust across two programs including the Community College League of California Joint Powers Authority and the Keenan Futuris program. The District's Retirement Board of Authority meets on a quarterly basis to review and evaluate performance of the trusts. At June 30, 2018, between the two programs, $76.1 million is held in an irrevocable trust to meet the District's liability of approximately $107.4 million. Although the new Governmental Accounting Standards Board (GASB) requirements no longer use the Annual Required Contribution (ARC) as a measure, this in no way changes the District's contractual obligations and we will continue to budget both pay-as-you-go costs as well as an amount to mitigate the unfunded liability in the next 15-20 years.

The District runs the Banner financial software which is integrated with the human resources and student systems. The District uses the position budgeting feature to build the budgets and allows on-line budget transfers for faster, more accurate processing. The Banner financial software is also used for the student system. The student financials feed into the Banner financial system which uses an accrual method of accounting. The District has implemented the Financial Aid management and reporting function into the Banner system. Further, the District is now in the process of moving from Banner v8 to Banner v9. We have a target go-live date of July 1, 2019. This project will also involve moving our data storage from an on-premises data center to the cloud.

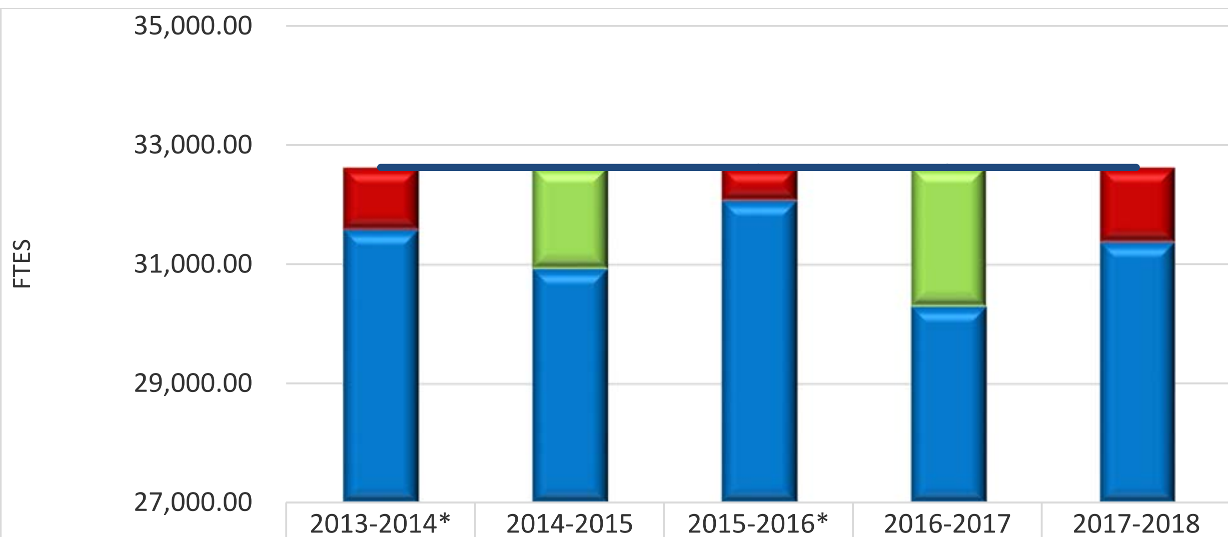
On November 6, 2012, the District voters approved and authorized the issuance and sale of $698 million principal amount of Measure M general obligation bonds of the District. Total Measure M expenditures for the 2017-18 FY are $83.9 million. Because of the magnitude of the proposed 2017D & E issuances, early in calendar year 2017, the District sought a bond rating review from Moody's and Standard & Poor's (S&P). Currently, Moody's has placed Coast at an "Aa1" rating reflecting the District's very large and growing coastal California tax base that is among the largest of Moody's-rated community college districts. The rating also includes the district's strong financial position that benefits from healthy liquidity available outside of General Fund operations. S&P Global Ratings raised its long-term rating and underlying rating (SPUR) to 'AA+' from 'AA." This action reflected the district's strong local economy situated in Orange County, the district's very strong general fund reserves, the flexibility of community college districts in general to manage their enrollment and programs in response to funding levels, and the district's low to moderate debt burden.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2018

The 2017-18 FY Adopted budget was based on the revenue associated with serving 32,623 resident Full-Time Equivalent Students (FTES). To make base in the 2016-17 FY, Coast entered Stabilization, meaning the District was held fiscally harmless for a decline in FTES for that year. While this allowed Coast to receive the revenue associated with 32,623 base FTES, while only earning 30,292.33 FTES, Coast must report at least base FTES at the close of the 2017-18 FY to avoid eroding base revenue. Enrollment estimates at P-1 in January, while showing some improvement from prior year, nonetheless suggested the need to borrow approximately 450 FTES to make base. Enrollment as reflected in the annual 320 Enrollment Report demonstrated continuing softening and the need to borrow 1,255 FTES to make base at the close of the 2017-18 FY.

Annual Enrollment
Full-Time Equivalent Students (FTES)



	2013-2014*	2014-2015	2015-2016*	2016-2017	2017-2018
Borrowed FTES	1,039.40		554.64		1,250.27
Stabilized FTES		1,699.73		2,331.45	
Reported FTES	31,583.04	30,924.07	32,068.39	30,292.35	31,373.53
Funded FTES	32,622.44	32,623.80	32,623.80	32,623.80	32,623.80
Unfunded FTES					

*Borrowed from the summer term to make base FTES

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, are one way to measure the financial health of the District.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2018

	(in thousands) 2018	2017	Change
ASSETS			
Current assets			
Cash and cash equivalents	$ 120,042	$ 110,840	8%
Investments	60,185	43,638	38%
Account receivables	18,117	19,968	-9%
Notes receivable - current portion	750	750	0%
Due from fiduciary funds	1,042	-	N/A
Inventories	73	59	24%
Prepaid expenses	22	39	-44%
Total current assets	200,231	175,294	14%
Non-current assets			
Restricted cash and cash equivalents	314,319	416,823	-25%
Restricted student loans receivable, net	2,829	2,654	7%
Notes receivable	11,438	12,188	-6%
Capital assets, net of depreciation	577,923	512,117	13%
Total non-current assets	906,509	943,782	-4%
TOTAL ASSETS	1,106,740	1,119,076	-1%
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	24,611	26,623	-8%
Deferred outflows - pension	74,794	51,304	46%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	99,405	77,927	28%
LIABILITIES			
Current liabilities	105,930	82,573	28%
Non-current liabilities	1,161,784	1,149,937	1%
TOTAL LIABILITIES	1,267,714	1,232,510	3%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	13,897	12,282	13%
Deferred inflows - pension	306	-	N/A
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,203	12,282	16%
NET POSITION			
Invested in capital assets, net of related debt	80,207	46,243	73%
Restricted	73,401	45,675	61%
Unrestricted	(229,380)	(139,707)	64%
TOTAL NET POSITION	$ (75,772)	$ (47,789)	-59%

- Current and restricted cash and cash equivalents consist mainly of cash held in the county treasury ($408 million) and ancillary funds maintained at local banks. Cash decreased from the prior year primarily due to payments of debt obligations and payments of expenditures incurred for construction projects. At June 30, 2018, the building fund had a cash balance of approximately $232.4 million.

- Investments increased primarily to the investment of the General Obligation Series E endowment funds.

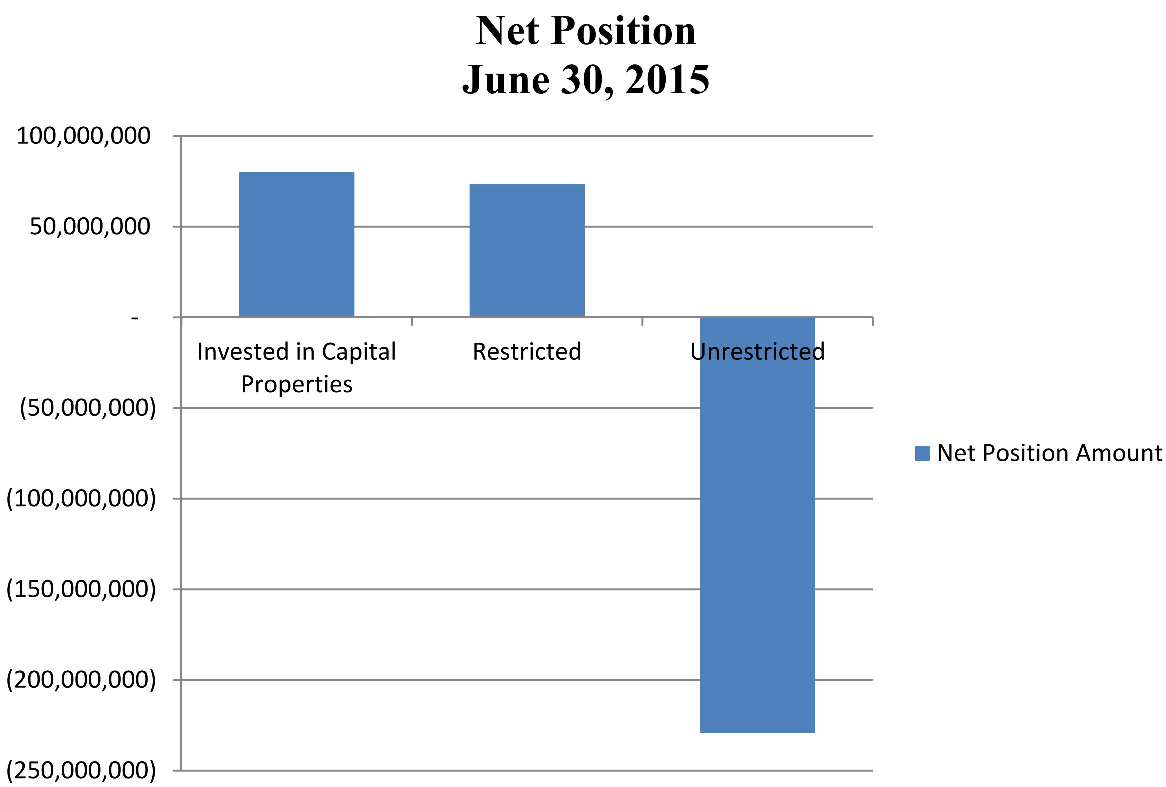
- Accounts Receivable decreased due to receipts of $1.3 million related to apportionment which the District recorded an accounts payable in FY 2017-18.

- The total liabilities showed an increase of 3%. This is due to the increase accounts payable for construction projects, accrued payroll and compensated absences, and pension liabilities.

- Governmental Accounting Standards Board (GASB) statements 67 and 68 established a definition of a pension plan that reflects the primary activities associated with the pension arrangement, determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members. The District's outstanding pension liability for both STRS and PERS is $242.1 million as of FY 2017-18.

- Net position showed it decreased by 59% from the prior year. Total operating expenses increased by $31.7 million, or 9%, while total operating revenues increased by $2.7 million or 2%.

- The Total OPEB Liability (TOL) increased from $103.1 million at the close of the 2016-17 FY, to $107.4 million at the close of the 2017-18 FY. This change was driven largely by current service cost of $4.9 million based on the covered payroll. The District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2018 is $76.1 million leaving a Net OPEB Liability (NOL) of $31.3 million.



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses. State general apportionment, while budgeted for operations, is considered non-operating revenues by generally accepted accounting principles.

- Revenue from grants and contracts is composed of federal grants ($49 million), state grants ($45.1 million), and local contracts ($28.5 million). The decrease in federal funding is due mainly to the decrease in federal financial aid provided for students and is also reflected in the decreased financial aid operating expenses. The increase in state revenue is primarily due to increased allocations in various student success and support programs.

- The annual 320 enrollment report for 2017-18 reflected 32,625.80 resident Full Time Equivalent Students (FTES) base. Enrollment continues to soften making it necessary to borrow 1,255 FTES to make base for 2017-18. The District has continued its efforts geared toward maximizing enrollment and service to students and the community.

- Depreciation expenses decreased due to fewer completed construction projects in the current year.

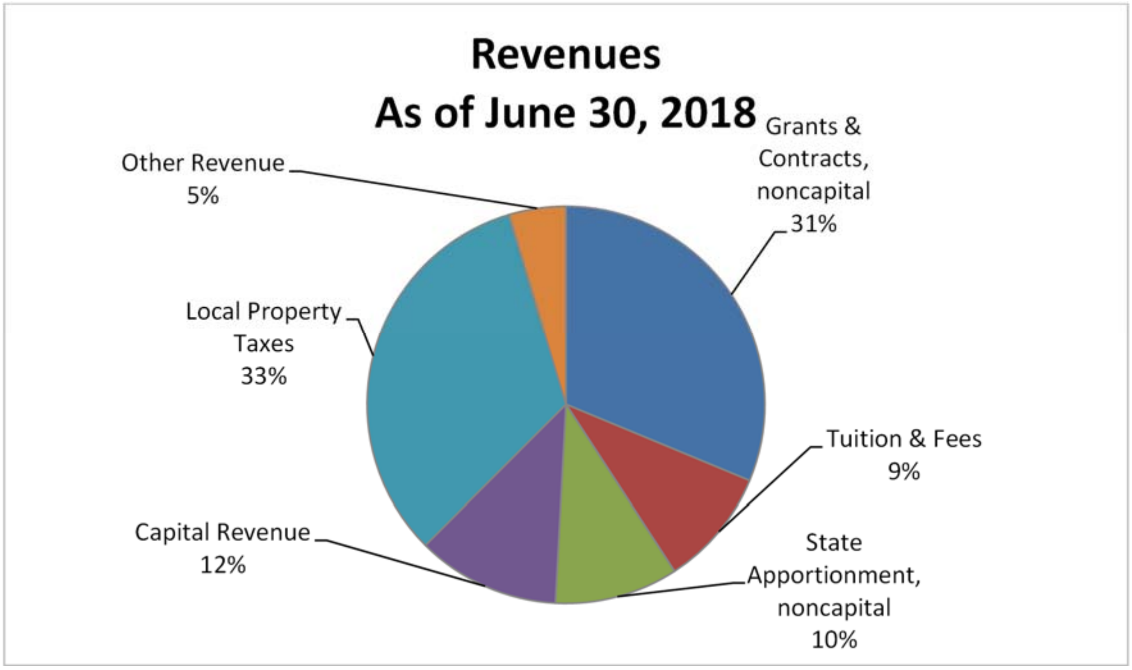
- Salaries and benefits expenses increased $7.1 million or 13% due mainly to implementation of the classification and compensation study, and the increasing pension and health benefit cost.

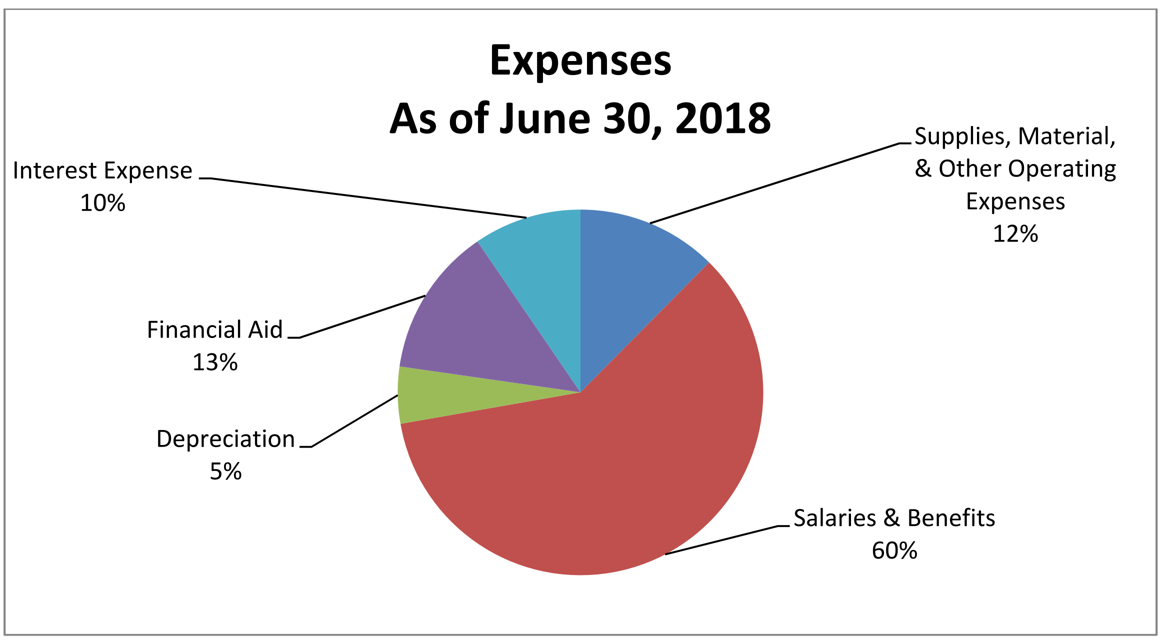
- Robust property tax receipt, along with the EPA funding, has resulted in a smaller proportion of state apportionment in our total computational apportionment revenue. SB 361 states that for each district the State shall subtract from the computed revenue apportionment a district's local property tax revenue and 98% of the enrollment fees collected by the district.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2018

	(in thousands)		
	2018	**2017**	**Change**
Operating Revenues			
Net tuition and fees	$ 37,510	$ 38,262	-2%
Grants and contracts, non-capital	122,925	119,240	3%
Auxiliary sales and charges	3,292	3,527	-7%
Total operating revenues	163,727	161,029	2%
Operating Expenses			
Salaries and benefits	251,932	223,535	13%
Supplies, materials and other operating expenses and services	48,314	41,278	17%
Financial aid	53,021	56,592	-6%
Utilities	3,980	3,572	11%
Depreciation	21,168	21,745	-3%
Total operating expenses	378,415	346,722	9%
Operating loss	(214,688)	(185,693)	16%
Non-operating revenues (expenses)			
State apportionments, non-capital	39,472	40,108	-2%
Local property taxes	129,195	120,884	7%
State taxes and other revenues	9,644	11,281	-15%
Investment income, non-capital	1,209	619	95%
Perkins loan program liquidation	(2,589)	-	N/A
Interest expense	(40,116)	(13,093)	206%
Total non-operating revenues (expenses)	136,815	159,799	-14%
Other revenues, expenses, gains or losses			
Local property taxes and revenues, capital	44,210	40,648	9%
State apportionments, capital	1,572	1,229	0%
Investment income, capital	4,108	3,024	36%
Total other revenues, expenses, gains or losses	49,890	44,901	11%
Change in net position	(27,983)	19,007	-247%
Net position, beginning of year	(47,789)	(14,994)	219%
Cumulative effect of change in accounting principles	-	(51,802)	100%
Net position, end of year	$ (75,772)	$ (47,789)	-59%

- Net tuition and fees consists of enrollment fees $37.6 million, non-resident tuition $15.1 million, and other fees $6.8 million less scholarships, discounts and allowances $21.9 million. Regular enrollment fees $46 per unit are set by the State for all community colleges reflecting no change from the prior year.


Revenues
As of June 30, 2018
Grants & Contracts, noncapital 31%
Tuition & Fees 9%
State Apportionment, noncapital 10%
Capital Revenue 12%
Local Property Taxes 33%
Other Revenue 5%


Expenses
As of June 30, 2018
Supplies, Material, & Other Operating Expenses 12%
Salaries & Benefits 60%
Depreciation 5%
Financial Aid 13%
Interest Expense 10%

Statement of Cash Flows

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

	(in thousands) 2018	2017	Change
Cash Provided By (Used in)			
Operating activities	$ (171,778)	$ (167,623)	-2%
Noncapital financing activities	179,037	174,605	3%
Capital and related financing activities	(101,643)	273,643	137%
Investing activities	1,082	(1,881)	-158%
Net change in cash and cash equivalents	(93,302)	278,744	-133%
Cash balance, beginning of year	527,663	248,919	112%
Cash balance, end of year	$ 434,361	$ 527,663	-18%

- The primary cash receipts from operating activities consist of grants, contracts, tuition and fees; while, the outlays include payment of wages, benefits, supplies, services, contracts, scholarships and financial aid.
- General apportionment is the main source of noncapital financing activities and consists of state apportionment, local property taxes, and student fees.
- Cash provided by and used for capital and related financing activities reflects local capital outlay resources.
- Cash from investing activities is interest and gains on investments.

The overall cash balance has decreased from prior year as a result of a modest COLA, the second year of implementation of the classified and compensation study and increased pension costs.

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the District had over $577.9 million invested in net capital assets. Total capital assets of $907.1 million consist of land, buildings and building improvements, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of $329.2 million. New additions for construction and equipment of $84.3 million occurred during 2017-18, and depreciation expense of $14.2 million was recorded for the fiscal year. Construction in progress of $21.1 million was completed and placed into service as buildings and site improvements. Note 5 to the financial statements provides additional information on capital assets. A summary of capital assets net of depreciation is presented below.

	Balance June 30, 2018
Land	$ 24,141,969
Buildings and site improvements	691,534,865
Equipment	46,649,168
Construction in progress	144,853,810
Totals at historical cost	907,179,812
Less accumulated depreciation for:	
Buildings and site improvements	(294,305,494)
Equipment	(34,951,588)
Total accumulated depreciation	(329,257,082)
Governmental capital assets, net	$ 577,922,730

Debt

At June 30, 2018, the District had $902.8 million in debt for the General Obligation bonds. The payments for general obligation bond debt are funded trhough property tax assessments. Notes 6 and 10 to the financial statement provide additional information on long-term liabilities.

Economic Factors That May Affect the Future

State Ecomony

On January 10, 2018, Governor Jerry Brown released his proposal for the 2018-19 State Budget, his last State Budget. The content of this proposal speaks to his expectation for significant changes in both the delivery and the state's financial support of education with increased attention to student outcomes.

The two most notable elements in the Governor's proposal were, first, a new fully online community college targeting working Californians with no degree or credential and, second, a new outcomes-focused funding formula. The Governor has voiced displeasure with the enrollment-only formula that the system has been operating under since 2006. The current model (SB 361) is believed to fail to capture the comprehensive mission of CCCs and the counter-cyclical nature of college enrollment.

Major new expenses reflected a health benefit increase of $242 thousand, Classification/compensation Study Cost of $1.1 million, on-schedule salary increases of $5.2 million, net Step/column cost of $400 thousand, and pension increases of $3.4 million. Total new expenses are estimated at $10.5 million

The District carried forward a structural budget imbalance from the 2017-18 FY of $4.5 million. When new on-going revenues are netted against new estimated expenses, Coast was able to resolve its structural budget imbalance.

On June 27, 2018, as expected, Governor Jerry Brown signed the $139 billion General Fund 2018-19 State Budget that the Legislature passed and sent to him on June 14, 2018. The State Budget includes a total investment in Proposition 98 of $78.4 billion, an increase of $2.8 billion over last year's Budget. Some of the new features of the California Community College (CCC) budget include $120 million ($20 million ongoing) to create an online community college and a new CCC funding formula that would be phased in over three years. The new funding formula includes a three-year hold harmless provision that guarantees all colleges receive at least a cost-of-living increase for three years. The Budget also fully funds the Rainy Day Fund, eliminates all outstanding maintenance factors in 2017-18, and implements the Governor's May Revision proposal to create a new Proposition 98 certification process.

The 2018-19 FY CCCD Budget

- Estimated State Revenue reflected a 2.71% COLA, no growth and a $146 per FTES Unrestricted Lottery Revenue allocation. Available Statewide Growth/Access funding is identified at 1.0% but the District does not budget these funds until the year following the one in which they were earned.

- With respect to Categorical funds, of note is the consolidation of the Student Success and Support Program, Student Equity Plan, and Basic Skills into the Student Equity and Achievement Program (SEA). The intent is to move greater autonomy to the district level to further support the SCFF. The District's estimated Categorical Program funding across all federal, state, and local sources for the 2018-19 FY is projected to be $55.2 million.

- For the 2018-19 FY, following Board Policy 6200, the Adopted Budget reflects a General Reserve of 5% and a Reserve for Contingency of 5%, for a total of $22.1 million, or 10% of the prior year unrestricted general fund expense.
- Salaries and benefits continue to comprise the largest portion of the District's expenses. Historically, Coast's budgeting norms do not include estimates of part-time faculty, over-load, or short-term employees. For the year ending June 30, 2018, total salaries and benefits as a percentage of the Unrestricted General Fund (UGF), equal to 89%.

- Volatility continues in our Health and welfare benefit programs. The budget for benefits in the 2017-18 FY is $17,520 Per Employee Per Year (PEPY) as compared with prior year actual of $16,985 PEPY.

- The employer contributions for the PERS will increase from 15.53% to 18.06% of payroll, or a 2.53% increase. The STRS employer rate will increase from 14.43% to 16.28% of payroll, or a 1.85% increase. These increases in pension contributions commenced with the fiscal year beginning July 1, 2018. For the current fiscal year, the combined increase of these pension system match requirements are estimated at $3.4million.

Significant Future Events

California continues to rely heavily on the Personal Income Tax (PIT) for education funding creating a significant degree of funding volatility. Further, the current economic recovery is among the longest in the post-war period and history suggests the state is ripe for a downturn. Adding to budgetary uncertainty are events at the federal level.

While we applaud the Governor's implementation of the new Student Centered Funding Formula (SCFF) and its focus on Access, Equity, and Success, we have several concerns about the mechanics of the model. First, the data sets underpinning the SCFF have not historically been subject to audit. While we understand the Contract District Audit Manual will be amended to include this scope of work, until audit data is available, this raises questions about the veracity of the data. Second, four of the eight Success based metrics reflected Special data runs by the California Community Colleges Chancellor's Office (CCCCO) and local districts presently have no way of validating these data sets. Third, there is not an overt cap placed on the Success metrics suggesting that an over-subscription could result in these revenues being "deficited." Lastly, and more broadly, the SB 361 funding Formula was a model of simplicity and made revenue projection a relatively straight-forward process. The SCFF, on the other hand, creates significant avenues for volatility and uncertainty, making revenue projections highly unpredictable.

Not unlike the District's retiree health benefit plan, both the California State Teachers Retirement System (STRS) and the California Public Employee Retirement System (PERS) have significant unfunded liabilities. This phenomenon reflects a mismatch between the pension plan's estimated obligations and its assets. In theory, these plans should be prefunded, meaning regular contributions for each employee are made into the retirement fund during the course of that employee's career. However, because of underfunding in prior years, employer costs for retirement benefits for both STRS and PERS are projected to nearly double over the next several years. Projections for Coast is at an additional $18.0 million in on-going costs by 2020-21 FY.

The most recent actuarial study was completed for OPEB liability as of June 30, 2018. The net OPEB liability has increased from $103 million in the 2016-17 FY to $107 million in the 2017-18 FY. The District has budgeted sufficient funds to meet the actuarially determined contribution for fiscal year 2017-18.

The Governmental Accounting Standards Board (GASB). Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of Statement No. 27, establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members. Districts' financial reports must begin to show the full effect of pension liabilities. The PERS program involves an employer and an employee contribution. In contrast, the STRS program includes both an employer and an employee contribution, along with a state contribution. In practice, most Local Education Agencies (LEA's) did not recognize the states "on-behalf" contributions to CalSTRS, primarily based on 1996 guidance from the California Department of Education.

More recently, GASB 68 now requires districts to recognize the "on-behalf" contribution by the state by debiting pension contribution expenditures and crediting revenues. For the District, this amount is estimated at $5.5 million.

Looking outside California, we have a federal government that is imposing tariffs and speaking openly about trade wars. Looking beyond the 2018-19 FY, continued tax reform efforts at the federal level are a definite wild card. California's high dependency on affluent taxpayers coupled with the limitation on the deductibility of State and Local Taxes (SALT) is expected to impact large high taxation states the most.

In conclusion, the 2018-19 FY Budget will be the final chapter in Governor Brown's life-long commitment to California.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and 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 the Office of Fiscal Affairs at Coast Community College District, 1370 Adams Avenue, Costa Mesa, California 92626, or e-mail Daniela Thompson at DThompson@mail.cccd.edu.

BASIC FINANCIAL STATEMENTS

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

	Primary Government	Component Units
Assets		
Current assets:		
Cash and cash equivalents	$ 120,042,409	$ 6,758,524
Investments	60,184,919	31,021,920
Accounts receivable, net	18,117,497	141,770
Deferred tax asset	-	84,900
Pledges receivable, net	-	200,104
Beneficial interest in charitable gift annuity	-	7,209
Inventories	72,568	-
Notes receivable- current portion	750,000	-
Due from fiduciary funds	1,042,497	-
Prepaid expenses and other current assets	22,267	76,757
Total Current Assets	200,232,157	38,291,184
Non-Current Assets:		
Restricted cash and cash equivalents	314,318,551	-
Restricted student loans receivable, net	2,829,495	-
Contribution receivable from split-interest agreements	-	438,186
Notes receivable	11,437,500	13,930
Capital assets, net of accumulated depreciation	577,922,730	9,018,575
Total Non-Current Assets	906,508,276	9,470,691
Total Assets	1,106,740,433	47,761,875
Deferred Outflows of Resources		
Deferred charge on refunding	24,610,595	-
Deferred outflows- pension	74,793,797	-
Total Deferred Outflows of Resources	99,404,392	-
Total Assets and Deferred Outflows of Resources	$ 1,206,144,825	$ 47,761,875

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

	Primary Government	Component Units
Liabilities		
Current Liabilities:		
Accounts payable	$ 18,062,130	$ 694,356
Accrued liabilities	27,640,412	-
Unearned revenue	30,837,028	629,950
Amounts held in trust	250,156	-
Long-term liabilities-current portion	29,140,231	-
Current Liabilities	105,929,957	1,324,306
Non-Current Liabilities		
Compensated absences	7,477,531	-
Notes payable	2,950,000	-
Postemployment healthcare liabilities	31,277,883	-
Net pension liabilities	242,170,692	-
General obligation bonds payable	875,554,119	-
Other non-current liabilities	2,353,457	-
Non-Current Liabilities	1,161,783,682	-
Total Liabilities	1,267,713,639	1,324,306
Deferred Inflows of Resources		
Deferred inflows- pension	13,896,976	-
Deferred inflows- postemployment healthcare	305,769	-
Total Deferred Inflows of Resources	14,202,745	-
Net Position		
Net investment in capital assets	80,207,374	-
Permanently restricted	-	7,678,959
Temporarily restricted	-	35,507,122
Restricted for:		
Capital projects	28,982,321	-
Debt service	43,886,016	-
Scholarship and loans	532,848	-
Unrestricted	(229,380,118)	2,606,248
Common stock	-	158
Retained earnings	-	645,082
Total Net Position	(75,771,559)	46,437,569
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,206,144,825	$ 47,761,875

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018

	Primary Government	Component Units
Operating Revenues		
Tuition and fees (gross)	$ 59,484,397	$ -
Less: Scholarship discounts and allowances	(21,974,820)	-
Net tuition and fees	37,509,577	-
Grants and contracts, non-capital:		
Federal	49,184,384	-
State	45,183,711	-
Local	28,557,133	20,699,432
Sales, net of purchases	3,292,351	-
Total Operating Revenues	163,727,156	20,699,432
Operating Expenses		
Salaries	165,533,032	1,696,002
Employee benefits	86,399,673	470,640
Supplies, materials, and other operating expenses and services	48,313,561	12,852,932
Financial aid	53,021,232	-
Utilities	3,980,389	-
Depreciation	21,167,716	2,339,106
Total Operating Expenses	378,415,603	17,358,680
Operating Income (Loss)	(214,688,447)	3,340,752
Non-Operating Revenues (Expenses)		
State apportionments, non-capital	39,472,022	-
Local property taxes	129,195,223	-
States taxes and other revenue	9,643,943	(900)
Interest and investment income, non-capital	1,209,284	1,693,428
Perkins loan program liquidation	(2,589,103)	-
Interest expense	(40,116,183)	-
Total Non-Operating Revenues (Expenses)	136,815,186	1,692,528
(Loss) Income/Gain Before Other Revenues, Expenses, Gains and Losses	(77,873,261)	5,033,280
Other Revenues, Expenses, Gains and Losses		
Local property taxes and revenues, capital	44,210,273	-
State apportionments, capital	1,572,111	-
Interest and investment income, capital	4,107,908	-
Total Other Revenues, Expenses, Gains and Losses	49,890,292	-
Changes in Net Position	(27,982,969)	5,033,280
Net Position, Beginning of Year	(47,788,590)	41,404,289
Net Position, End of Year	$ (75,771,559)	$ 46,437,569

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

	Primary Government	Component Units
Cash Flows From Operating Activities		
Tuition and fees	$ 41,900,131	$ -
Federal grants and contracts	50,817,098	-
State grants and contracts	47,099,297	-
Local grants and contracts	27,963,075	-
Sales	3,595,094	-
Auxiliary enterprise sales and charges	-	6,118,180
Administrative fees and interest	-	1,419,032
Donations	-	7,295,354
Payments to suppliers	(51,479,965)	(11,291,968)
Payments to/on-behalf of employees	(238,251,474)	(90,458)
Payments to/on-behalf of students	(53,206,591)	(1,393,077)
Other (payments) receipts	(214,577)	-
Net cash provided (used) by operating activities	(171,777,912)	2,057,063
Cash Flows From Non-Capital Financing Activities		
State apportionments and receipts	39,631,116	-
Property taxes	129,195,223	-
State tax and other revenues	9,460,614	-
Principal collections on notes receivable	750,000	-
Net cash provided (used) by non-capital financing activities	179,036,953	-
Cash Flows From Capital and Related Financing Activities		
Interest on capital investments	3,753,199	-
Property taxes for capital purposes	44,210,273	-
Local revenue, grants and gifts for capital purposes	1,572,111	-
Net purchase and sale of capital assets	(82,256,359)	191,864
Purchase of investments	(16,546,911)	-
Principal paid on long-term debt	(24,926,481)	-
Interest paid on long-term debt	(27,449,121)	-
Net cash provided (used) by capital and financing activities	(101,643,289)	191,864
Cash Flows from Investing Activities		
Purchase of investments	-	(2,284,592)
Interest on investments	1,082,063	947,327
Net cash provided (used) by investing activities	1,082,063	(1,337,265)
Net Change in Cash and Cash Equivalents	(93,302,185)	911,662
Cash Balance - Beginning of Year	527,663,145	5,846,862
Cash Balance - End of Year	$ 434,360,960	$ 6,758,524

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	Primary Government	Component units
Operating income (loss)	$ (214,688,447)	$ 3,340,752
Net non-cash contributions	-	(2,325,118)
Realized and unrealized gains on investments, net	-	(1,695,998)
Gain on sale of fixed asset	-	306,658
Change in value of split-interest agreement	-	(41,642)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	21,167,716	2,339,106
Changes in assets and liabilities:		
Receivables, net	2,156,767	(64,136)
Pledge receivable	-	71,446
Contribution receivable from split-interest agreements	-	41,175
Notes receivable	-	26,851
Inventory	(12,765)	-
Prepaid expenses and other current assets	17,104	60,368
Deferred outflows- pension	(23,490,243)	-
Accounts payable and accrued liabilities	1,419,015	103,646
Unearned revenue	5,325,756	(106,045)
Compensated absences	2,175,421	-
Amounts held in trust for others	17,851	-
Estimated liability for open claims and IBNR's	67,523	-
Deferred inflows of pension plan investments	1,614,934	-
Deferred inflows of postemployment healthcare benefits	305,769	-
Net postemployment healthcare liability	(271,680)	-
Medicare premium payment liability	870,865	-
Net pension liability	31,546,502	-
Net cash provided (used) by operating activities	$ (171,777,912)	$ 2,057,063

Noncash transaction: Capital purchase with $3,610,000 loan.

Breakdown of ending cash balance:	
Cash and cash equivalents	$ 120,042,409
Restricted cash and cash equivalents	314,318,551
Total	$ 434,360,960

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

	Ancillary Funds	Associated Student Body Funds
Assets		
Cash and cash equivalents	$ 4,996,952	$ 12,155,353
Accounts receivable:		
Miscellaneous	239,786	286,167
Other current assets	20,000	105,000
Total Assets	5,256,738	12,546,520
Deferred Outflows of Resources		
Deferred outflows - pension	-	699,079
Total Deferred Outflows of Resources	-	699,079
Total Assets and Deferred Outflows of Resources	$ 5,256,738	$ 13,245,599
Liabilities		
Current Liabilities		
Accounts payable	$ 148,808	$ 299,598
Due to governmental funds	-	1,042,497
Funds held in trust	5,107,930	3,819,363
Total Current Liabilities	5,256,738	5,161,458
Non-Current Liabilities		
Net pension liability	-	2,235,644
Total Non-Current Liabilities	-	2,235,644
Total Liabilities	5,256,738	7,397,102
Deferred Inflows of Resources		
Deferred inflows - pension costs	-	97,858
Total Deferred Inflows of Resources	-	97,858
Net Position		
Unrestricted	-	5,750,639
Total Net Position	-	5,750,639
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 5,256,738	$ 13,245,599

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2018

	Associated Student Body Funds
Additions	
Sales, net of purchases	$ 1,150,475
Interest and investment income	1,256
Student representation fee	1,856,009
Other local revenues	387,169
Total Additions	3,394,909
Deductions	
Classified salaries	753,189
Employee benefits	451,499
Services and other operating expenses	3,624,701
Capital outlay	37,478
Total Deductions	4,866,867
Change in net position	(1,471,958)
Net Position, Beginning of Year	7,222,597
Net Position- End of Year	$ 5,750,639

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

	Retiree (OPEB) Trust
Assets	
Investments	$ 76,131,854
Total Assets	$ 76,131,854
Net Position Held in Trust for Other Postemployment Benefits	$ 76,131,854

See accompanying notes to the financial statements.

COAST 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	$ 6,794,370
Dividends and interest	4,674,454
Total Additions	11,468,824
Deductions	
Benefit payments	6,794,370
Administrative expenses	159,926
Total Deductions	6,954,296
Net changes in net position	4,514,528
Net Position Held in Trust for Other Postemployment Benefits, Beginning of Year	71,617,326
Net Position Held in Trust for Other Postemployment Benefits, End of Year	$ 76,131,854

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 the 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 potential component units have been included in the District's reporting entity:

Coast Community College District Foundation, Coastline College Foundation, Golden West College Foundation, Orange Coast College Foundation and Coast Community College District Enterprise Corporation: Each Foundation is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. The Enterprise Corporation is a separate for-profit corporation and operates the swap meet at Golden West and Orange Coast Colleges. The Board of Directors are elected independent of any District's Board Trustee's appointments. The Board of Directors are responsible for approving

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

their own budgets and accounting and finance related activities; however, the District's governing board has fiscal responsibility over each Foundation and the Enterprise Corporation. The financial activities of the Foundations and the Enterprise Corporation have been discretely presented. Their separate financial statements may be obtained through the District.

Retiree Health Benefit OPEB Trust (the Trust): The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, then maintain investment liquidity and thirdly, to protect investment yield. As such, the District acts as the fiduciary of the Trust. The Trust has been discretely presented; separate financial statements are not prepared.

Pension Stabilization Trust (the PST): The PST was established to help California public entities stabilize the funding of their pension benefit liabilities be creating a secure vehicle to hold assets pending their contribution to a pension plan in satisfaction of their funding obligation. The PST is an irrevocable governmental trust intended to qualify as a trust arrangement that is tax exempt under applicable guidance and procedures under Section 115 of the Internal Revenue Code. The PST is administered by Benefit Trust Company as directed by the Board of Authority; the District appoints one member. The District is the sole beneficiary of the PST; the fund does not meet the definition of a fiduciary activity, thus, it is reported as a blended component unit. Separate financial statements are not prepared.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by GASB. The financial statement presentation provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund and the Retiree Benefits Fund, are excluded from the basic financial statements.

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 measurement made, regardless of the measurement focus applied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The statements of plan net position and changes in plan net position of the Retiree Health Benefit OPEB 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 Board of Trustees must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees 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 Board of Trustees 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, in accordance with the requirements of GASB.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments 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.

Accounts Receivables

Accounts receivable consists primarily of amounts due from the Federal, 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.

Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of items held for resale in the food service and sailing center operations and expendable instructional, custodial, health and other supplies held for consumption.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2018, 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.

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.

Restricted Student Loans Receivable, Net

Student loans receivable consist of loan advances to students awarded under the student financial aid programs the District administers for Federal agencies. Student loans receivable are recorded net of cancelled principal. The receivables are held in trust for the awarding Federal agency.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Interest costs are 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 are offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets.

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 with a half-year convention over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for building, 10 years for land improvements, 8 years for equipment and vehicles and 3 years for technology.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and thus, will not be recognized as an outflow 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 – Pension: 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 and 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.

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

Cash received for Federal and state special projects, and programs is recognized as revenue to the extent that qualified expenditures have been incurred. 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.

Perkins Loan Program Liability and Termination

The District administers Title IV Perkins Loans for the benefit of its students. Funds for the Perkins program were initially received through Federal Capital Contributions (FCC) from the US Department of Education (ED) and were supplemented with Institutional Capital Contributions (ICC). Over the years, the proportion of federal to institutional matching funds has varied, from a 90/10 split to a 75/25 split. Fiscal year 2017-2018 was the last year in which new Perkins loans were allowed to be disbursed as Congress did not renew the program. Districts have been given the option of assigning existing Perkins loans back to the federal government or continuing to collect on these loans while returning the FCC portion as loans are repaid. The District has elected to continue to collect on Perkins loans and return the FCC portion as it is collected. Historically, the balance of the Perkins loan was reported in student loans receivable and in restricted net position. Due to the impending termination of the program and the District being required to return the FCC in future years, a liability has been established for the amount

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

of the remaining FCC due to the ED. A portion of the liability is reported as a current liability with the balance shown as a noncurrent long-term liability.

Medicare Premium Payment Liability

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

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) and the California Public Employees' Retirement System (CalPERS) plan for schools (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 of resources represent an acquisition of net position by the District that is applicable to a future reporting period.

The deferred inflows of resources – pension: resulted 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 of resources– postemployment healthcare: resulted from the effect of changes in proportion of cost sharing plans, changes in assumptions, and the difference between expected and actual experience. See Note 11 to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 net investment in capital assets.

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, as designated, to meet current expenses for specific future purposes.

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 of 2019 will be recorded in the year computed by the State.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. 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 accrued in these financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

because it is not material. Property taxes for debt service purposes cannot be estimated and have therefore not 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 assets. 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 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 does not have a deposit policy for custodial risk. As of June 30, 2018, $42,494,123 of the District's bank balance of $42,744,123 was exposed to credit risk as uninsured and collateral held by pledging bank's trust department not in the District's name.

Cash in County

In accordance with *The Budget and Accounting Manual*, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2018 is measured at 99.58% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements 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. 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 follow. 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 Auditor-Controller County of Orange, 12 Civic Center Plaza, Room 200, Santa Ana, CA 92702.

NOTE 2: DEPOSITS AND INVESTMENTS

Investments

Policies

Under provisions of California Government Code Sections 16430, 53601 and 53602, the District may invest in the following types of investments:

- State of California Local Agency Investment Fund (LAIF)
- County Treasurer's Investment Pools
- U.S. Treasury notes, bonds, bills or certificates of indebtedness
- Fully insured or collateralized certificates of deposit
- Fully insured and collateralized credit union accounts

The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2018.

Investments and investments with fiscal agent at June 30, 2018 are presented herein:

		Maturities (in Years)			
Investments	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bonds	$ 31,104,785	$ -	$ 7,309,242	$ 8,254,085	$ 15,541,458
Federal Agency Bonds	9,619,760	-	-	2,706,319	6,913,441
Corporate Bonds	4,066,526	-	4,066,526	-	-
Commercial Paper	1,148,923	1,148,923	-	-	-
U.S. Government Sponsored Enterprise	14,244,925	167,135	-	1,997,580	12,080,210
Total	$ 60,184,919	$ 1,316,058	$ 11,375,768	$ 12,957,984	$ 34,535,109

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: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2018 are presented herein:

NOTE 2: DEPOSITS AND INVESTMENTS

Investments	Fair Value	Standard & Poor's Rating	Level 1 Inputs	Level 2 Inputs
U.S. Treasury Bonds	$ 31,104,785	AA+	$ 31,104,785	$ -
Federal Agency Bonds	9,619,760	AA+	9,619,760	-
Corporate Bonds	4,066,526	AA+	4,066,526	-
Commercial Paper	1,148,923	A-1	1,148,923	-
U.S. Government Sponsored Enterprise	14,244,925	AAAm	-	14,244,925
Total	$ 60,184,919		$ 45,939,994	$ 14,244,925

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Board Policy 6320 Investments includes as the primary objectives 1) Safety: Preservation of principal is the foremost objective of the District; 2) Liquidity: The District's portfolio will remain sufficiently liquid to enable the District to meet its liquidity needs, and 3) Yield: The District's portfolio will be designed to obtain a market rate of return through economic cycles consistent with the constraints imposed by its safety objective and cash flow considerations. Board Policy 6320 does not specify limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the District has operated within parameters of the "Permitted Investments" as specified in the Measure M 2013 and 2016 Official Statements and the Board Resolution No. 13.06 authorizing the election. These parameters set up the outer boundaries of what the bond proceeds can be invested in. The District has since developed an investment strategy for those proceeds. Information about the exposure of the District's investments to this risk is provided above. Effective January 1, 2017, AB2738 prohibits the proceeds from the sale of bonds from being withdrawn for investment outside the county treasury. Therefore, the proceeds of the 2017E Series are managed by the Office of the Orange County Treasurer (Treasurer). These deposits may only be invested in U.S. Treasury Securities or U.S. Government-Sponsored Agencies (GSE) in a laddered portfolio to a period not to extend past 2036.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District has operated within parameters of the "Permitted Investments" as specified in the Measure M 2013 and 2016 Official Statements and the Board Resolution No. 13.06 authorizing the election. These parameters set up the outer boundaries of what the bond proceeds can be invested in. The District has since developed an investment strategy for those proceeds. Information about the exposure of the District's investments to this risk is provided herein.

NOTE 2: DEPOSITS AND INVESTMENTS

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. The District places no limit on the amount that may be invested in any one issuer. In accordance with governmental accounting standards, the District is exposed to concentration of credit risk whenever an investment in any one issuer exceeds 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018 consists of the following:

Accounts Receivable	June 30, 2018
Federal and state	$ 3,088,886
Tuition and fees	10,755,550
Student loans receivable, net	2,829,495
Miscellaneous	4,273,061
Total accounts receivable	$ 20,946,992

NOTE 4: NOTE RECEIVABLE

The District entered into a note receivable in the amount of $20,000,000 for the sale of KOCE and the KOCE-TV operating license on March 17, 2004. The payments are to be made to the District over 26 years. The District received $750,000 during this fiscal year and is expecting to receive $750,000 in the next fiscal year. The balance of the notes receivable as of June 30, 2018, is $12,187,500.

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

A summary of changes in capital assets for the year ended June 30, 2018 is shown herein.

	Balance July 1, 2017	Additions and Transfers	Retirements and Transfers	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 24,141,969	$ -	$ -	$ 24,141,969
Construction in progress	74,807,149	84,307,885	(14,261,224)	144,853,810
Total capital assets not being depreciated	98,949,118	84,307,885	(14,261,224)	168,995,779
Capital assets being depreciated:				
Buildings and improvements	677,747,797	13,787,068	-	691,534,865
Equipment and vehicles	46,659,314	3,139,455	(3,149,601)	46,649,168
Total capital assets being depreciated	724,407,111	16,926,523	(3,149,601)	738,184,033
Less accumulated depreciation for:				
Buildings and improvements	(276,032,252)	(18,273,242)	-	(294,305,494)
Equipment and vehicles	(35,206,715)	(2,894,474)	3,149,601	(34,951,588)
Total accumulated depreciation	(311,238,967)	(21,167,716)	3,149,601	(329,257,082)
Depreciable assets, net	413,168,144	(4,241,193)	-	408,926,951
Governmental activities capital assets, net	$ 512,117,262	$ 80,066,692	$ (14,261,224)	$ 577,922,730

In 2017-18, the district implemented GASB No. 89 which requires interest cost incurred before the end of the construction period to be recognized as an expense in the period in which the cost is incurred. Therefore, there is no capitalized interest for the year ended June 30, 2018.

NOTE 6: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2018 is shown herein.

NOTE 6: LONG-TERM DEBT – SCHEDULE OF CHANGES

Governmental	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
Capital leases	$ 91,481	$ -	$ 91,481	$ -	$ -
Compensated absences	6,785,024	2,175,421	-	8,960,445	1,482,914
Note payable	3,610,000	-	325,000	3,285,000	335,000
Perkins loan program liability	-	2,405,774		2,405,774	52,317
General obligation bonds:					
Bonds payable	805,844,504	-	24,510,000	781,334,504	27,270,000
Accreted interest	45,493,579	7,946,761	-	53,440,340	-
Bonds premium	72,477,640	-	4,428,365	68,049,275	-
Total general obligation bonds	923,815,723	7,946,761	28,938,365	902,824,119	27,270,000
Postemployment healthcare liability	31,549,563	-	271,680	31,277,883	-
Medicare premium payment liability	-	870,865	-	870,865	-
Net pension liability	209,753,325	31,546,502	-	241,299,827	-
Total	$1,175,605,116	$ 42,539,549	29,029,846	$1,190,923,913	$29,140,231

Fiduciary	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
Net pension liability	$ 1,913,441	$ 322,203	$ -	$ 2,235,644	$ -
Total	$ 1,913,441	$ 322,203	$ -	$ 2,235,644	$ -

Liabilities for compensated absences, postemployment healthcare liability, medicare premium payment liability, and the net pension liability are liquidated by the governmental funds in which related salaries and benefits are recorded. Note payable is liquidated by an auxiliary fund and the Perkins loan program liability will be paid by the Student Financial Aid fund. The 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 7: LEASES

Capital Leases

The District has entered into a lease agreement to implement an energy conservation photovoltaic power system totaling $1,485,600. The District made the final payment of $91,481 during fiscal year 2017-2018.

NOTE 7: LEASES

Operating Leases

The District has entered into various operating leases for land, buildings, vehicles, and equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements are shown herein.

Year Ending June 30,	Lease Payment
2019	$ 695,664
2020	516,953
2021	403,109
2022	283,263
2023	83,524
Total	$ 1,982,513

Current year expenditures for operating leases is approximately $909,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 8: NOTE PAYABLE

On March 24, 2016, the District entered into a note payable in the amount of $3,765,000 at an interest rate of 3.75% to purchase the property on Newhope Street in the city of Fountain Valley, California. The payments are to be made over 10 years as presented herein.

Year Ending June 30,	Principal	Interest	Total
2019	$ 335,000	$ 120,094	$ 455,094
2020	350,000	107,437	457,437
2021	360,000	94,219	454,219
2022	375,000	80,531	455,531
2023	385,000	66,375	451,375
2024-2027	1,480,000	113,063	1,593,063
Total	$ 3,285,000	$ 581,719	$ 3,866,719

NOTE 9: PERKINS LOAN PROGRAM LIABILITY

During fiscal year 2017-2018, the District established a liability of $2,405,774 for the Federal Capital Contributions (FCC) received from the US Department of Education (ED) which funded the Perkins loan program. With the close-out of the Perkins loan program, the FCC is due back to the ED. The District has elected to continue to collect on these loans and will return the FCC to the ED as it is collected. See Note 1, Perkins Loan Program Termination for additional information.

NOTE 10: GENERAL OBLIGATION BONDS

Measure C

On November 5, 2002, $370,000,000 in general obligation bonds were authorized by an election (Measure C) held within the District. The bonds were authorized (i) to finance the construction, acquisition, and modernization of certain property and District facilities and (ii) to provide a portion of the monies needed to prepay certain lease and debt obligations of the District, and (iii) to pay the related costs of bonds issuance.

Between 2003 and 2006, the District issued bonds, Series A, B, and C, totaling $370,000,000. In 2005, the District issued 2005 refunding bonds totaling $74,893,867 to advance refund portions of the District's Series 2003A bonds.

Measure M

On November 6, 2012, $698,000,000 in general obligation bonds were authorized by an election (Measure M) held within the District. The bonds were authorized to (i) finance the construction, acquisition, and modernization of certain property and District facilities, (ii) to finance an endowment for voter-approved technology upgrades, (iii) to provide a portion of the monies needed to prepay certain lease and debt obligations of the District, and (iv) to pay the related costs of bonds issuance.

On May 29, 2013, the District issued bonds, Series A, Series B, Tax-Exempt Refunding Series A, and Tax Refunding Series B totaling $315,740,000. In 2015, the District issued Refunding Bonds totaling $162,855,806 to advance refund Series C from Measure C.

The balance of the bonds refunded was $28,645,281 less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of $2,012,843 was recognized during the year ended June 30, 2018.

On August 31, 2016, the District issued bonds, Series C totaling $30,000,000, to (i) finance an endowment for voter-approved technology upgrades and (ii) to pay the cost of using the bonds.

On March 29, 2017, the District issued bonds, Series D and Series E, totaling $300,000,000. Series D bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the bonds. Series E bonds are being issued to (i) finance voter-approved technology upgrades, and (ii) pay the costs of issuing the Series E bonds.

NOTE 10: GENERAL OBLIGATION BONDS

The outstanding general obligation bonded debt of the District at June 30, 2018 is shown herein.

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
Measure C:					
2005 Refunding	3/10/2005	8/1/2022	3.00-5.25	$ 74,893,867	$ 2,618,867
Accreted Interest					9,602,517
Series B	6/28/2006	8/1/2030	3.63-5.00	149,859,831	48,859,831
Accreted Interest					39,839,373
Total Measure C				224,753,698	100,920,588
Measure M:					
Series A	5/29/2013	8/1/2038	1.50-5.00	190,000,000	153,295,000
Series B	5/29/2013	8/1/2018	0.45-1.64	10,000,000	2,040,000
Refunding Series A	5/29/2013	8/1/2024	2.00-5.00	80,265,000	74,635,000
Refunding Series B	5/29/2013	8/1/2020	0.35-2.27	35,475,000	19,045,000
2015 Refunding	10/29/2015	8/1/2036	2.00-5.00	162,855,806	161,135,806
Accreted Interest					3,998,450
Series C	8/31/2016	8/1/2023	0.80-1.98	30,000,000	19,705,000
Series D	3/29/2017	8/1/2042	4.00-5.00	280,000,000	280,000,000
Series E	3/29/2017	8/1/2019	1.43-1.69	20,000,000	20,000,000
Total Measure M				808,595,806	733,854,256
Total				$ 1,033,349,504	$ 834,774,844

Payments-Measure C

The annual requirements to amortize Measure C bonds payable, outstanding as of June 30, 2018, are as shown herein.

2005 Refunding Bonds

Year Ending June 30,	Principal	Interest	Total
2019	$	$	$ -
2020			-
2021	425,933	2,114,067	2,540,000
2022	1,159,595	6,610,405	7,770,000
2023	1,033,339	6,746,660	7,779,999
Total	$ 2,618,867	$ 15,471,132	$ 18,089,999

NOTE 10: GENERAL OBLIGATION BONDS

Series B

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2019	$	$	$	$ -
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	
2024-2028	29,116,017	49,878,983	-	78,995,000
2029-2031	19,743,814	42,971,186	-	62,715,000
Total	$ 48,859,831	$ 92,850,169	$ -	$ 141,710,000

Payments-Measure M

The annual requirements to amortize Measure M bonds payable, outstanding as of June 30, 2018, are as shown herein.

Series A

Year Ending June 30,	Principal	Interest	Total
2019	$ 825,000	$ 6,681,475	$ 7,506,475
2020	1,920,000	6,630,700	8,550,700
2021	2,335,000	6,545,600	8,880,600
2022	2,745,000	6,444,000	9,189,000
2023	3,175,000	6,325,600	9,500,600
2024-2028	23,570,000	28,954,925	52,524,925
2029-2033	40,420,000	21,769,275	62,189,275
2034-2038	62,425,000	11,065,925	73,490,925
2039	15,880,000	358,175	16,238,175
Total	$ 153,295,000	$ 94,775,675	$ 248,070,675

Series B

Year Ending June 30,	Principal	Interest	Total
2019	$ 2,040,000	$ 16,708	$ 2,056,708
Total	$ 2,040,000	$ 16,708	$ 2,056,708

NOTE 10: GENERAL OBLIGATION BONDS

Tax-Exempt Refunding Series A

Year Ending June 30,	Principal	Interest	Total
2019	$ 5,115,000	$ 3,680,600	$ 8,795,600
2020	6,225,000	3,476,000	9,701,000
2021	7,470,000	3,164,750	10,634,750
2022	8,845,000	2,791,250	11,636,250
2023	10,305,000	2,349,000	12,654,000
2024-2025	36,675,000	2,712,000	39,387,000
Total	$ 74,635,000	$ 18,173,600	$ 92,808,600

Taxable Refunding Series B

Year Ending June 30,	Principal	Interest	Total
2019	$ 7,030,000	$ 365,991	$ 7,395,991
2020	7,140,000	250,840	7,390,840
2021	4,875,000	110,468	4,985,468
Total	$ 19,045,000	$ 727,299	$ 19,772,299

2015 Refunding Bonds

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2019	$	$	$ 5,177,950	$ 5,177,950
2020	-	-	5,177,950	5,177,950
2021	-	-	5,177,950	5,177,950
2022	-	-	5,177,950	5,177,950
2023	-	-	5,177,950	5,177,950
2024-2028	-	-	25,889,750	25,889,750
2029-2033	95,830,000	-	17,526,025	113,356,025
2034-2037	65,305,806	65,224,194	364,000	130,894,000
Total	$ 161,135,806	$ 65,224,194	$ 69,669,525	$ 296,029,525

Series C

Year Ending June 30,	Principal	Interest	Total
2019	$ 2,610,000	$ 283,316	$ 2,893,316
2020	3,060,000	254,084	3,314,084
2021	3,220,000	214,465	3,434,465
2022	3,400,000	165,698	3,565,698
2023	3,600,000	$ 107,296	3,707,296
2024	3,815,000	37,673	3,852,673
Total	$ 19,705,000	$ 1,062,532	$ 20,767,532

NOTE 10: GENERAL OBLIGATION BONDS

Series D

Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ 12,911,000	$ 12,911,000
2020	1,750,000	12,876,000	14,626,000
2021	-	12,841,000	12,841,000
2022	-	12,841,000	12,841,000
2023	-	12,841,000	12,841,000
2024-2028	26,885,000	61,728,875	88,613,875
2029-2033	39,525,000	53,754,875	93,279,875
2034-2038	96,840,000	37,734,750	134,574,750
2039-2043	115,000,000	11,790,000	126,790,000
Total	$ 280,000,000	$ 229,318,500	$ 509,318,500

Series E

Year Ending June 30,	Principal	Interest	Total
2019	$ 9,650,000	$ 243,982	$ 9,893,982
2020	10,350,000	87,613	10,437,613
Total	$ 20,000,000	$ 331,595	$ 20,331,595

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Eligibility

The District administers a single-employer defined benefit healthcare plan. The District provides medical, dental and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. The District reports the financial activity of the plan as a trust fund in these financial statements and no separate financial statement is prepared.

Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. For employees participating in CalSTRS and CalPERS, the eligibility requirement is a minimum age of 55 and a minimum ten years of service with the District. Additional age and service criteria may be required.

Participant Type:	Number of Participants
Inactive participants currently receiving benefits	749
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	1,315
Total	2,064

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Funding Policy

The contribution requirements are established and may be amended by the District. All contributions are discretionary and an actuarial determined contribution was not calculated. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses up to age 70 and $4,000 maximum per year beyond age 70 until death. For fiscal year ended June 30, 2018, the District contributed $6,794,370 to the plan.

Net OPEB Liability (Asset)

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

	Balance June 30, 2018
Total OPEB liability	$ 107,409,737
Plan fiduciary net position	76,131,854
District's net OPEB liability (asset)	$ 31,277,883
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	71%

Investments

The Plan has assets with two trustees; the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) held in the Retiree Health Benefit OPEB Trust (the Trust), and Benefit Trust Company held in the Futuris Public Entity Investment Trust (Futuris). These accounts collectively comprise the Plan assets. The Plan's policy for allocation of invested assets is established and may be amended by each Retirement Board of Authority through a majority vote. It is the policy of both Boards 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 are limited to those within the terms of the trust agreement and the participation agreement, any applicable plan documents and in accordance with California Code Section 53620 through 53622. The investment policy has a long-term focus. It discourages both major shifts of asset class allocations over a short time span and, except for liquidity purposes, the use of cash equivalents. There is no established net rate of return or asset allocation policy.

The JPA or Futuris did not violate any provisions of the investment policy during the fiscal year ended June 30, 2018.

The District participates with other colleges in the Balanced Fund Master Trust held by Union Bank as trustee for the JPA. The Balanced Fund is comprised of various mutual funds and the District owns a pro-rata interest in the pool. In a Master Trust, the market value of the pool is

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

converted to units valued at $1.00 per unit and the District's individual statement reflects the units that they own in the pool. Master Trusts are unitized to the dollar and thus, the market and cost are the same. Income earnings, gains, losses and expense are allocated pro rata to all colleges participating in the Master Trust.

At June 30, 2018, all Plan investments were in either master trusts or 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 not available.

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: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The mutual funds held in the Master Trust are priced using a net asset value (NAV). The mutual funds may include several different underlying investments, including equities, bonds, real estate, and global securities. The NAV price is derived from the value of these investments, accrued income, anticipated cash flows (maturities), management fees, and other fund expenses. Certain investments within the fund may be deemed unobservable and not considered to be in an active market. The Plan's investments' fair value measurements at June 30, 2018, are presented herein.

		Fair Value Measurements Using		
Investment	Costs	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Master Trust	$ 39,130,380	$ -	$ -	$ 39,130,380
Mutual Fund - Fixed income	18,537,804	18,537,804	-	-
Mutual Fund - Domestic equity	13,421,111	13,421,111	-	-
Mutual Fund - International equity	3,331,732	3,331,732	-	-
Mutual Fund - Real estate	1,710,827	1,710,827	-	-
Total	$ 76,131,854	$ 37,001,474	$ -	$ 39,130,380

Actuarial Methods and Assumptions

The District's total OPEB liability and the net OPEB liability were measured using an actuarial valuation as of June 30, 2018.

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified herein.

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	6%
Healthcare trend rate	4%

Mortality rates were based on the rates used by CalPERS Active Mortality for Miscellaneous Employees 2014 tables and the 2009 rates used by STRS for the pension valuations.

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. The best estimates of arithmetic 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 shown herein.

Asset Class - Community College League of California	Asset Allocation	Long-term Expected Real Rate of Return
US large cap	60%	7.80%
US small cap	15%	7.80%
Long-term corporate bonds	20%	5.30%
Short-term government fixed	5%	3.25%

Asset Class - Futuris	Asset Allocation	Long-term Expected Real Rate of Return
US Domestic stock	50%	7.80%
Long-term corporate bonds	50%	5.30%

The discount rate used to measure the total OPEB liability was 6.0 percent. The valuation used historic 30 year real rates of return for each asset class along with assumed long-term inflation assumptions to set the discount rate. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Since the most recent GASB 45 valuation, the following changes have been made:

- The discount rate and expected rate of return on assets was changed from 6.8% to 6.0%

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	$ 103,166,889	$ 71,617,326	$ 31,549,563
Changes for the year:			
Service cost	4,903,918		4,903,918
Interest	6,133,300		6,133,300
Employer contributions		6,794,370	(6,794,370)
Net investment income		4,292,242	(4,292,242)
Benefit payments	(6,794,370)	(6,794,370)	-
Investment gains/losses		382,212	(382,212)
Administrative expenses		(159,926)	159,926
Net changes	4,242,848	4,514,528	(271,680)
Balances at June 30, 2018	$ 107,409,737	$ 76,131,854	$ 31,277,883

The District's net OPEB liability calculated using the discount rate of 6.0 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 (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate is shown herein.

Discount rate	Net OPEB Liability
1% decrease (5.0%)	$ 40,684,979
Current discount rate (6.0%)	31,277,883
1% increase (7.0%)	23,109,297

The District's net OPEB liability calculated using the current healthcare cost trend rate of 6.5 percent decreasing to 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 (5.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.0 percent) than the current rate is shown herein.

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Healthcare trend rate	Net OPEB Liability
1% decrease (3.0%)	$ 25,556,327
Current healthcare trend rate (4.0%)	31,277,883
1% increase (5.0%)	37,617,249

OPEB Expense and Deferred Inflows of Resources, Related to OPEB

For the year ended June 30, 2018 , the District's actuarially determined OPEB expense was $6,828,459. At June 30, 2018, the District reported deferred inflows of resources of $305,769 related to OPEB from investment gains and losses.

Deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the OPEB plan for the June 30, 2018 measurement date is five years. The first year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over four years. The remaining amount will be recognized in OPEB expense as follows:

Year Ending June 30,	Amortization
2019	$ 76,443
2020	76,443
2021	76,443
2022	76,440
Total	$ 305,769

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 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 as shown herein.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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	$ 129,472,000	$ 39,825,582	$ 9,002,071	$ 13,435,688
CalPERS - Schools Pool Plan	114,063,471	35,667,294	4,992,763	18,150,389
Total	$ 243,535,471	$ 75,492,876	$ 13,994,834	$ 31,586,077

The details for the governmental fund and the fiduciary fund are as shown herein.

Entity:	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
Governmental Fund	$ 241,299,827	$ 74,793,797	$ 13,896,976	$ 31,230,329
Fiduciary Fund	2,235,644	699,079	97,858	355,748
Total	$ 243,535,471	$ 75,492,876	$ 13,994,834	$ 31,586,077

The details of each plan are as included herein.

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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 shown herein.

Provisions and Benefits	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 $11,199,040.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as shown herein.

NOTE 12: EMPLOYEE RETIREMENT PLANS

Proportionate Share of Net Pension Liability	Balance June 30, 2018
District proportionate share of net pension liability	$ 129,472,000
State's proportionate share of the net pension liability associated with the District	76,595,165
Total	$ 206,067,165

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, 2018, the District's proportion was 0.1400%.

For the year ended June 30, 2018 the District recognized pension expense of $13,435,688 and revenue of $7,710,039 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 sources shown herein.

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 11,199,040	$
Difference between expected and actual experience	478,800	2,258,200
Changes of assumptions	23,986,200	
Changes in proportion	4,161,542	3,295,671
Net differences between projected and actual earnings on plan investments	-	3,448,200
Total	$ 39,825,582	$ 9,002,071

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, 2018. The net difference 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 period on a net basis. All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2017 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

NOTE 12: EMPLOYEE RETIREMENT PLANS

The remaining amount will be recognized to pension expense as shown herein.

Year Ending June 30,	Amortization
2019	$ 1,109,831
2020	6,145,631
2021	4,289,232
2022	912,896
2023	3,198,559
2024	3,968,322
Total	$ 19,624,471

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each

NOTE 12: EMPLOYEE RETIREMENT PLANS

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%
Private equity	13%	9.30%
Real estate	13%	5.20%
Absolute return risk mitigating strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Fixed income	12%	0.30%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.10%)	$ 190,106,000
Current discount rate (7.10%)	129,472,000
1% increase (8.10%)	80,263,400

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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 Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 12: EMPLOYEE RETIREMENT PLANS

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized herein.

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	7.000%	6.000%
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 contributions rates are expressed as 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 $10,974,290.

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 $114,063,471. 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, actuarially determined. At June 30, 2017, the District's proportion was 0.4778%.

For the year ended June 30, 2018, the District recognized pension expense of $18,150,389. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein.

NOTE 12: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,974,290	$
Difference between expected and actual experience	4,086,424	
Changes of assumptions	16,660,764	1,342,956
Changes in propportion		3,649,807
Net differences between projected and actual earnings on plan investments	3,945,816	
Total	$ 35,667,294	$ 4,992,763

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 difference 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 period on a net basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2017 measurement date is 4.0 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.0 years.

The remaining amounts will be recognized to pension expense as show herein:

Year Ending June 30,	Amortization
2019	$ 4,936,432
2020	9,752,508
2021	7,172,028
2022	(2,160,727)
Total	$ 19,700,241

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 methods and assumptions shown herein, applied to all prior periods included in the measurement.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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 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.

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

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.38%
Fixed Income	19%	2.27%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.39%
Inflation assets	6%	1.39%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. . The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at

NOTE 12: EMPLOYEE RETIREMENT PLANS

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 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 is shown herein.

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 167,823,917
Current discount rate (7.15%)	114,063,471
1% increase (8.15%)	69,464,678

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 School Employer 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.

Public Agency Retirement System (PARS)

Plan Description

The Public Agency Retirement System (PARS) 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 and the District are established and may be amended by the PARS Board of Trustees.

Funding Policy

Contributions of 7.5% of covered compensation of eligible employees are made by the employer and employee. Total contributions, employer and employee combined, were made in the amount

NOTE 12: EMPLOYEE RETIREMENT PLANS

of $882,403 during the fiscal year. The total amount of covered compensation was $11,769,220. Total contributions made are 100% of the amount of contributions required for fiscal year 2017-18.

NOTE 13: 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 14: INTERNAL SERVICE FUNDS

The District is exposed to various risks of loss related injuries to employees and medical claims. During the fiscal year, the District maintained an Internal Service Fund to account for and finance its uninsured risks of loss. The Self Insurance Fund provides coverage for up to a maximum of $250,000 for each worker's compensation claim filed prior to June 30, 1998. During July 1, 1998, the District is fully insured for workers' compensation. The Self Insurance Fund also provides for a maximum of $275,000 for each claim each plan year for medical claims. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims and premiums.

At June 30, 2018, the District accrued the claims liability in accordance with GASB standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The present value of the liability, estimated at $3,354,788, is included in accrued liabilities.

Changes in the reported liability are shown herein.

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	$ 335,394	$ 20,733	$ 14,266	$ 341,861
Health and Other Benefits	2,951,871	19,363,095	19,302,039	3,012,927
Total	$ 3,287,265	$ 19,383,828	$ 19,316,305	$ 3,354,788

NOTE 15: JOINT POWERS AGREEMENTS

The District participates in four Joint Powers Authority (JPA) entities by written agreement; the Protected Insurance Program for Schools (PIPS), the Schools Association for Excess Risk (SAFER), the CSAC Excess Insurance Authority (CSAC), and the Statewide Association of Community Colleges (SWACC).

PIPS is a California Joint Power Authority (JPA) insurance pool and provides workers' compensation reinsurance protection to its public schools and community college membership throughout California. This is a finite risk sharing pool that transfers risk away from the members to the insurance market. Member premiums are determined based on payroll expense and District loss experience based upon claims incurred.

The SAFER Joint Power Authority is a general liability and property loss excess insurance pool which provides coverage for liability losses from $1,000,000 to $50,000,000 for liability, and $5,000,000 to $250,000,000 for excess property coverage, dependent upon selected coverage sought by each member.

CSAC Excess Insurance Authority’s Master Rolling Owner Controlled Insurance Program covers liability, property, and workers’ compensation job-site risks of construction activities for District projects. District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. CSAC Membership is comprised of 315 various counties, cities, schools, special districts, and other JPAs. Premiums are determined for each construction project or projects.

The Statewide Association of Community Colleges Joint Power authority (“SWACC”) was established to provide a comprehensive program of property and liability coverage for more than 40 community colleges in California. The program’s general objectives are to formulate, develop and administer, on behalf of the member public agencies, a program of insurance, to obtain lower costs for that coverage, and to develop comprehensive loss control programs.

Each of the above JPAs is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA, including selection of management and approval of members, 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. Each JPA maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

NOTE 15: JOINT POWERS AGREEMENTS

The relationships between the District and the JPAs are such that none of the JPAs are component units of the District for financial reporting purposes.

The most recent condensed financial information available for PIPS, SAFER, CSAC, and SWACC is shown herein.

JPA Condensed Financial Information	PIPS 6/30/2017 (Audited)	SAFER 6/30/2017 (Audited)	CSAC 6/30/2017 (Audited)	SWACC 6/30/2017 (Audited)
Total assets	$ 129,260,118	$ 25,967,058	$ 792,900,586	$ 52,910,567
Total liabilities	111,815,654	25,277,081	652,379,324	27,810,540
Fund balance	$ 17,444,464	$ 689,977	$ 140,521,262	$ 25,100,027
Total revenues	301,089,852	55,637,171	771,964,936	19,038,800
Total expenditures	296,996,362	57,088,960	769,116,291	22,346,167
Net increase/(decrease) in Fund Balance	$ 4,093,490	$ (1,451,789)	$ 2,848,645	$ (3,307,367)

NOTE 16: FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the statement of revenues, expenses and change in net position. A schedule of expenses by function is shown herein.

Functional Expense	Salaries	Employee Benefits	Supplies, materials, and other operating expenses and services	Financial Aid	Depreciation	Total
Instructional activities	$ 69,629,285	$ 36,749,364	$ 6,279,490	$	$	$ 112,658,139
Academic support	21,241,278	11,210,851	5,170,383			37,622,512
Student services	24,359,787	12,856,756	3,450,931			40,667,474
Operation and maintenance of plant	7,319,123	3,862,931	5,840,327			17,022,381
Instructional support services	26,387,547	13,926,980	18,553,243			58,867,770
Community services and economic development	436,849	230,563	84,317			751,729
Ancillary services and auxiliary operations	15,001,195	6,934,888	6,736,860			28,672,943
Physical property and related acquisitions	1,157,968	627,340	6,178,399			7,963,707
Transfers, student aid and other outgo				53,021,232		53,021,232
Depreciation expense					21,167,716	21,167,716
Total	$ 165,533,032	$ 86,399,673	$ 52,293,950	$ 53,021,232	$21,167,716	$ 378,415,603

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.

NOTE 17: COMMITMENTS AND CONTINGENCIES

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 $71,400,000. Projects will be funded through bond proceeds, state funds and general funds.

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

GASB has issued pronouncements prior to June 30, 2018, that have effective dates that may 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.

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

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

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 Replacements*

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 2018-19

REQUIRED SUPPLEMENTARY INFORMATION

COAST 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	$ 4,772,670	$ 4,903,918
Interest	5,885,743	6,133,300
Benefit Payments	(6,533,048)	(6,794,370)
Net Change in Total OPEB Liability	4,125,365	4,242,848
Total OPEB Liability - beginning	99,041,524	103,166,889
Total OPEB Liability - ending (a)	$ 103,166,889	$ 107,409,737

Plan Fiduciary Net Position	2017	2018
Contributions - Employer	$ 6,533,048	$ 6,794,370
Net Investment Income	6,030,540	4,292,242
Investment gains/losses	-	382,212
Benefit Payments	(6,533,048)	(6,794,370)
Administrative Expense	(106,841)	(159,926)
Net Change in Plan Fiduciary Net Position	5,923,699	4,514,528
Plan Fiduciary Net Position - beginning	65,693,627	71,617,326
Plan Fiduciary Net Position - ending (b)	$ 71,617,326	$ 76,131,854
Net OPEB Liability - ending (a) - (b)	$ 31,549,563	$ 31,277,883
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.42%	70.88%
Covered payroll	$ 110,477,993	$ 119,244,509
Net OPEB liability as a percentage of covered payroll	28.56%	26.23%

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.

COAST COMMUNITY COLLEGE DISTRICT

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

Year	Annual money-weighted rate of return, net of investment expense
2017	NA
2018	NA

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.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2018

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018
District's proportion of the net pension liability (assets)	0.1360%	0.1460%	0.1410%	0.1400%
District's proportionate share of the net pension liability (asset)	$ 79,474,320	$ 98,293,040	$114,042,210	$129,472,000
State's proportionate share of the net pension liability (asset) associated with the District	47,990,508	51,986,043	64,931,754	76,595,165
Total	$127,464,828	$150,279,083	$178,973,964	$206,067,165
District's covered payroll	$ 60,100,000	$ 67,800,000	$ 71,000,000	$ 77,100,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	132.24%	144.97%	160.62%	167.93%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.00%	70.04%	69.46%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018
District's proportion of the net pension liability (assets)	0.5164%	0.5156%	0.4943%	0.4778%
District's proportionate share of the net pension liability (asset)	$ 58,623,973	$ 75,999,949	$ 97,624,556	$114,063,471
District's covered payroll	$ 53,300,000	$ 56,700,000	$ 59,700,000	$ 60,300,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	109.99%	134.04%	163.53%	189.16%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	79.43%	73.90%	71.87%

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.

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS – STRP AND CALPERS
For the Fiscal Year Ended June 30, 2018

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018
Contractually required contribution	$ 6,022,305	$ 7,618,862	$ 9,698,103	$ 11,199,040
Contributions in relation to the contractually required contribution	6,022,305	7,618,862	9,698,103	11,199,040
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 67,800,000	$ 71,000,000	$ 77,100,000	$ 78,100,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	9.76%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018
Contractually required contribution	$ 6,678,600	$ 7,075,135	$ 8,536,763	$ 10,974,290
Contributions in relation to the contractually required contribution	6,678,600	7,075,135	8,536,763	10,974,290
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 56,700,000	$ 59,700,000	$ 60,300,000	$ 64,700,000
Contributions as a percentage of covered payroll	11.77%	11.85%	14.16%	16.96%

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

See the accompanying notes to the required supplementary information.

NOTE 1: PURPOSE OF SCHEDULES

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 - None

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.

Schedules of District's Proportionate Share of the Net Pension Liability – STRP and CalPERS

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 Contributions – STRP and CalPERS

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.

SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

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

The Coast Community College District encompasses approximately 105 square miles located in Orange County. The District currently operates Coastline College, Golden West College, Orange Coast College, and the District site. The District serves a large population in Orange County, which covers the communities of Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Midway City, Newport Beach, Santa Ana, Seal Beach/Surfside, Stanton, Sunset Beach and Westminster. The Chancellor is the chief administrative officer and is assisted by vice chancellors, deans, directors, division chairpersons, and members of the faculty in bringing educational excellence to the community. The Board of Trustees has five members elected at large to overlapping four-year terms.

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
Ms. Mary L. Hornbuckle	President	2020
Dr. Lorraine Prinsky	Vice President	2020
Mr. Jim Moreno	Clerk of the Board	2018
Mr. David A. Grant	Trustee	2018
Mr. Jerry Patterson	Trustee	2020
Ms. Amber Gil	Student Trustee	2018-2019

DISTRICT ADMINISTRATORS

Mr. John Weispfenning, Ph.D.	Chancellor
Dr. Dennis Harkins	President, Orange Coast College
Mr. Tim McGrath	President, Golden West College
Dr. Loretta Adrian	President, Coastline Community College
Dr. Andrew Dunn	Vice Chancellor, Finance and Administrative Services
Dr. Marco Baeza	Vice Chancellor, Human Resources
Dr. Andreea M. Serban	Vice Chancellor, Educational Services and Technology

COAST 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
United States Department of Education			
Direct:			
Student Financial Aid Cluster:			
Federal Work Study	84.033	(1)	$ 671,638
Pell Grant	84.063	(1)	37,901,932
Perkins Loan Program	84.038	(1)	1,064,786
Supplemental Education Opportunity Grant	84.007	(1)	670,398
Federal Direct Student Loans	84.268	(1)	7,040,565
Subtotal: Student Financial Aid Cluster			47,349,319
Higher Education Institutional Aid			
Direct:			
Title III - Access 2 Success	84.031A	(1)	370,882
New Asian American Pacific Islander Generation Initiative	84.031L	(1)	297,416
Pass-Through Program From California State University, Fullerton:			
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	36,042
Pass-Through Program From Vanguard University:			
Vista: Novel Approaches for Leveraging Tomorrow's Solutions with Today's Answers in Improving Education (Vista)	84.031S		6,877
Subtotal: Higher Education Institutional Aid			711,217
Pass-Through Program From California Community Colleges Chancellor's Office:			
Career and Technical Education -- Basic Grants to States (CTE):			
CTE Title I, Part C - Carl D. Perkins	84.048A	(1)	1,434,895
CTE Transitions	84.048A	(1)	113,523
Subtotal: CTE			1,548,418
Pass-Through Program From California Department of Education:			
Adult Education-Basic Grants to States	84.002	(1)	125,808
Subtotal: Passed-Through Programs			125,808
Total: United States Department of Education			49,734,762
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child and Adult Care Food Program	10.558	(1)	76,189
Total: United States Department of Agriculture			76,189

See the accompanying notes to the supplementary information.

COAST 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
United States Department of Health and Human Services			
Pass-Through Program From California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	136,527
Child Care and Development Fund Cluster (CCDF)			
Pass-Through Program From California Department of Education:			
Child Care and Development Block Grant	93.575	15136	36,829
Pass-Through Program From Yosemite Community College District:			
Child Development Training Consortium	93.575	(1)	23,088
Subtotal: CCDF Cluster			59,917
Total: United States Department of Health and Human Services			196,444
Department of Defense			
Direct:			
Information Security Grants CAE-2Y Pilot Grant Program - CAE Development of CAE Regional Resource Centers (CRRCs)	12.902		214,055
Total: Department of Defense			214,055
United States Department of Interior			
Pass-Through Program From Department of Parks and Recreation:			
Great Lakes Restoration - Sport Fishing and Boating Safety Act (Aquatic Center)	15.622	68106	27,720
Total: United States Department of Interior			27,720
Total Expenditures Federal Programs			$ 50,249,170
Reconciliation to Federal Revenue			
Total Expenditures Federal Programs			$ 50,249,170
Perkins Loan Program, loan balance outstanding	84.038		(1,064,786)
Total Federal Program Revenue			$ 49,184,384

(1) Pass-Through Entity Identifying Number not readily available or not applicable

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
For the Fiscal Year Ended June 30, 2018

	Program Revenues						
Program Name	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	Total Program Expenditures
State Categorical Aid Programs:							
Adult Block Grant	$ 1,509,329	$ 2,948,946	$ -	$ 2,497,069	$ -	$ 1,961,206	$ 1,961,206
Board Financial Assistance Admin Allowance	1,548,813	-	-	-	-	1,548,813	1,548,813
Basic Skills (S.F.A.A)	1,158,741	400,452	-	1,088,888	-	470,305	470,305
Cal Grant	3,529,760	-	83,764	-	-	3,613,524	3,613,524
Cooperating Agencies Foster Youth Education Support	578,306	-	-	-	-	578,306	578,306
Disabled Student Programs & Service (DSPS)	3,284,648	-	-	-	-	3,284,648	3,284,648
Economic Opportunity (EOPS)	3,335,294	-	-	-	-	3,335,294	3,335,294
Equal Employment Opportunity	50,000	39,366	-	22,381	-	66,985	66,985
EOPS-Coop Agency Resource Education (CARE)	270,261	-	575	-	-	270,836	270,836
CalWORKs	702,157	-	-	-	-	702,157	702,157
Career Technical Education Enhancement	-	-	181	-	-	181	181
Career Technical Education Pathways Initiative	306,288	-	981,730	-	-	1,288,018	1,288,018
Instructional Equipment and Library Materials	300,000	447,821	-	40,426	-	707,395	707,395
Full-time Student Success Grant	1,381,705	268,551	-	35,360	-	1,614,896	1,614,896
Nursing Education	20,762	-	76,238	-	-	97,000	97,000
Schedule of Maintenance	1,572,111	1,664,508	-	1,998,218	-	1,238,401	1,238,401
State Capital Outlay (Prop 39 Clean Energy)	1,059,673	728,651	-	1,059,673	-	728,651	728,651
State Hospitals (Fairview Handicapped)	570,817	-	-	-	-	570,817	570,817
Strong Workforce Program	3,240,070	1,903,862	-	3,074,743	-	2,069,189	2,069,189
Strong Workforce Program - Regional	860,120	-	458,049	-	-	1,318,169	1,318,169
Student Equity Program	3,284,953	1,855,834	-	1,707,030	-	3,433,757	3,433,757
Student Success and Support Program (SSSP) Credit	6,741,358	1,961,392	-	1,621,360	-	7,081,390	7,081,390
SSSP-Noncredit	112,442	44,155	-	83,112	-	73,485	73,485
Veteran Resource Center	157,097	-	-	155,822	-	1,275	1,275
Total State Categorical Aid Programs	$ 35,574,705	$ 12,263,538	$ 1,600,537	$ 13,384,082	$ -	$ 36,054,698	$ 36,054,698

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit[1]	10.84		10.84
2. Credit[1]	3,033.29		3,033.29
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit[1]	0.84		0.84
2. Credit[1]	1,255.54		1,255.54
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,695.77		19,695.77
(b) Daily Census Contact Hours	1,106.56		1,106.56
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	337.33		337.33
(b) Credit[1]	1,112.85		1,112.85
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,252.23		4,252.23
(b) Daily Census Contact Hours	1,820.55		1,820.55
(c) Noncredit Independent Study/Distance Education Courses			-
D. Total FTES	32,625.80	-	32,625.80
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	16.91		16.91
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	240.58		240.58
(b) Credit[1]	2,307.79		2,307.79
CCFS 320 Addendum			
CDCP Noncredit FTES	-		-
Centers FTES			
(a) Noncredit[1]	-		-
(b) Credit[1]	-		-

1 Including Career Development and College Preparation (CDCP) FTES

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:

General Fund Balance		$ 36,349,157
Bond Interest and Redemption Fund Balance		56,165,511
Capital Outlay Fund Balance		28,982,321
Measure M - Bond Construction Funds Balance		283,619,148
Self-Insurance Fund Balance	112,398,599	
Amount reported as OPEB Plan Fund Balance	(76,131,854)	
Incurred but not reported liability	(3,354,788)	
Self-Insurance Fund Balance - Revised		32,911,957
All Other Funds		12,959,897
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)		$ 450,987,991

See the accompanying notes to the supplementary information.

COAST 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)	$ 450,987,991
Amounts reported for governmental activities in the statement of net position are different because:	
Notes receivable is recognized in the statement of net position. The repayment of notes receivable is reported as revenue in the governmental funds, but the repayment reduces the notes receivable in the statement of net position.	12,187,500
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of $5,300,250 is already recorded in other governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	572,622,480
Deferred charges on refunding debt are recorded as deferred outflows and are amortized over the life of the refunded debt.	24,610,595
Deferred outflows of resources - pensions are for contributions made during the fiscal year that are removed from expenses and differences between estimated and actual results. The contributions will be recognized as a reduction of the net pension liability in the subsequent year and the differences will be amortized.	74,793,797
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of $741,457 is already recorded in the General Fund.	(8,218,988)
Long-term 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.	(902,824,119)
The liability of employers contributing for other post employment retirement plans in excess of annual required contributions is reported as a liability in the governmental funds.	(31,277,883)
The liability of employers contributing for the medicare premium payment plan.	(870,865)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(241,299,827)
Deferred inflows of resources - pensions represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources – pensions, results from various differences between estimated and actual results. These amounts are deferred and amortized.	(13,896,976)
Deferred inflows of resources - postemployment healthcare represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources – postemployment healthcare, results from investment gains and losses. These amounts are deferred and amortized.	(305,769)
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.	(12,279,495)
Total net position	$ (75,771,559)

See the accompanying notes to the supplementary information.

COAST 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	38,079,369		38,079,369	38,079,369		38,079,369
Instructional Salaries - Other	1300	29,155,246		29,155,246	29,155,246		29,155,246
Total Instructional Salaries		67,234,615	-	67,234,615	67,234,615	-	67,234,615
Non-Instructional Salaries - Contract or Regular	1200			-	16,358,840		16,358,840
Non-Instructional Salaries - Other	1400			-	2,339,619		2,339,619
Total Non-Instructional Salaries		-	-	-	18,698,459	-	18,698,459
Total Academic Salaries		67,234,615	-	67,234,615	85,933,074	-	85,933,074
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100			-	35,988,239		35,988,239
Non-Instructional Salaries - Other	2300			-	2,687,104		2,687,104
Total Non-Instructional Salaries		-	-	-	38,675,343	-	38,675,343
Instructional Aides - Regular Status	2200	3,275,470		3,275,470	3,275,470		3,275,470
Instructional Aides - Other	2400	1,654,185		1,654,185	1,654,185		1,654,185
Total Instructional Aides		4,929,655	-	4,929,655	4,929,655		4,929,655
Total Classified Salaries		4,929,655	-	4,929,655	43,604,998	-	43,604,998
Employee Benefits	3000	29,177,658		29,177,658	60,842,733		60,842,733
Supplies and Materials	4000			-	1,886,618		1,886,618
Other Operating Expenses	5000			-	17,330,553		17,330,553
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		101,341,928	-	101,341,928	209,597,976	-	209,597,976
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900	3,504,725		3,504,725	3,504,725		3,504,725
Student Health Services Above Amount Collected	6441			-	44,730		44,730
Student Transportation	6491			-	441,615		441,615
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-	6,259,758		6,259,758
Objects to Exclude							
Rents and Leases	5060			-	1,130,391		1,130,391
Lottery Expenditures							
Academic Salaries	1000			-	2,901,494		2,901,494
Classified Salaries	2000			-			-
Employee Benefits	3000			-	901,723		901,723
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Other Operating Expenses and Services	5000			-	1,337,534		1,337,534
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Other Outgo	7000			-			-
Total Exclusions		3,504,725	-	3,504,725	16,521,970	-	16,521,970
Total for ECS 84362, 50% Law		97,837,203	-	97,837,203	193,076,006	-	193,076,006
Percent of CEE (Instructional Salary Cost/Total CEE)		50.67%	0%	50.67%	100%	0%	100%
50% of Current Expense of Education					96,538,003	-	96,538,003

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
For the Fiscal Year Ended June 30, 2018

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 24,907,601
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 24,907,601	$ -	$ -	$ 24,907,601
					-
					-
					-
					-
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					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 24,907,601	$ -	$ -	24,907,601
Revenue less Expenditures					

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

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

	2019 (Budgeted)	2018	2017	2016
Total revenues	$ 260,481,127	$ 260,484,981	$ 250,569,791	$ 256,368,317
Total expenditures	259,649,344	266,123,865	258,999,882	244,389,882
Total other sources	2,477,721	1,095,176	1,050,000	771,906
Change in fund balance	3,309,504	(4,543,708)	(7,380,091)	12,750,341
Ending fund balance	$ 39,658,661	$ 36,349,157	$ 40,892,865	$ 48,272,956
Available reserve	$ 29,406,423	$ 31,141,380	$ 27,305,716	$ 45,753,622
Available reserve %	11.33%	11.70%	10.54%	18.72%
Full-time equivalent students	32,623	32,626	30,292	32,624
Total long term debt	$ 888,335,107	$ 917,475,338	$ 934,302,228	$ 593,219,634

IMPORTANT NOTES:

Available reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the General Fund. The 2019 budget reserve balance was estimated using the budgeted contingency reserve balances less other 2018 amounts reserved.

The 2019 budget is the Plan and Budget adopted by the Board of Trustees on September 5, 2018.

The California Community College Chancellor's Office has provided guidelines that recommend an ending fund balance of 3% of unrestricted expenditures as a minimum with a prudent ending fund balance being 5% of unrestricted expenditures.

Long-term debt is reported for the District as a whole and includes debt related to all funds, excluding the postemployment healthcare, medicare premium payment, and net pension liabilities.

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 governmental 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 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 did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Federal Student Loan Programs

The federal student loan program listed below is administered directly District, and balances and transactions relating to this program is included in the District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2018 consists of:

Program Title	CFDA Number	Amount Outstanding
Perkins Loans	84.038	$1,236,469

Schedule of State Financial Assistance - Grants

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

NOTE 1: PURPOSE OF SCHEDULES

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the June 30, 2018 Annual Financial and Budget Report (Form CCFS-311). This schedule shows a reconciliation between the governmental fund balances on the June 30, 2018 CCFS-311, based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting shown.

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 Proposition 55 Education Protection Act were expended.

Schedule of General Fund 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.

OTHER INDEPENDENT AUDITORS' REPORT

CliftonLarsonAllen LLP
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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
Coast Community College District
Costa Mesa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Coast 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 13, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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

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.

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 13, 2018

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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

The Board of Trustees
Coast Community College District
Costa Mesa, California

Report on Compliance for Each Major Federal Program

We have audited Coast 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 auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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.

Report on Internal Control Over Compliance

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

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

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

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 13, 2018

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Coast Community College District
Costa Mesa, California

We have audited the Coast 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 (CCAP and Non-CCAP)	Yes
428	Student Equity	Yes
429	Student Success and Support Program (SSSP) Funds	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 Programs	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)	Yes
490	Proposition 1D and 51 State Bond Funded Projects	Yes
491	Education Protection Account 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 13, 2018

FINDINGS AND QUESTIONED COSTS

COAST COMMUNITY COLLEGE DISTRICT

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

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?	____	*Yes*	X	*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)?	____	*Yes*	X	*No*

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, and 84.268	Student Financial Aid Cluster
84.048A	Career Technical Education (CTE): Title I, Part C – Carl D. Perkins and CTE Transitions

Dollar threshold used to distinguish between type A and type B programs: $1,264,315

Auditee qualified as low-risk auditee?	____	*Yes*	X	*No*

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

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

COAST 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 ended June 30, 2018.

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

2017-001 Reconciliation and Closing Procedures

Original Finding: 2014-001

Finding: Our audit procedures revealed the lack of a systematic method to ensure complete monthly reconciliations and closing procedures take place. A continuing and growing backlog of accounts that are not reconciled may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities, including fraud, to exist and continue without notice. We noted the following deficiencies:

- There are 17 checking accounts between the General Fund and the Student Financial Aid Fund, of the 17, six accounts were reconciled, seven accounts have unreconciled differences, and four accounts with no bank reconciliations.
- No reconciliation process between the campuses' auxiliary funds and the District's Fund 81, which is the control fund for the campuses
- Due to incomplete reconciliations of some accounts receivable and accounts payable accounts, there were three proposed adjusting entries. One was for $899,268 in accounts receivable and one was for $849,236 in accounts payable, totaling to a net effect of $50,033 on the ending fund balance. In addition, there were differences on the initial federal and state revenues and expenditures schedule provided to us.

Recommendation: Establish a system of consistent monthly reconciliations and closing procedures. To provide more accurate financial statements, establish effective review and reconciliation policies and procedures as a customary part of the business operations and accounting process. This would include monthly reconciliations of all accounts, recording adjustments throughout the year that have typically been made at year-end only, and perform regular reviews of the general ledger throughout the year.

District Response: There has been significant turnover in the District Fiscal Department resulting in a delay of our implementation plan. However, our original plan is sound and entails full staffing to implement a system of monthly closing procedures. These procedures will include account reconciliations to ensure accounts are reviewed, reconciled, and adjusted monthly. The plan includes the following:

a) Documentation supporting the reconciliation of bank balance to the account balance in the general ledger.
b) Monthly account reconciliations completed and reviewed by specified due dates and a review of the unidentified differences and posting the necessary adjustments timely.
c) Procedures established to reconcile auxiliary charges to District Fund 81 balances. In addition, we will implement procedures and timelines to ensure all audit adjusting entries are posted when required.

2017-001 Reconciliation and Closing Procedures

d) Year-end accruals in pre-paid and accounts payable accounts will be reviewed and corrected as appropriate.
e) The monthly close process will be reviewed periodically to identify improvements that help ensure quality, accuracy and completeness of the reconciliations.

Status: Implemented except for item c) for which management elected to postpone due to the impending upgrade to Banner 9. Management will assess in 2018-19 and establish procedures as deemed appropriate.

2017-002 Internal Controls – Payroll Segregation of Duties and Personnel Files

Finding: Salaries and benefits expenditures are the most significant expense of the District. A strong internal control system over the payroll functions of on-boarding new employees, and ongoing payroll preparation, reviewing process, and record keeping can reduce the potential threats of error and misappropriation. Our audit procedures disclosed the following deficiencies:

- Except for the part-time faculty, the payroll department uses a version of the authorization form such as Personnel Action Form (PAF), the electronic PAF (ePAF), or the Personnel Action Request (PAR), forwarded by the human resource department to enter all new employees and their pay rates and pay rate changes into Banner, the financial system, and payroll system. The human resources department enters the part-time faculty information into Banner and the payroll system. No confirmation of input of the PAFs is sent back to the human resource department and there is no audit function performed by other departments to review the payroll department's input process of the PAFs.

- Currently, the payroll department audits its own work. The payroll technicians cross audit all their entries each payroll cycle. The payroll analyst audits each payroll cycle for data entry errors, misclassifications of employees, retirement misclassification of pay, salary calculation errors. The payroll systems manager audits each payroll cycle for balancing, retirement reporting, and tax reporting. Although the payroll department is performing and auditing all the functions noted above, the documentation of such process is not available for audit review.

- Personnel files do not always include the most current authorizations such as the PAF, ePAF, or the PAR for pay rates. These authorizations exist, but are not maintained in a central location. When a PAF or a PAR was not available for audit review, the assumption is the employees may have an ePAF; however, documentation was not easily accessible by the human resources department. Requesting the ePAF from payroll, requires the transaction number which is not easily obtained. Also, if no ePAF is on file, and the employee has a Faculty Load and Compensation (FLAC) approval, the payroll department maintains custody of the supporting documentation

2017-002 Internal Controls – Payroll Segregation of Duties and Personnel Files

Recommendation:

- To strengthen internal controls, have individual(s) or a department outside the payroll function, such as the human resources department enter all new employees and pay rate changes. The payroll department should not have access to this function within the payroll system. Review, and documentation of the review, strengthen internal controls by ensuring changes made to an employee's record and personnel file are proper and correct.

- Document the payroll department's current cross audit and review functions within the department and maintain evidence that the review was completed.

- Establish a process to ensure the history and authorization of each employees' pay rate changes are documented and retained. The process established should result in a timely response to requests for supporting documentation.

District Response: The District is in the process of implementing the electronic personnel action form (ePAF) by February 2018, which will automatically apply the pay rates after the ePAF has been fully approved by all respective departments within its workflow process. Since the system will be automatically applying the pay rates, and the payroll department will not be part of the workflow approval process of an ePAF, this business process will effectively segregate the duties as Human Resources will be entering the pay rates into the system for an ePAF.

The review and cross audit of payroll functions will be properly documented with dates and signatures of the reviewer. In addition to compensating internal controls, Payroll will engage the Fiscal department to perform sampling audits for payroll completeness, accuracy and existence. The District will be able to run ePAF reports at any given time to see a historical audit approval trail as well as any relevant changes to an employee's pay.

The official personnel file for all employees is maintained and housed securely in the District Human Resources Office. With the implementation of ePAF in February 2018, Human Resources will create and annually print a report of all current fiscal year authorizations for each faculty member with assignment and pay rate, and place this report in each personnel file. With regard to Load, Human Resources will create a load report for each faculty member, and include printed reports in the personnel file.

Status: Implemented.

CONTINUING DISCLOSURE INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

2017-2018 LARGEST LOCAL SECURED TAXPAYERS (UNAUDITED)
June 30, 2018

2017-2018 Largest Local Secured Taxpayers (1)

	Property Owner	Primary Land Use	2017-2018 Assessed Valuation	% of Total[2]
1.	The Irvine Company	Commercial	$1,568,985,349	1.22%
2.	Bella Terra Associates LLC.	Commercial	340,199,928	0.27
3.	PH Finance LLC	Commercial	286,773,607	0.22
4.	South Coast Plaza	Commercial	273,064,190	0.21
5.	PRII/MCC South Coast Property Owner LCC	Commercial	237,660,000	0.19
6.	Block 500 Newport Center Drive LCC	Commercial	222,147,533	0.17
7.	Socal Holding LLC	Oil & Gas	219,424,873	0.17
8.	United Dominion Realty LP	Apartments	198,562,854	0.15
9.	PCH Beach Resort LLC	Commercial	188,539,800	0.15
10.	Hyundai Motor America	Commercial	188,489.602	0.15
11.	McDonnell Douglas Corp.	Industrial	187,818,252	0.15
12.	JKS-CMFV LLC	Commercial	184,285,897	0.14
13.	Marjack LLC Irvine Company	Apartments	156,731,144	0.12
14.	Westminster Mall LLC	Commercial	136,198,138	0.11
15.	Insurance Exchange of the Automobile Club of America	Commercial	132,901,324	0.11
16.	UDR Newport Beach North LP	Apartments	132,619,723	0.11
17.	Elan Multifamily LLC	Apartments	131,000,000	0.10
18.	Casden Lakes LP	Apartments	129,470,775	0.10
19.	Balboa Bay Club Ventures LLC	Commercial	129,117,315	0.10
20.	Coronado South Apartments LP	Apartments	127,230,303	0.10
			$5,171,220,607	4.11%

(1) Information obtained from California Municipal Statistics, Inc.
(2) % of total assessed valuation for the fiscal year 2017-18 of $128,372,862,645

COAST COMMUNITY COLLEGE DISTRICT

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

	General Fund		
	Budget *	Actual	Variance Favorable (Unfavorable)
Revenue			
Revenue from Federal Sources			
Higher Education Act	$ 1,327,966	963,940	$ (364,026)
Temporary Assistance for Needy Families (TANF)	136,599	136,527	(72)
Career and Technical Education Act	1,596,045	1,548,418	(47,627)
Other Federal Revenue	1,736,775	804,471	(932,304)
Revenue from State Sources			
General Apportionments	41,770,056	39,472,022	(2,298,034)
Categorical Apportionments	43,324,721	37,734,136	(5,590,585)
Other State Revenues	21,548,661	9,643,943	(11,904,718)
Revenue from Local Sources			
Property Taxes	126,478,942	129,195,223	2,716,281
Interest and Investment Income	518,400	843,158	324,758
Student Fees and Charges	33,028,351	33,412,764	384,413
Other Local Revenue	4,355,761	7,480,379	3,124,618
Total Revenue	275,822,277	261,234,981	(14,587,296)
Expenditures			
Academic Salaries	91,052,061	93,922,267	(2,870,206)
Classified Salaries	64,639,644	60,779,606	3,860,038
Employee Benefits	71,243,311	70,340,266	903,045
Supplies and Materials	8,257,872	5,099,057	3,158,815
Other Operating Expenses & Services	43,085,238	24,346,870	18,738,368
Capital Outlay	6,874,337	5,161,277	1,713,060
Other Uses	5,121,605	3,960,163	1,161,442
Total Expenditures	290,274,068	263,609,506	26,664,562
Excess (deficiency) of revenues over expenditures	(14,451,791)	(2,374,525)	12,077,266
Other Financing Sources (Uses)			
Interfund Transfers In	-	345,176	345,176
Interfund Transfers Out	(241,975)	(2,514,359)	(2,272,384)
Total Other Financing Sources (Uses)	(241,975)	(2,169,183)	(2,272,384)
Excess (deficiency) of revenues over expenditures and other sources (uses)	$ (14,693,766)	(4,543,708)	$ 9,804,882
Fund Balance at Beginning of Year		40,892,865	
Fund Balance at End of Year		$ 36,349,157	

* The budgets amounts were adjusted to include the STRS on-behalf payments for GASB 68.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Coast Community College District (the "District") in connection with the issuance of (i) $____________ of the District's Election of 2012 General Obligation Bonds, Series 2019F and (ii) $____________ of the District's 2019 General Obligation Refunding Bonds (collectively, the "Bonds"). The Bonds are being issued pursuant to resolutions of the Board of Trustees of the District adopted on October 23, 2019 (collectively, the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Willdan Financial Services, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated as of ____________, 2019 and relating to the Bonds.

"Participating Underwriter" shall mean the original Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

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

(b) FTES of the District for the last completed fiscal year;

(c) Outstanding District indebtedness;

(d) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the then-current fiscal year;

(e) Assessed value of taxable property in the District, as shown on the most recent equalized assessment roll for Orange County;

(f) Top 20 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

(g) If Orange County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections and delinquencies for the District for the most recently completed fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. unless described under Section 5(a)(6) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. optional, contingent or unscheduled Bond calls.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____________, 2019

COAST COMMUNITY COLLEGE DISTRICT

By: ______________________________________

Vice Chancellor
Finance and Administrative Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: COAST COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2012 General Obligation Bonds, Series 2019F (Federally Tax-Exempt); 2019 General Obligation Refunding Bonds (Federally Taxable)

Date of Issuance:

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:________________________

COAST COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

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APPENDIX D

ACCRETED VALUES TABLE

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APPENDIX E

GENERAL ECONOMY AND DEMOGRAPHICS INFORMATION FOR THE CITIES OF COSTA MESA, HUNTINGTON BEACH AND NEWPORT BEACH AND FOR ORANGE COUNTY

The following information regarding the City of Newport Beach ("Newport Beach"), the City of Huntington Beach ("Huntington Beach") and the City of Costa Mesa ("Costa Mesa," and together with Newport Beach and Huntington Beach, the "Cities"), and Orange County (the "County") is included only for the purpose of supplying general information regarding the local communities and economy. The Bonds are not a debt of the Cities or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriters or the Municipal Advisor.

General

City of Newport Beach. Newport Beach is a seaside city in Orange County and is home to Newport Harbor, a recreational harbor accommodating 4,300 boats of all types docked within a 21-square-mile area. Newport Beach is bordered on the west by Huntington Beach at the Santa Ana River; on the north by Costa Mesa, John Wayne Airport, the City of Irvine and UC Irvine; and on the east by Crystal Cove State Park. Incorporated in 1906, Newport Beach is a Charter City and operates under a Council-Manager form of government. Council Members are elected by district but voted on by the city population as a whole, and serve four-year staggered terms. The median family income and property values of Newport Beach consistently place high in national rankings.

City of Huntington Beach. Huntington Beach encompasses 27.2 square miles and is located at the western end of Orange County, just south of the Los Angeles County line. It is approximately 28 miles southeast of downtown Los Angeles and 90 miles north of San Diego. Neighboring communities include Costa Mesa, Fountain Valley, Newport Beach, Seal Beach and Westminster. Founded in the late 1880s, Huntington Beach was incorporated as a Charter City in 1909. It has a Council-Manager form of government, with seven City Council members elected to four-year terms. The position of Mayor is filled on a rotating basis from the Council Members. Huntington Beach was named "Best Beach in the United States" by Time Magazine, and is host to the International Surfing Museum and many professional surfing competitions.

City of Costa Mesa. Incorporated in 1953, the city of Costa Mesa comprises 16.8 square miles and is approximately 35 miles southeast of Los Angeles. Under a Council-Manager form of government, the five-member City Council is elected at large to four-year staggered terms. The local economy is primarily based on retail commercial business and light manufacturing of electronics, pharmaceuticals and plastics. Sales volume generated by South Coast Plaza Shopping Center marks it as the highest volume regional shopping center in the nation.

Orange County. Located in Southern California, Orange County was incorporated in 1889 and is one of the major metropolitan areas in the state. The County is widely known for amusement theme parks and 40 miles of popular beaches. The economy of the County not only out-performs local surrounding counties, the state and national economies in annual percentage growth, but also currently ranks higher in absolute growth rate dollars than the economies of the majority of the world's countries. It is a charter county with an electoral process to fill mid-term vacancies on the five-member elected Board of Supervisors, who each serves four-year terms.

Population

The following table shows historical population figures for the Cities, the County and the State of California (the "State") for the past 10 years.

POPULATION ESTIMATES
2010 through 2019
City of Newport Beach, City of Huntington Beach, City of Costa Mesa, Orange County and the State of California

Year[1]	City of Newport Beach	City of Huntington Beach	City of Costa Mesa	Orange County	State of California
2010[2]	85,186	189,992	109,960	3,010,232	37,253,956
2011	85,545	191,031	110,468	3,040,125	37,594,781
2012	86,094	193,763	111,661	3,076,373	37,971,427
2013	86,600	195,112	112,797	3,109,213	38,321,459
2014	86,703	196,744	112,858	3,131,411	38,622,301
2015	86,862	198,613	114,048	3,155,578	38,952,462
2016	86,844	200,910	114,609	3,174,945	39,214,803
2017	86,852	202,115	114,637	3,199,509	39,504,609
2018	87,614	202,097	114,536	3,213,275	39,740,508
2019	87,180	203,761	115,830	3,222,498	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2010-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.

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Income

The following table shows the per capita personal income for the County, the State and the United States for the past 10 years of data that is currently available.

PER CAPITA PERSONAL INCOME
2008 through 2017
Orange County, State of California, and United States

Year	Orange County	State of California	United States
2008	$50,028	$43,895	$40,904
2009	46,813	42,050	39,284
2010	49,740	43,609	40,545
2011	51,469	46,145	42,727
2012	55,296	48,751	44,582
2013	54,594	49,173	44,826
2014	57,110	52,237	47,025
2015	61,178	55,679	48,940
2016	62,763	57,497	49,831
2017	65,400	59,796	51,640

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2017 reflect county population estimates available as of March 2018. Last updated: March 6, 2019.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Principal Employers

The following tables show the principal employers in the Cities and County by number of employees.

PRINCIPAL EMPLOYERS
2018
City of Newport Beach

Employer Name	Industry	Number of Employees
Hoag Memorial Hospital	Services: Health	5,200
Pacific Life Insurance	Insurance Carriers	1,276
Glidewell Dental	Services: Health	1,200
PIMCO Advisors	Finance: Investment Offices	1,033
Newport-Mesa Unified School District	Educational Services	807
Jazz Semi-Conductor	Manufacturing: Electronic Components	805
Resort at Pelican Hill	Services: Hotels	713
Balboa Bay Club and Resort	Services: Hotels	520
The Island Hotel	Services: Hotels	430
Fletcher Jones Motor Cars Inc.	Retail Trade: Automotive Dealers	415

Source: City of Newport Beach, Comprehensive Annual Financial Report, Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2018
City of Huntington Beach

Employer Name	Industry	Number of Employees
Boeing	Manufacturing: Aircraft and Parts	3,827
Zodiac Aerospace / Driessen Aircraft	Manufacturing: Aircraft and Parts	709
Hyatt Regency Huntington Beach	Services: Hotel	641
C & D Aerospace	Manufacturing: Aircraft and Parts	555
Cambro MFG Co.	Manufacturing: Food Products	550
Huntington Beach Hospital	Services: Health	527
No Ordinary Moments	Services: Health	421
Wal-mart	Department Stores	462
Huntington Valley Healthcare	Services: Health	381
Harbor Distributing	Wholesalers: Beer and Ale	350

Source: City of Huntington Beach, Comprehensive Annual Financial Report, Year Ended June 30, 2018.

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PRINCIPAL EMPLOYERS
2017
City of Costa Mesa

Employer Name	Industry	Number of Employees
Epl Intermediate, Inc.	Finance: Security and Commodity Brokers	3,998
Experian Information Solutions, Inc.	Finance: Credit Institutions	3,700
Coast Community College District Foundation	Services: Education	2,900
Orange Coast Community College	Services: Education	1,900
California State Hospital-Fairview Develop. Center	Services: Health	1,500
Stearns Lending, LLC	National Commercial Banks	1,500
Auto Club Enterprises	Services: Automotive	1,200
Westar Capital Associates II, LLC	Finance: Credit Institutions	1,184
Deloitte Consulting L.L.P.	Services: Personal	800
Dynamic Cooking Systems, Inc.	Manufacturing: Food Products	700

Source: City of Costa Mesa, Comprehensive Annual Financial Report, Year Ended June 30, 2017.

PRINCIPAL EMPLOYERS
2018
Orange County

Employer Name	Industry	Number of Employees
Walt Disney Co.	Amusement and Recreation Services	30,000
University of California, Irvine	Educational Services	23,605
County of Orange	Public Administration	18,257
St. Joseph Health System	Health Services	13,786
Kaiser Permanente	Health Services	7,694
Boeing Co.	Manufacturing: Industrial	6,103
Albertsons	Grocery Stores	6,057
Wal-Mart	Retail Trade: General Merchandise	6,000
Hoag Memorial Hospital	Educational Services	5,680
Target Corporation	Financial Services	5,400

Source: County of Orange, "Comprehensive Annual Financial Report," Year Ended June 30, 2018.

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Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the Cities, the County, and the State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018[1]
City of Newport Beach, City of Huntington Beach, City of Costa Mesa,
Orange County, State of California

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2014				
City of Newport Beach	44,900	42,900	2,000	4.5
City of Huntington Beach	106,800	101,100	5,700	5.3
City of Costa Mesa	64,500	60,900	3,600	5.6
Orange County	1,569,000	1,482,900	86,100	5.5
State of California	18,714,700	17,310,900	1,403,800	7.5
2015				
City of Newport Beach	45,100	43,400	1,700	3.7
City of Huntington Beach	107,700	103,100	4,600	4.3
City of Costa Mesa	64,900	62,000	2,900	4.5
Orange County	1,585,800	1,514,900	70,900	4.5
State of California	18,851,100	17,681,800	1,169,200	6.2
2016				
City of Newport Beach	45,400	43,700	1,700	3.6
City of Huntington Beach	108,000	103,700	4,300	4.0
City of Costa Mesa	64,800	62,500	2,300	3.5
Orange County	1,598,800	1,534,100	64,700	4.0
State of California	19,044,500	18,002,800	1,041,700	5.5
2017				
City of Newport Beach	45,200	43,700	1,400	3.2
City of Huntington Beach	108,800	105,000	3,800	3.5
City of Costa Mesa	65,600	63,500	2,100	3.2
Orange County	1,609,800	1,553,400	56,400	3.5
State of California	19,205,300	18,285,500	919,800	4.8
2018				
City of Newport Beach	45,600	44,400	1,200	2.7
City of Huntington Beach	109,800	106,700	3,100	2.9
City of Costa Mesa	66,200	64,500	1,700	2.6
Orange County	1,625,400	1,577,900	47,500	2.9
State of California	19,398,200	18,582,800	815,4000	4.2

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

The County is included in the Anaheim-Santa Ana-Irvine Metropolitan Division (the "MD"). The distribution of employment in the MD is presented in the following table for the past five calendar years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Orange County (Anaheim-Santa Ana-Irvine MD)

Category	2014	2015	2016	2017	2018
Total Farm	2,800	2,400	2,400	2,100	2,000
Total Nonfarm	1,496,600	1,544,500	1,584,500	1,617,000	1,649,300
Total Private	1,344,400	1,388,100	1,424,900	1,456,800	1,488,600
Goods Producing	241,800	249,900	255,900	262,700	266,400
Mining and Logging	500	400	300	500	500
Construction	83,100	91,700	97,400	101,800	106,100
Manufacturing	158,200	157,800	158,200	160,500	159,800
Durable Goods	116,200	116,100	116,200	117,300	117,600
Nondurable Goods	42,000	41,800	42,000	43,200	42,200
Service Providing	1,254,800	1,294,600	1,328,600	1,354,300	1,383,000
Private Service Producing	1,102,600	1,138,200	1,169,000	1,194,100	1,222,200
Trade, Transportation and Utilities	254,200	257,400	258,500	260,500	262,200
Retail Trade	148,600	151,600	152,600	153,500	152,900
Transportation, Warehousing and Utilities	26,500	26,900	27,200	28,000	29,300
Information	23,400	24,900	26,000	26,800	26,700
Financial Activities	113,900	116,400	118,000	119,600	119,100
Professional and Business Services	278,400	287,900	297,900	303,000	315,400
Educational and Health Services	190,900	198,900	206,200	215,900	225,000
Educational Services	25,300	25,500	26,600	28,000	29,300
Leisure and Hospitality	194,500	203,800	212,000	218,100	222,600
Other Services	47,300	48,900	50,500	50,300	51,100
Government	152,200	156,400	159,600	160,200	160,800
Total, All Industries	1,499,400	1,547,000	1,586,900	1,619,200	1,651,300

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2018 Benchmark.

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Commercial Activity

Summaries of annual taxable sales for the Cities and County from 2014 through 2018 are shown in the following tables.

ANNUAL TAXABLE SALES
2014 through 2018
City of Newport Beach
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	2,669	2,200,243	4,031	2,943,344
2015	--	2,241,761	--	3,034,392
2016	--	2,246,838	--	3,053,220
2017	--	2,334,569	--	3,119,811
2018	--	2,457,770	--	3,325,782

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2014 through 2018
City of Huntington Beach
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	5,496	2,408,750	7,608	3,111,543
2015	--	2,502,440	--	3,207,380
2016	--	2,554,369	--	3,246,972
2017	--	2,642,949	--	3,489,560
2018	--	2,635,760	--	3,576,655

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

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ANNUAL TAXABLE SALES
2014 through 2018
City of Costa Mesa
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	7,988	3,822,971	10,536	4,538,729
2015	--	4,024,670	--	4,765,158
2016	--	4,076,541	--	4,847,991
2017	--	4,149,307	--	4,931,980
2018	--	4,449,283	--	5,318,423

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2014 through 2018
Orange County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	65,291	41,288,537	97,943	60,097,128
2015	--	42,148,058	--	61,916,219
2016	--	42,817,111	--	63,058,761
2017	--	44,264,343	--	65,148,058
2018	--	46,078,187	--	67,468,616

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

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Construction Activity

The following tables show the annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the Cities and the County.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Newport Beach
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$352,701	$187,237	$244,519	$323,939	$289,554
Non-Residential	197,287	113,206	77,345	117,076	99,090
Total	$549,988	$300,443	$321,864	$441,015	$388,644
Units					
Single Family	120	138	153	198	148
Multiple Family	543	42	54	513	46
Total	663	180	207	711	194

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Huntington Beach
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$119,953	$95,512	$177,123	$104,901	$61,435
Non-Residential	117,447	158,529	116,351	47,668	52,769
Total	$237,400	$254,041	$293,474	$152,569	$114,204
Units					
Single Family	59	125	52	50	60
Multiple Family	989	147	813	228	0
Total	1,048	272	865	278	60

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Costa Mesa
(Dollars in Thousands)

	2014	**2015**	**2016**	**2017**	**2018**
Valuation					
Residential	$49,153	$55,868	$106,312	$63,322	$51,054
Non-Residential	59,137	52,562	81,715	90,673	160,651
Total	$108,290	$108,430	$188,027	$153,995	$211,705
Units					
Single Family	151	195	221	216	142
Multiple Family	33	6	494	0	0
Total	184	201	715	216	142

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Orange County
(Dollars in Thousands)

	2014	**2015**	**2016**	**2017**	**2018**
Valuation					
Residential	$2,633,471	$2,826,883	$3,151,640	$3,188,601	$2,750,619
Non-Residential	2,000,168	2,203,105	2,495,687	2,090,029	3,532,285
Total	$4,633,639	$5,029,988	$5,647,327	$5,278,630	$6,282,904
Units					
Single Family	3,646	3,667	4,226	5,097	3,975
Multi Family	6,990	7,230	7,908	5,197	4,130
Total	10,636	10,897	12,134	10,294	8,105

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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APPENDIX F

ORANGE COUNTY INVESTMENT POOL

The following information consists of a portion of the most recent monthly report concerning the Educational Investment Pool and the Commingled Investment Pool (collectively, the "Investment Pool") provided by the Orange County (the "County") Controller-Treasurer (the "Treasurer"). The information in this appendix has not been confirmed or verified by the District, the Municipal Advisor or the Underwriters. The District, the Municipal Advisor and the Underwriters have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at http:// http://tax.ocgov.com/tcweb/search_page.asp; however, the information presented on such website is not incorporated herein by any reference.

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Treasurer's Monthly INVESTMENT REPORT

SEPTEMBER 2019

From the Office of
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM
Orange County Treasurer

OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM

INTERDEPARTMENTAL COMMUNICATION

Date: October 18, 2019

To: Supervisor Lisa A. Bartlett, Chairwoman
Supervisor Michelle Steel, Vice-Chair
Supervisor Andrew Do
Supervisor Doug Chaffee
Supervisor Donald P. Wagner

From: Shari L. Freidenrich, CPA, CCMT, CPFA, ACPFIM SLF

Subject: Treasurer's Investment Report for the Month Ended September 30, 2019

Attached please find the Treasurer's Investment Report for the County of Orange for the month ended September 30, 2019. The County Treasurer provides this report in compliance with California Government Code Sections 53607, 53646, and 27134 and the County's Investment Policy Statement (IPS). We have included some charts and other data for your information including charts on fund composition and the top ten pool participants. This report is also publicly available on our website at ocgov.com/ocinvestments.

INVESTMENT POOL COMPOSITION

The investments contained within this report are as of September 30, 2019. The Investment Pool Statistics summary shows the total investment responsibility of the County Treasurer as delegated by the Board of Supervisors: the Orange County Investment Pool (OCIP) that includes the Voluntary Participants' funds, the Orange County Educational Investment Pool (OCEIP), the John Wayne Airport Investment Fund and various other non-Pooled investment funds. The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The County Treasurer established three short-term funds, the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF), and the John Wayne Airport Investment Fund, which all are invested in cash-equivalent securities and provide liquidity for immediate cash needs. Standard & Poor's, onDecember 3, 2018, reaffirmed their highest rating of AAAm on the OCMMF and the OCEMMF. The County Treasurer also established the Extended Fund that is generally invested to meet longer-term cash needs up to five years. The OCIP is comprised of the OCMMF and portions of the Extended Fund. The OCEIP is comprised of the OCMMF and portions of the Extended Fund.

The maximum maturity of investments for the OCMMF and the OCEMMF is 13 months, with a maximum weighted average maturity (WAM) of 60 days, and they have a current WAM of 23 and 21, respectively. The maximum maturity of investments for the John Wayne Airport Investment Fund is 15 months, with a maximum WAM of 90 days, and a current WAM of 55. The maximum maturity of the Extended Fund is five years, with duration not to exceed 1.5 years, and the duration is currently at 1.11. The investments in all of the funds are marked to market daily to calculate the daily fair value of the funds. To further maintain safety, adherence to an investment strategy of only purchasing top-rated securities and diversification of instrument types and maturities is required.

ECONOMIC UPDATE

In September 2019, the job market added 136,000 new jobs, and August's job numbers were revised upward by 38,000 to 168,000. The U.S. unemployment rate for September decreased to 3.5% from August at 3.7%. The Empire State Manufacturing Index fell to 2.0 from 4.8 in August. The Philadelphia Fed Index decreased to 12.0, from 16.8 in August. The Federal Reserve uses these indexes as regional economic gauges, and a reading above zero signals economic expansion. With respect to housing, S&P/CaseShiller reported that year-over-year housing prices increased for the eighty-seventh consecutive month in July, up 3.18% from a year ago, but has risen by an increasingly smaller amount for the past 16 months. The index for pending home sales decreased 1.10% on a year-over-year basis in September, from 1.70% in August. On September 18, 2019, the Federal Open Markets Committee (FOMC) reduced the benchmark Federal Funds rate by 0.25 percent resulting in a new target range of 1.75 percent to 2.00 percent.

The 10-year Treasury rate increased from 1.50% in August to 1.68% in September. The short-term 90-day T-bill decreased from 1.99% at the end of August to 1.88% at the end of September. The rate on the 2-year Treasury note was 1.63% at the end of September, an increase from the August rate of 1.50%.

INVESTMENT INTEREST YIELDS AND FORECAST

The current gross and net year-to-date yields for fiscal year 2019/2020 are 2.31% and 2.25% for OCIP and 2.30% and 2.24% for OCEIP. The current gross and net yields forecast for fiscal year 2019/2020 are 2.15% and 2.09% for both OCIP and OCEIP.

APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

Each month, the County Treasurer apportions the accrued interest earnings to each pool participant. As of the first business day of the following month accrued, but unpaid, interest earnings are added to pool participants' average balances in determining a participant's relative share of the pool's monthly earnings. The actual cash distribution for July 2019, August 2019 and September 2019 interest apportionments are expected to be paid in November 2019, December 2019 and January 2020, respectively. The investment administration fee for fiscal year 2019/2020 is estimated at 5.9 basis points.

TEMPORARY TRANSFERS

The County Treasurer, as required by Constitution Article XVI, Section 6, and per the Board of Supervisor's Resolution 15-016, is authorized to make temporary transfers to school districts to address their short-term cash flow needs. The loans are secured by tax receipts to be received by the County Treasurer, as the banker for the school districts. Temporary transfers from the OCEIP total $40 million and will be repaid by January 31, 2020.

PORTFOLIO HOLDINGS OF DEBT ISSUED BY POOL PARTICIPANTS

Under guidelines outlined in the current IPS, the County Treasurer may invest in "AA" or above rated securities issued by municipalities. Municipal debt issued by the County of Orange is exempt from this credit rating requirement. The Investment Pools may invest no more than 5% of individual pool assets in any one issuer, with the exception of the County of Orange which has a 10% limit. The Investment Pools have a total market value of $302 million in County of Orange debt, which represents approximately 3.4% of total pooled assets. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

COMPLIANCE SUMMARY

The investment portfolios had no compliance exceptions for the month of September, 2019. The Auditor-Controller issued their report on Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended June 30, 2019, which stated that no instances of noncompliance were identified.

CREDIT UPDATE

During September, there was one change to the Treasurer's Approved Issuer List. The Credit Investment Committee placed Johnson & Johnson on hold.

I certify that this report includes all pooled and non-pooled investments as of August 31, 2019 and is in conformity with all State laws and the IPS approved by the Board of Supervisors on December 18, 2018. The investments herein shown provide adequate liquidity to meet the next six months of projected cash flow requirements. I am available if you have any questions on this Investment Report at (714) 834-7625.

Enclosures

cc: Distribution List

ORANGE COUNTY TREASURER-TAX COLLECTOR

SUMMARY OF INVESTMENT DATA

INVESTMENT TRENDS

	SEPTEMBER 2019	AUGUST 2019	INCREASE (DECREASE)	NET CHANGE %	SEPTEMBER 2018	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value[1]	$ 3,907,560,407	$ 3,843,393,139	$ 64,167,268	1.67%	$ 3,767,385,607	$ 140,174,800	3.72%
End Of Month Book Value	$ 3,889,613,364	$ 3,821,633,661	$ 67,979,703	1.78%	$ 3,788,455,916	$ 101,157,448	2.67%
Monthly Average Balance	$ 3,830,516,786	$ 3,754,252,419	$ 76,264,367	2.03%	$ 3,761,688,842	$ 68,827,944	1.83%
Year-To-Date Average Balance	$ 3,900,667,445	$ 3,935,742,774	$ (35,075,329)	-0.89%	$ 3,815,987,973	$ 84,679,472	2.22%
Monthly Accrued Earnings[2]	$ 7,286,381	$ 7,345,170	$ (58,790)	-0.80%	$ 5,572,329	$ 1,714,051	30.76%
Monthly Net Yield[2]	2.24%	2.22%	0.01%	0.54%	1.75%	0.49%	28.14%
Year-To-Date Net Yield[2]	2.25%	2.26%	-0.01%	-0.22%	2.05%	0.20%	10.01%
Annual Estimated Gross Yield	2.15%	2.15%	0.00%	0.00%	2.11%	0.04%	2.06%
Weighted Average Maturity (WAM)	329	328	1	0.30%	357	(28)	-7.84%
Orange County Educational Investment Pool (OCEIP)							
End Of Month Market Value[1]	$ 4,835,549,453	$ 4,946,415,446	$ (110,865,993)	-2.24%	$ 4,416,020,298	$ 419,529,155	9.50%
End Of Month Book Value	$ 4,813,752,498	$ 4,919,043,491	$ (105,290,993)	-2.14%	$ 4,439,034,297	$ 374,718,201	8.44%
Monthly Average Balance	$ 4,834,630,093	$ 5,069,463,344	$ (234,833,251)	-4.63%	$ 4,530,663,894	$ 303,966,199	6.71%
Year-To-Date Average Balance	$ 5,102,886,498	$ 5,218,147,702	$ (115,261,204)	-2.21%	$ 4,767,167,150	$ 335,719,348	7.04%
Monthly Accrued Earnings[2]	$ 9,232,868	$ 10,013,120	$ (780,252)	-7.79%	$ 6,828,976	$ 2,403,892	35.20%
Monthly Net Yield[2]	2.22%	2.23%	-0.01%	-0.49%	1.77%	0.45%	25.72%
Year-To-Date Net Yield[2]	2.24%	2.25%	-0.01%	-0.39%	2.03%	0.21%	10.33%
Annual Estimated Gross Yield	2.15%	2.15%	0.00%	0.00%	2.09%	0.06%	2.70%
Weighted Average Maturity (WAM)	325	324	1	0.31%	340	(15)	-4.41%

1 Market values provided by Bloomberg and Northern Trust.

2 In September 2019, the OCIP and OCEIP Monthly Accrued Earnings, the OCIP and OCEIP Monthly Net Yield and the OCIP and OCEIP Year-To-Date Net Yields were higher than the prior year primarily due to the ten Federal Reserve short-term rate changes resulting in a net increase of 1.50% since November 2016. The OCIP and OCEIP September 2018 Monthly Accrued Earnings and Monthly and Year-to-Date Net Yields are higher than the reported yields in the Monthly Investment September 2018 Report due to the addition of the Money Market Mutual Funds (MMMF) interest income that was not posted timely as noted in the June 2019 report.

ORANGE COUNTY TREASURER-TAX COLLECTOR

INVESTMENT POOL STATISTICS

FOR THE MONTH AND QUARTER ENDED: September 30, 2019

INVESTMENT STATISTICS - By Investment Pool[1]

DESCRIPTION	CURRENT BALANCES			Average Days to Maturity	Daily Yield as of 09/30/19	MONTHLY Gross Yield	QUARTER Gross Yield	Current NAV
COMBINED POOL BALANCES (includes the Extended Fund)								
Orange County Investment Pool (OCIP)	MARKET Value	$	3,907,560,407	329	2.25%	2.30%	2.31%	1.0046
	COST (Capital)	$	3,885,341,490					
	MONTHLY AVG Balance	$	3,830,516,786					
	QUARTERLY AVG Balance	$	3,900,667,445					
	BOOK Value	$	3,889,613,364					
Orange County Educational Investment Pool (OCEIP)	MARKET Value	$	4,835,549,453	325	2.26%	2.28%	2.30%	1.0045
	COST (Capital)	$	4,808,108,747					
	MONTHLY AVG Balance	$	4,834,630,093					
	QUARTERLY AVG Balance	$	5,102,886,498					
	BOOK Value	$	4,813,752,498					

INVESTMENT STATISTICS - Non-Pooled Investments[2]

DESCRIPTION	CURRENT BALANCE			INVESTMENT BALANCES AT COST	
Specific Investment Funds:	MARKET Value	$	110,048,893	John Wayne Airport Investment Fund	52,437,537
283, FVSD, CCCD	COST (Capital)	$	108,260,926	Fountain Valley School District Fund 40	34,700,216
	MONTHLY AVG Balance	$	108,143,406	CCCD Series 2017E Bonds	21,123,173
	QUARTERLY AVG Balance	$	107,865,238		
	BOOK Value	$	108,158,081		
					$ 108,260,926

MONTH END TOTALS

INVESTMENTS & CASH		INVESTMENTS & CASH	
COUNTY MONEY MARKET FUND (OCMMF)			
County Money Market Fund	$ 831,708,210	OCIP	$ 3,910,976,443
County Cash & Cash Equivalent	25,634,953	OCEIP	4,823,339,371
EXTENDED FUND	6,783,563,708	Specific Investment Funds	108,260,926
EDUCATIONAL MONEY MARKET FUND (OCEMMF)		Non-Pooled Cash & Cash Equivalent	13,115,888
Educational Money Market Fund	1,078,178,319		
Educational Cash & Cash Equivalent	15,230,624		
NON-POOLED INVESTMENTS			
Non-Pooled Investments @ Cost	108,260,926		
Non-Pooled Cash & Cash Equivalent	13,115,888		
	$ 8,855,692,628		$ 8,855,692,628

KEY POOL STATISTICS

INTEREST RATE YIELD		WEIGHTED AVERAGE MATURITY (WAM)	
OCMMF - MONTHLY GROSS YIELD	2.06%	OCMMF	23
OCEMMF - MONTHLY GROSS YIELD	2.11%	OCEMMF	21
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD	2.07%	JOHN WAYNE AIRPORT WAM	55
OCIP - YTD NET YIELD[3]	2.25%	LGIP WAM (Standard & Poors)	36
OCEIP - YTD NET YIELD[3]	2.25%		
90-DAY T-BILL YIELD - MONTHLY AVERAGE	1.90%		

ORANGE COUNTY TREASURER-TAX COLLECTOR

INVESTMENT POOL STATISTICS

FOR THE MONTH AND QUARTER ENDED: September 30, 2019

INVESTMENT STATISTICS - By Investment Fund

DESCRIPTION	CURRENT BALANCES		Average Days to Maturity	Daily Yield as of 09/30/19	MONTHLY Gross Yield	QUARTER Gross Yield	Current NAV
County Money Market Fund (OCMMF)	MARKET Value	$ 832,718,514	23	1.94%	2.06%	2.16%	1.0008
	COST (Capital)	$ 831,708,210					
	MONTHLY AVG Balance	$ 790,766,247					
	QUARTERLY AVG Balance	$ 747,798,977					
	BOOK Value	$ 832,069,530					
Educational Money Market Fund (OCEMMF)	MARKET Value	$ 1,079,713,278	21	1.99%	2.11%	2.19%	1.0006
	COST (Capital)	$ 1,078,178,319					
	MONTHLY AVG Balance	$ 990,254,841					
	QUARTERLY AVG Balance	$ 1,095,554,644					
	BOOK Value	$ 1,079,045,433					
Extended Fund	MARKET Value	$ 6,830,678,068	412	2.33%	2.39%	2.37%	1.0057
	COST (Capital)	$ 6,783,563,708					
	MONTHLY AVG Balance	$ 6,884,125,791					
	QUARTERLY AVG Balance	$ 7,160,200,322					
	BOOK Value	$ 6,792,250,899					
ALLOCATION OF EXTENDED FUND							
Extended Fund *OCIP Share*	MARKET Value	$ 3,074,841,893	412	2.33%	2.39%	2.37%	1.0057
	COST (Capital)	$ 3,053,633,280					
	MONTHLY AVG Balance	$ 3,039,750,539					
	QUARTERLY AVG Balance	$ 3,152,868,468					
	BOOK Value	$ 3,057,543,834					
OCEIP Share	MARKET Value	$ 3,755,836,175	412	2.33%	2.39%	2.37%	1.0057
	COST (Capital)	$ 3,729,930,428					
	MONTHLY AVG Balance	$ 3,844,375,252					
	QUARTERLY AVG Balance	$ 4,007,331,854					
	BOOK Value	$ 3,734,707,065					
Modified Duration		1.11					

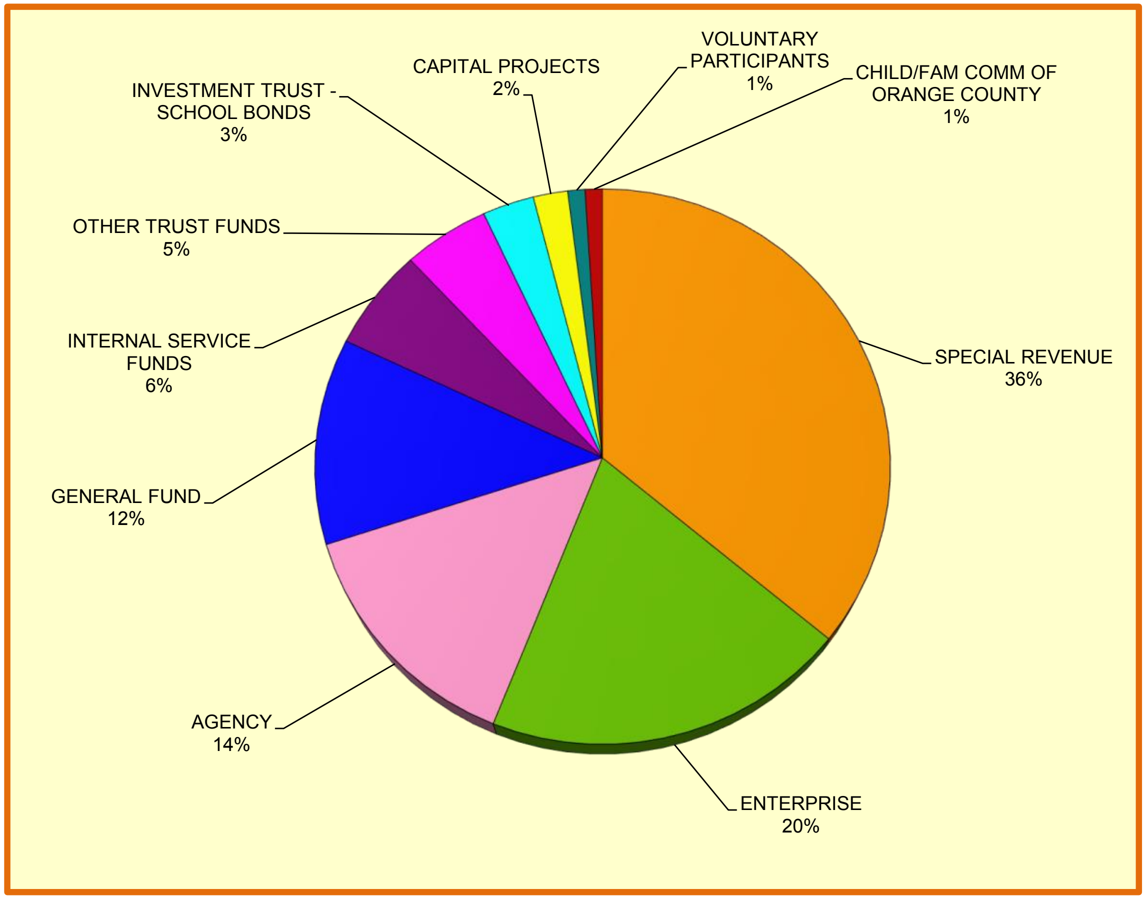
(1) The Combined Pool Balances include the County and Educational Money Market Funds and their respective portions of the Extended Fund.

(2) Specific non-pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.

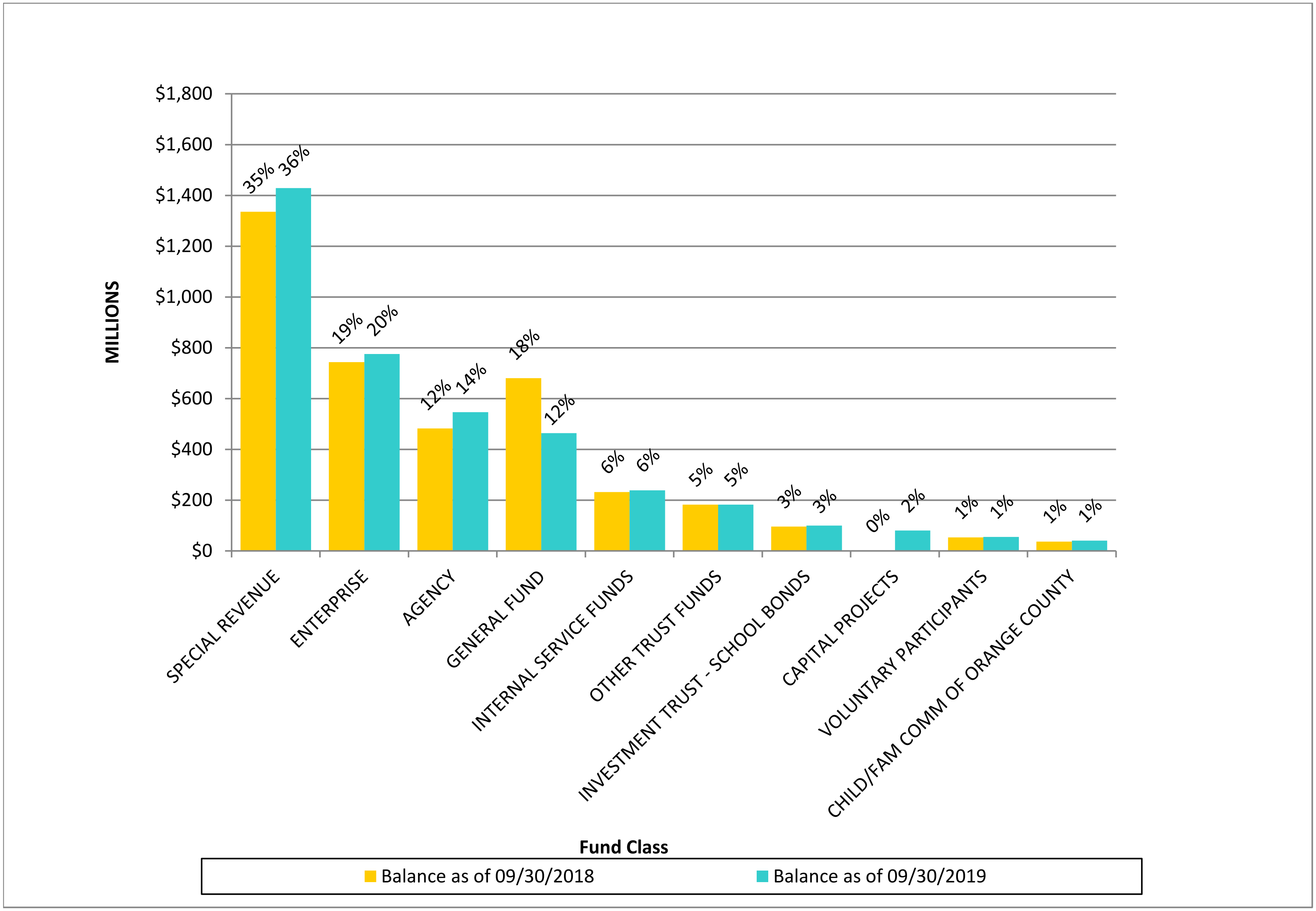
(3) The Net Yield differs from the Monthly Gross Yield as it includes the deduction of the Investment Administrative Fee.

ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY FUND
AS OF SEPTEMBER 30, 2019

FUNDS		BALANCE
SPECIAL REVENUE	$	1,428,768,395
ENTERPRISE		775,141,624
AGENCY		545,870,004
GENERAL FUND		464,221,055
INTERNAL SERVICE FUNDS		238,641,518
OTHER TRUST FUNDS		182,634,937
INVESTMENT TRUST - SCHOOL BONDS		99,312,726
CAPITAL PROJECTS		80,322,377
VOLUNTARY PARTICIPANTS		55,307,338
CHILD/FAM COMM OF ORANGE COUNTY		40,756,469
TOTAL	**$**	**3,910,976,443**

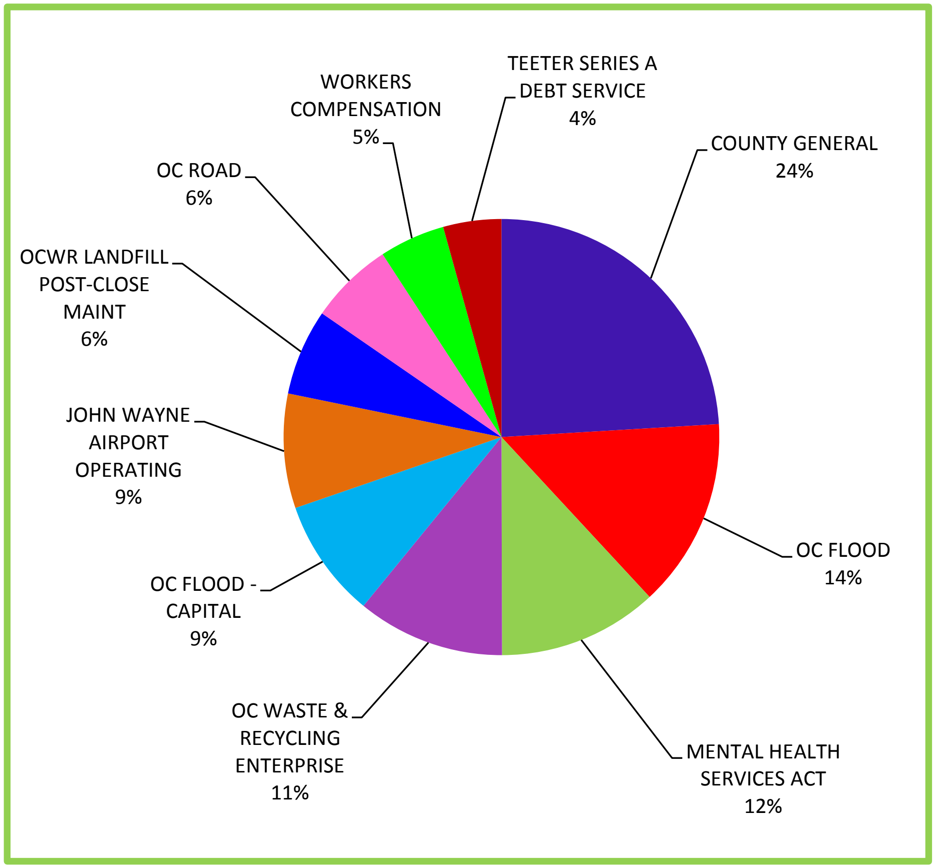


ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY FUND
AS OF SEPTEMBER 30



ORANGE COUNTY INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF SEPTEMBER 30, 2019

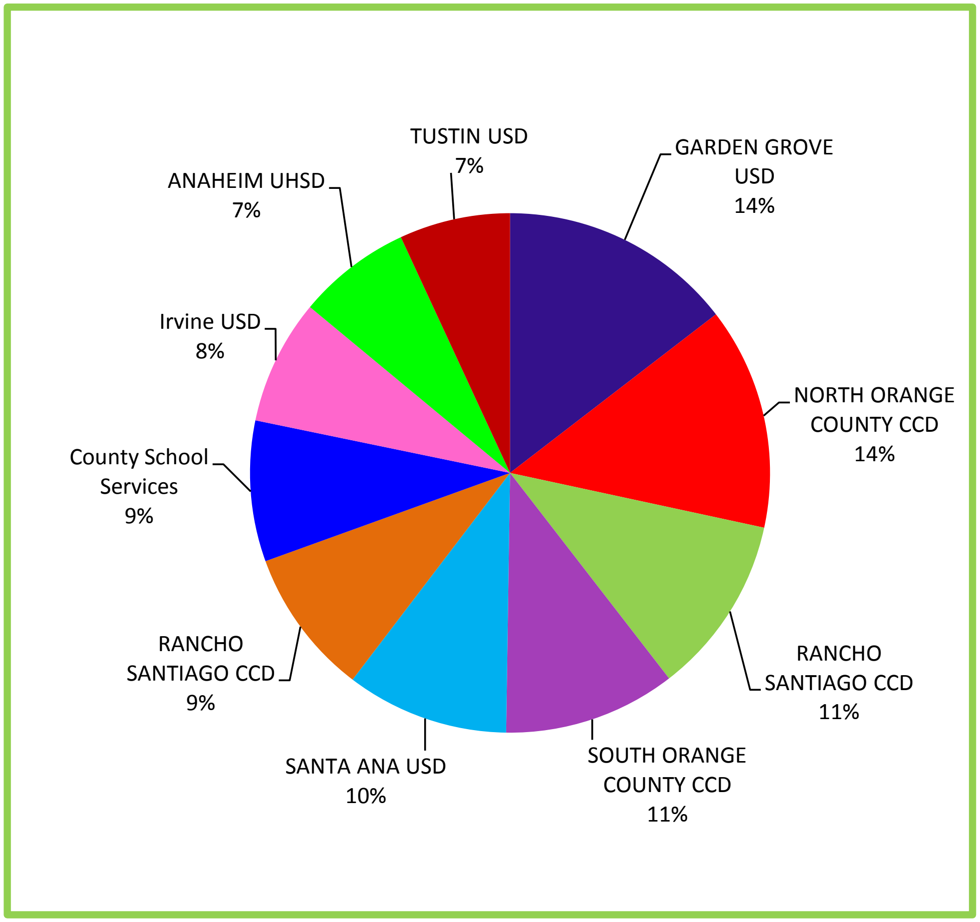
FUND #	FUND NAME		BALANCE
100	COUNTY GENERAL	$	464,216,015
400	OC FLOOD		271,058,108
13Y	MENTAL HEALTH SERVICES ACT		228,933,920
299	OC WASTE & RECYCLING ENTERPRISE		211,480,005
404	OC FLOOD - CAPITAL		170,112,153
280	JOHN WAYNE AIRPORT OPERATING		163,638,540
279	OCWR LANDFILL POST-CLOSE MAINT		123,335,381
115	OC ROAD		120,043,767
293	WORKERS COMPENSATION		93,958,956
15Y	TEETER SERIES A DEBT SERVICE		83,227,874
	TOTAL	**$**	**1,930,004,719**



ORANGE COUNTY EDUCATIONAL INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF SEPTEMBER 30, 2019

DISTRICT #	SCHOOL DISTRICT	BALANCE [1]	
72	GARDEN GROVE USD	$ 460,313,602	(1)
88	NORTH ORANGE COUNTY CCD	437,891,993	(1)
92	RANCHO SANTIAGO CCD	352,505,363	(1)
96	SOUTH ORANGE COUNTY CCD	339,049,414	
84	SANTA ANA USD	320,129,946	(1)
80	ORANGE USD	288,859,968	(1)
94	COUNTY SCHOOL SERVICES	277,382,548	
75	IRVINE USD	246,130,550	(1)
64	ANAHEIM UHSD	224,010,439	(1)
87	TUSTIN USD	218,210,143	(1)
	TOTAL	**$ 3,164,483,966**	

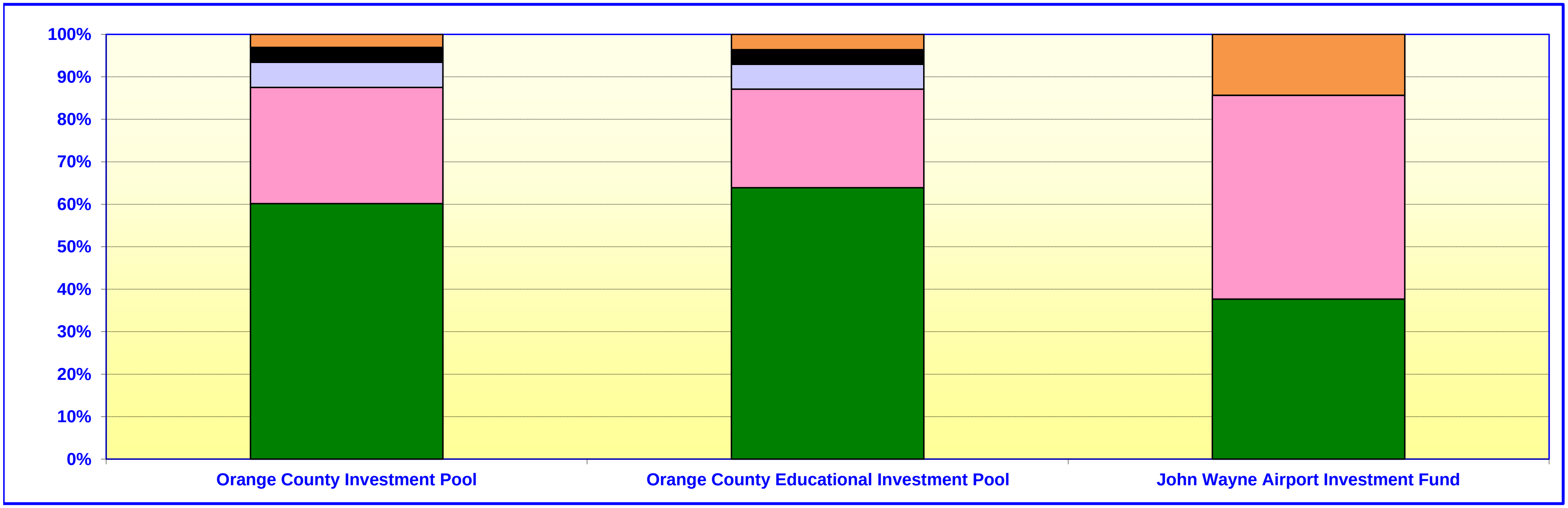
(1) BALANCES INCLUDE GENERAL OBLIGATION BOND PROCEEDS



ORANGE COUNTY TREASURER - TAX COLLECTOR

BY INVESTMENT TYPE AT MARKET VALUE - By Percentage Holdings

September 30, 2019



Orange County Investment Pool

	In Thousands	%
U. S. GOVERNMENT AGENCIES	$ 2,335,730	59.77%
U. S. TREASURIES	1,060,775	27.15%
MEDIUM-TERM NOTES	230,997	5.91%
MUNICIPAL DEBT	135,782	3.48%
MONEY MARKET MUTUAL FUNDS	118,942	3.04%
LOCAL AGENCY INVESTMENT FUND	25,335	0.65%
	$ 3,907,561	100.00%

Orange County Educational Investment Pool

	In Thousands	%
U. S. GOVERNMENT AGENCIES	$ 3,070,706	63.50%
U. S. TREASURIES	1,113,567	23.03%
MEDIUM-TERM NOTES	281,458	5.82%
MUNICIPAL DEBT	165,853	3.43%
MONEY MARKET MUTUAL FUNDS	173,019	3.58%
LOCAL AGENCY INVESTMENT FUND	30,946	0.64%
	$ 4,835,549	100.00%

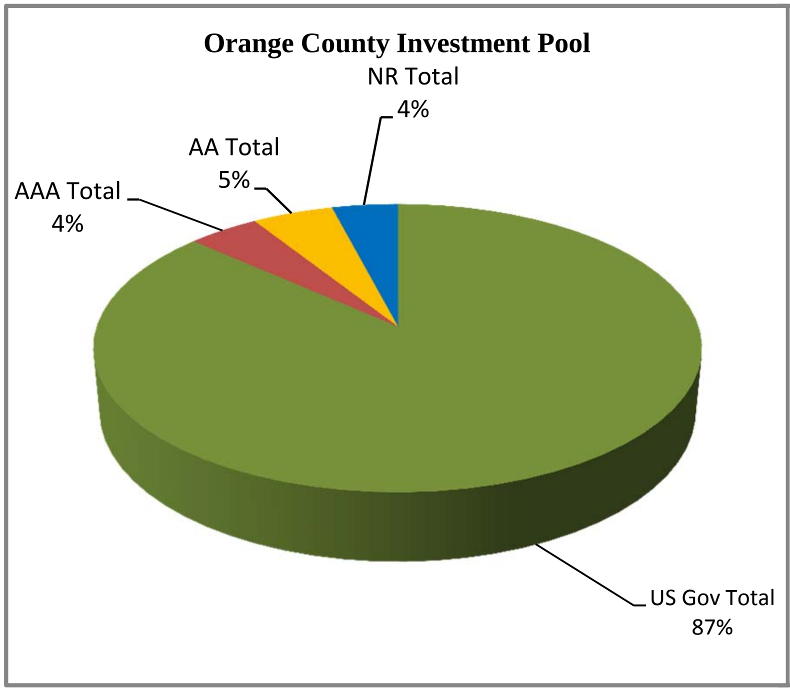
John Wayne Airport Investment Fund

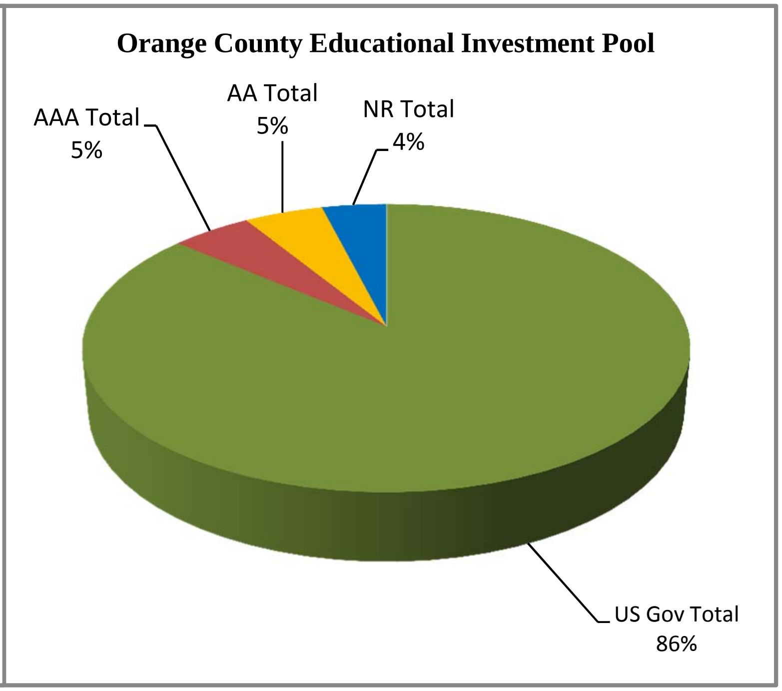
	In Thousands	%
U. S. GOVERNMENT AGENCIES	$ 19,822	37.66%
U. S. TREASURIES	$ 25,264	48.00%
MONEY MARKET MUTUAL FUNDS	$ 7,547	14.34%
	$ 52,633	100.00%

ORANGE COUNTY TREASURER - TAX COLLECTOR

CREDIT QUALITY BY MARKET VALUE

September 30, 2019





US GOV Includes Agency & Treasury Debt

AA includes AA+, AA-, & AA

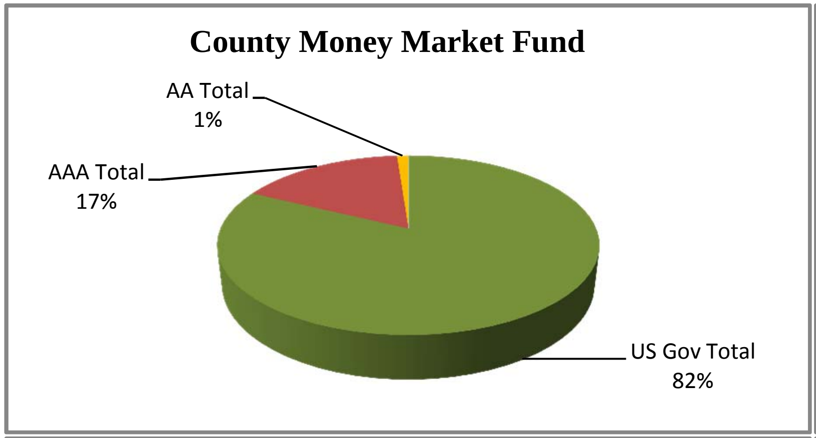
A includes A+, A-, & A

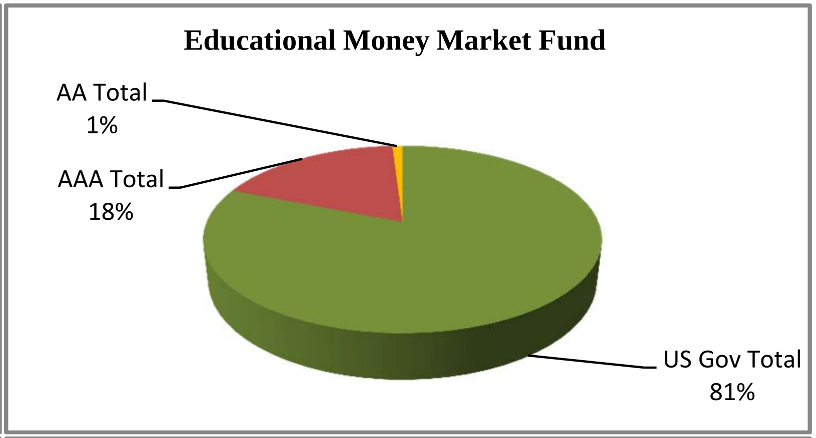
NR Includes LAIF and Orange County Pension Obligation Bonds

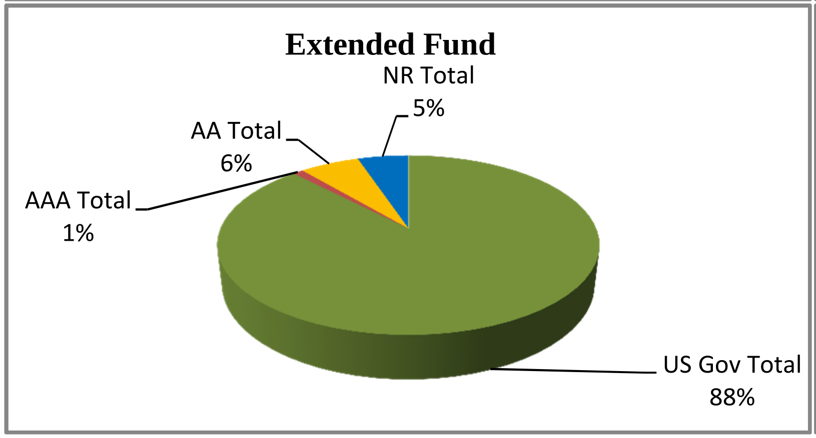
ORANGE COUNTY TREASURER - TAX COLLECTOR

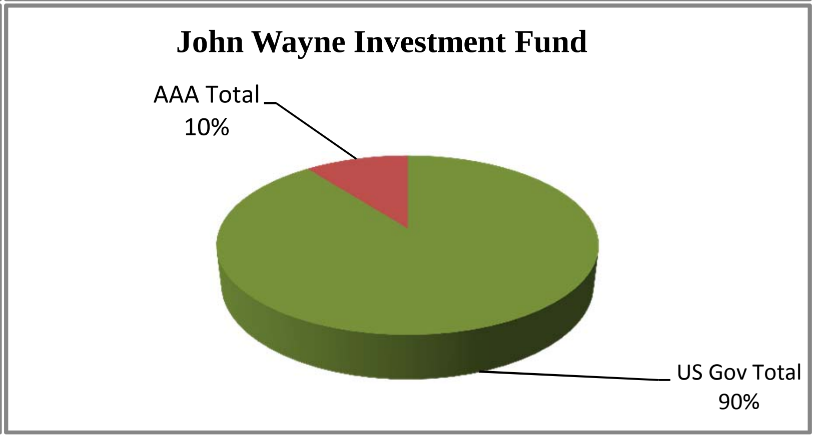
CREDIT QUALITY BY MARKET VALUE

September 30, 2019









US GOV Includes Agency & Treasury Debt

AA includes AA+, AA-, & AA

A includes A+, A-, & A

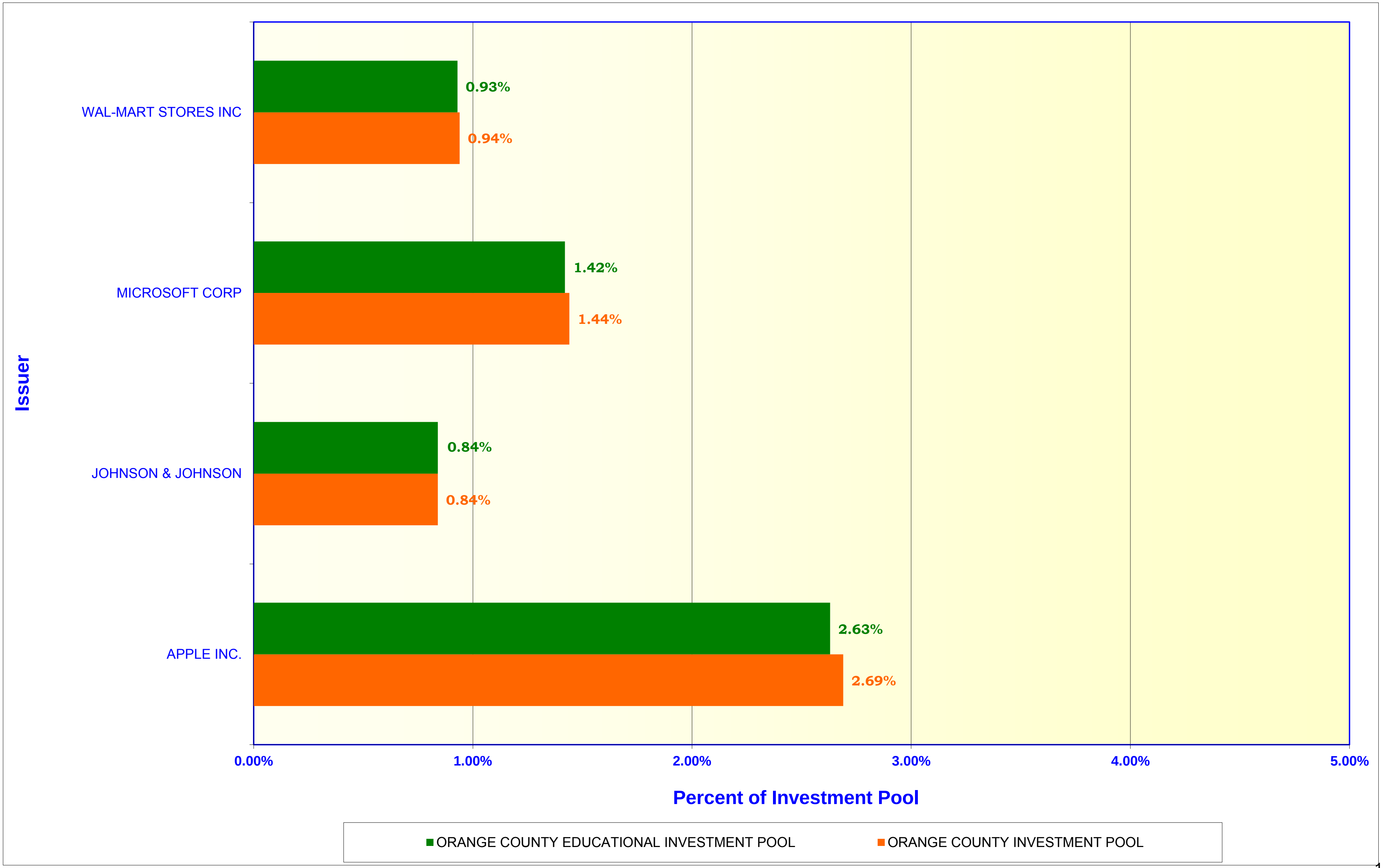
NR Includes LAIF and Orange County Pension Obligation Bonds

ORANGE COUNTY TREASURER - TAX COLLECTOR

MEDIUM-TERM NOTES / CERTIFICATES OF DEPOSIT

ISSUER CONCENTRATION-By Investment Pool

September 30, 2019



ORANGE COUNTY TREASURER-TAX COLLECTOR

APPROVED ISSUER LIST - OCIP, OCEIP, and JWA

September 30, 2019

ISSUER	S/T RATINGS S&P	S/T RATINGS Moody's	S/T RATINGS Fitch	L/T RATINGS S&P	L/T RATINGS Moody's	L/T RATINGS Fitch
U.S. TREASURY SECURITIES						
U.S. GOVERNMENT	A-1+	P-1	F1+	AA+	Aaa	AAA
U.S. GOVERNMENT AGENCY SECURITIES						
FEDERAL NATIONAL MORTGAGE ASSOCIATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN MORTGAGE CORPORATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN BANKS	A-1+	P-1	NR	AA+	Aaa	NR
FEDERAL FARM CREDIT BANKS	A-1+	P-1	F1+	AA+	Aaa	AAA
MEDIUM-TERM NOTES						
APPLE INC	A-1+	P-1	NR	AA+	Aa1	NR
MICROSOFT CORPORATION	A-1+	P-1	F1+	AAA	Aaa	AA+
ISSUERS ON HOLD						
JOHNSON & JOHNSON (SEPTEMBER, 2019)*	A-1+	P-1	F1+	AAA	Aaa	AAA
TORONTO DOMINION BANK NY (MARCH, 2017)**	A-1+	P-1	F1+	AA-	Aa3	AA-
WALMART INC (JULY, 2018)***	A-1+	P-1	F1+	AA	Aa2	AA
MUNICIPAL BONDS						
ORANGE CNTY CA PENSION OBLG 2019 A	NR	NR	NR	NR	NR	NR
STATE POOL - LOCAL AGENCY INVESTMENT FUND						
LOCAL AGENCY INVESTMENT FUND	NR	NR	NR	NR	NR	NR

MONEY MARKET MUTUAL FUNDS **

NAME OF FUND	S & P	Moody's	Fitch
INVESCO GOVERNMENT & AGENCY SHORT-TERM INVESTMENTS TRUST (AIM)	AAAm	Aaa-mf	AAAmmf
GOLDMAN SACHS FINANCIAL SQUARE GOVT FUND	AAAm	Aaa-mf	NR
MORGAN STANLEY INSTITUTIONAL LIQUIDITY FUNDS - GOVT	AAAm	Aaa-mf	NR
NORTHERN INSTITUTIONAL TREASURY PORTFOLIO	AAAm	NR	NR

* Moody's placed its L/T issuer credit rating on Negative Outlook on August 28, 2019.

** Moody's downgraded its L/T issuer credit rating from Aa1 to Aa3 on September 24, 2018.

*** S&P changed the Walmart Inc Outlook from Negative to Stable on June 10, 2019.

**** All money market funds are institutional money market funds investing in debt issued or guaranteed by the U.S. Government and its agencies.

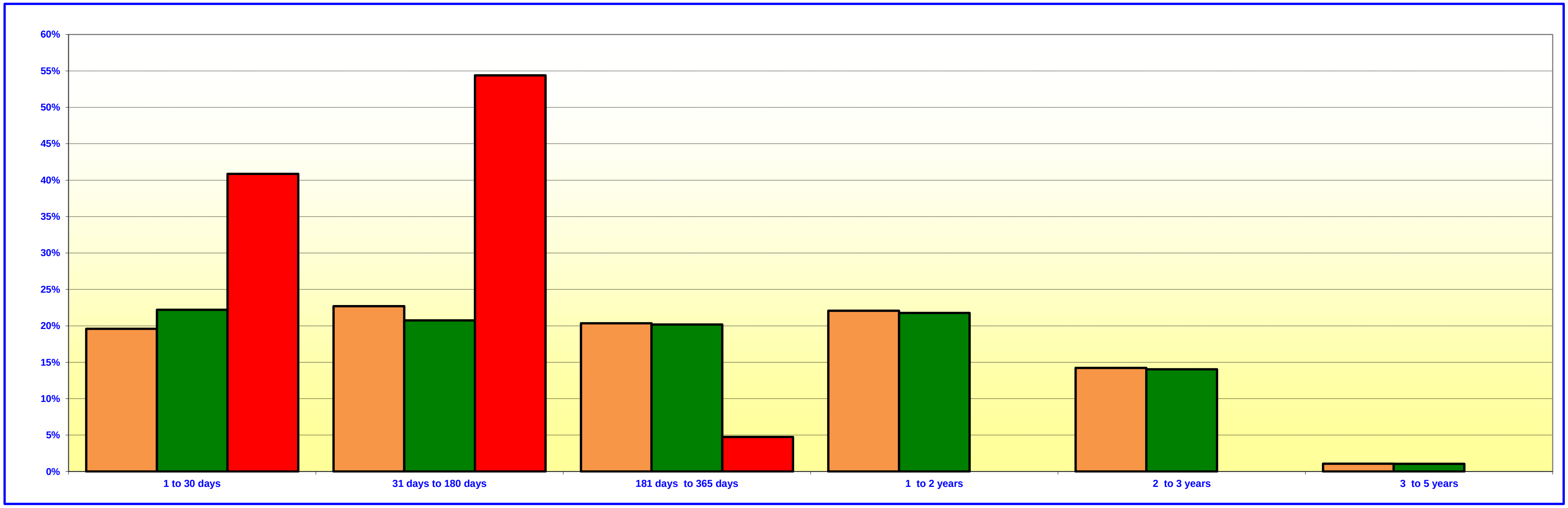
Orange County Treasurer-Tax Collector
Changes in Approved Issuer's List
For the Month Ended September 30, 2019

During September, there was one change to the Treasurer's Approved Issuer List. The Credit Investment Committee placed Johnson & Johnson on hold. An ongoing credit analysis of all issuers owned in the Investment Pools is reviewed on a daily, monthly, quarterly, and annual basis.

ORANGE COUNTY TREASURER - TAX COLLECTOR

MATURITIES DISTRIBUTION

September 30, 2019



ORANGE COUNTY INVESTMENT POOL

		In Thousands [1][2]	%
1 TO 30 DAYS	$	763,057	19.60%
31 TO 180 DAYS		883,944	22.70%
181 TO 365 DAYS		792,190	20.35%
1 YEAR TO 2 YEARS		859,119	22.06%
2 YEARS TO 3 YEARS		553,724	14.22%
3 YEARS TO 5 YEARS		41,639	1.07%
TOTAL	$	3,893,673	100.00%

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL

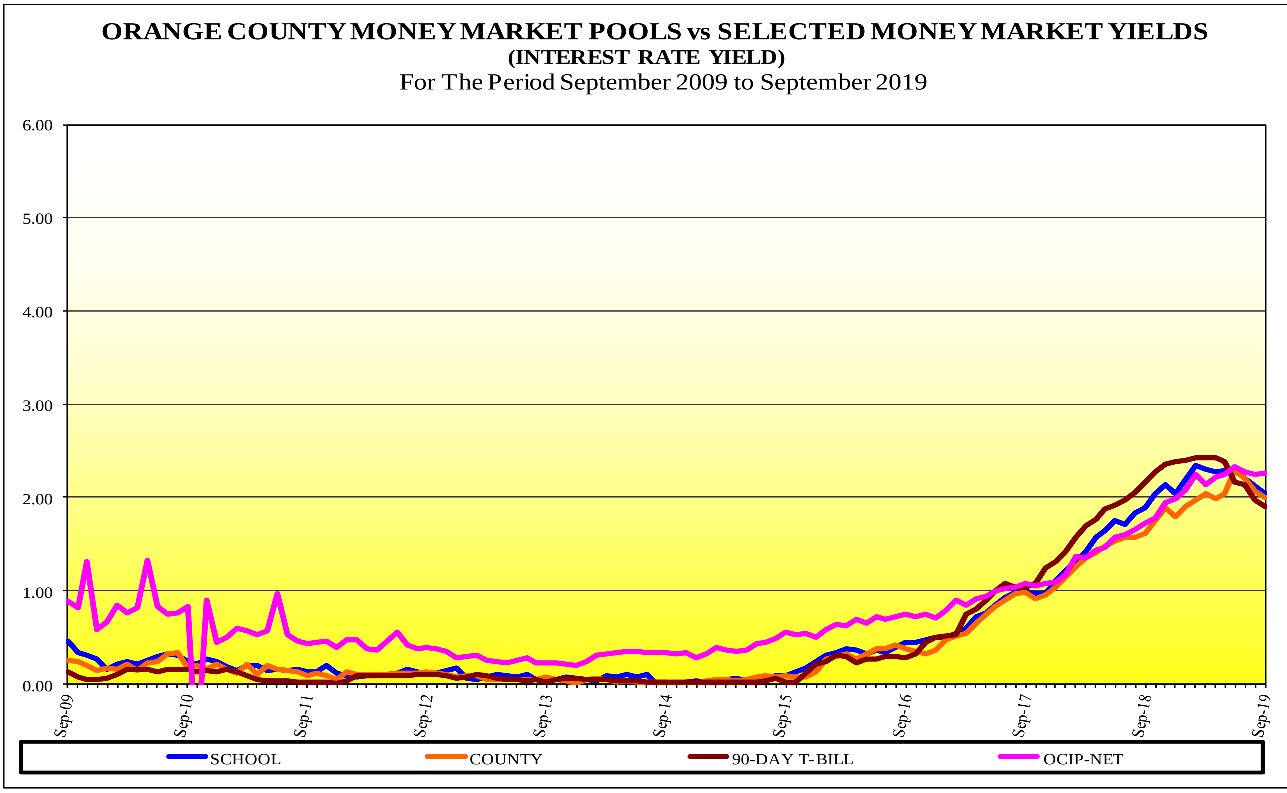
		In Thousands [1][2]	%
1 TO 30 DAYS	$	1,070,031	22.21%
31 TO 180 DAYS		999,546	20.74%
181 TO 365 DAYS		972,393	20.18%
1 YEAR TO 2 YEARS		1,049,390	21.78%
2 YEARS TO 3 YEARS		676,358	14.04%
3 YEARS TO 5 YEARS		50,861	1.05%
TOTAL	$	4,818,579	100.00%

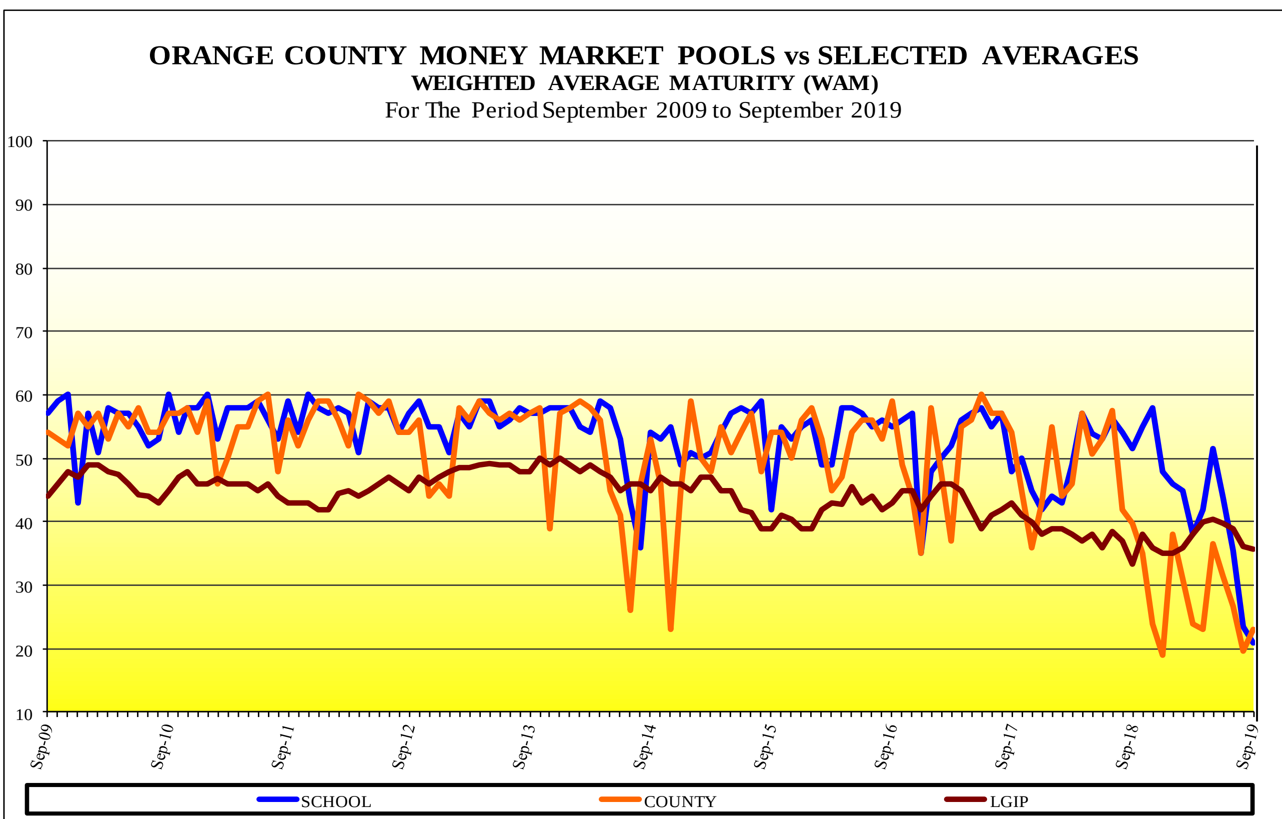
JOHN WAYNE AIRPORT INVESTMENT FUND

		In Thousands [1][2]	%
1 TO 30 DAYS	$	21,527	40.87%
31 TO 180 DAYS		28,650	54.39%
181 TO 365 DAYS		2,500	4.74%
TOTAL	$	52,677	100.00%

(1) Maturity limits are calculated using face value.

(2) Floating Rate Notes are deemed to have a maturity date equal to their next interest reset date. At 9/30/19, Floating Rate Notes comprise 1.46%, 1.44%, and 0.00% of the Orange County Investment Pool, Orange County Educational Investment Pool, and JWA Investment Fund respectively.





•For the Month Ended September 30, 2019, S&P LGIP – 2.13; S&P LGIP WAM -35.75; 90-Day T-Bill – 1.90; OCIP – Net – 2.24

ORANGE COUNTY TREASURER-TAX COLLECTOR

INVESTMENT POOL YIELDS

October 1, 2018 - September 30, 2019

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
Current Month September 2019				
OCMMF	$ 832,718,514	$ 1,335,514	**2.06%**	23
OCEMMF	$ 1,079,713,278	$ 1,712,219	**2.11%**	21
Extended Fund	$ 6,830,678,068	$ 13,471,516	**2.39%**	412
August 2019				
OCMMF	$ 812,723,446	$ 1,320,483	2.14%	20
OCEMMF	$ 1,113,887,882	$ 2,107,568	2.18%	23
Extended Fund	$ 6,863,197,257	$ 13,930,239	2.35%	412
July 2019				
OCMMF	$ 756,297,142	$ 1,391,508	2.26%	27
OCEMMF	$ 1,218,853,617	$ 2,230,519	2.27%	36
Extended Fund	$ 7,102,603,734	$ 15,240,082	2.36%	393
June 2019				
OCMMF	$ 754,373,471	$ 1,686,999	2.36%	31
OCEMMF	$ 1,278,057,068	$ 1,690,613	2.37%	44
Extended Fund	$ 7,802,972,979	$ 15,681,474	2.39%	389
May 2019				
OCMMF	$ 946,662,206	$ 2,522,491	2.40%	36
OCEMMF	$ 863,380,131	$ 1,449,802	2.44%	52
Extended Fund	$ 8,153,832,319	$ 16,432,152	2.33%	400
April 2019				
OCMMF	$ 1,473,136,985	$ 3,268,647	2.41%	23
OCEMMF	$ 673,755,896	$ 1,385,453	2.45%	42
Extended Fund	$ 8,469,216,639	$ 16,026,764	2.32%	404
March 2019				
OCMMF	$ 1,198,047,208	$ 2,003,755	2.42%	24
OCEMMF	$ 737,915,029	$ 1,576,746	2.43%	38
Extended Fund	$ 7,569,145,253	$ 14,346,556	2.20%	373
February 2019				
OCMMF	$ 959,764,688	$ 1,446,952	2.39%	31
OCEMMF	$ 818,406,110	$ 1,728,742	2.47%	45
Extended Fund	$ 7,765,300,719	$ 13,865,935	2.33%	385
January 2019				
OCMMF	$ 729,137,854	$ 1,705,963	2.37%	38
OCEMMF	$ 1,016,881,693	$ 2,012,023	2.39%	46
Extended Fund	$ 7,842,914,574	$ 14,377,035	2.14%	389
December 2018				
OCMMF	$ 1,321,837,296	$ 2,795,061	2.25%	19
OCEMMF	$ 1,024,704,481	$ 1,712,928	2.31%	48
Extended Fund	$ 8,032,587,705	$ 13,770,790	2.07%	367
November 2018				
OCMMF	$ 1,359,045,595	$ 2,130,391	2.19%	24
OCEMMF	$ 947,430,723	$ 1,609,638	2.26%	58
Extended Fund	$ 6,985,523,091	$ 11,064,795	1.99%	430
October 2018				
OCMMF	$ 1,261,626,895	$ 1,750,806	2.12%	35
OCEMMF	$ 806,665,529	$ 1,662,005	2.16%	55
Extended Fund	$ 6,608,660,258	$ 10,301,655	1.82%	444
OC Extended Fund B	$ -	$ 87	N/A	N/A
Fiscal Year July 1, 2019 - June 30, 2020	**Average Month End Market Value Balance**	**YTD Interest Income**	**YTD Gross Yield**	**YTD Average**
OCIP	$ 3,849,394,855	$ 22,827,251	**2.31%**	326
OCEIP	$ 5,020,829,457	$ 29,912,398	**2.30%**	319
OC Extended Fund B	$ -	$ -	N/A	N/A

NOTE: Schedule does include additional interest income earned from Money Market Mutual Funds (MMMF) in FY 18-19, but excludes interest income from MMMFs earned in FY 17-18.

ORANGE COUNTY TREASURER-TAX COLLECTOR
CASH AVAILABILITY PROJECTION
FOR THE SIX MONTHS ENDING MARCH 31, 2020

Government Code Section 53646 (b) (3), effective on January 1, 1996, requires the Treasurer-Tax Collector to include a statement in the investment report, denoting the ability of the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP) to meet their expenditure requirements for the next six months.

The OCIP and OCEIP consist of funds in the treasury deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with Government Code Section 53684.

The Treasurer-Tax Collector is required to disburse monies placed in the treasury as directed by the Auditor-Controller and the Department of Education, except for the making of legal investments, to the extent funds are transferred to one or more clearing funds in accordance with Government Code Section 29808.

The Treasurer-Tax Collector, in her projection of cash availability to disburse funds as directed by the Auditor-Controller and the Department of Education, is primarily relying on historical trends involving deposits and withdrawals and known future cash flows. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

The Cash Availability Projection for the six months ending March 31, 2020, indicates the ability of the pools to meet projected cash flow requirements. However, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

ORANGE COUNTY INVESTMENT POOL

Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
September 2019 - Ending Cash				$ 25,634,953
October	$ 806,014,161	$ 1,079,413,716	$ 483,979,753	1,427,083,077
November	301,739,202	1,599,996,914	1,185,795,494	2,143,023,699
December	108,815,435	2,229,451,909	2,008,128,039	2,473,163,004
January	176,876,187	537,937,099	1,239,050,414	1,948,925,876
February	197,467,291	549,930,376	330,101,491	2,366,222,052
March	126,741,296	1,000,299,056	729,295,585	2,763,966,819

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL

Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
September 2019 - Ending Cash				$ 15,230,624
October	$ 1,144,366,062	$ 354,454,544	$ 727,814,087	786,237,143
November	291,272,151	916,622,717	700,061,514	1,294,070,497
December	99,975,999	1,400,187,429	489,559,478	2,304,674,447
January	218,858,003	761,151,157	934,392,128	2,350,291,479
February	241,824,697	305,128,516	703,845,111	2,193,399,581
March	154,811,063	618,692,403	731,640,064	2,235,262,983

ORANGE COUNTY TREASURER-TAX COLLECTOR
STATEMENT OF ACCOUNTABILITY
For the Month and Quarter Ended September 30, 2019

	Month	Quarter
Treasurer's Accountability at the Beginning of the Period:	**$ 8,931,171,732**	**$ 9,934,120,874**
Cash Receipts:		
County	442,981,763	1,367,294,011
School and Community College Districts	631,740,596	1,241,778,672
Total Cash Receipts	1,074,722,359	2,609,072,683
Cash Disbursements:		
County	415,349,223	1,680,040,473
School and Community College Districts	733,758,779	2,006,539,042
Total Cash Disbursements	1,149,108,002	3,686,579,515
Net Change in Cost Value of Pooled Assets	(74,385,643)	(1,077,506,832)
Net Increase in Non-Pooled Investments	183,460	643,369
Net Decrease in Non-Pooled Cash	(1,276,921)	(1,564,783)
Treasurer's Accountability at the End of the Period:	**$ 8,855,692,628**	**$ 8,855,692,628**

Assets in the Treasury at the End of the Period (at Cost Value):

Pooled Investments:	
Orange County Investment Pool	$ 3,885,341,490
Orange County Educational Investment Pool	4,808,108,747
Total Pooled Investments	8,693,450,237
Non-Pooled Investments:	
Non-Pooled Investments - John Wayne Airport	52,437,537
Non-Pooled Investments - Fountain Valley School District Fund 40	34,700,216
Non-Pooled Investments - CCCD Series 2017E Bonds	21,123,173
Total Non-Pooled Investments	108,260,926
Cash and Cash Equivalent:	
Cash in banks - County	25,605,448
Cash in banks - Schools	15,230,624
Cash in banks - OC Sheriff	10,110,788
Cash in banks - John Wayne Airport	3,005,100
Cash - Other	29,505
Total Cash	53,981,465
Total Assets in the Treasury at the End of the Period:	**$ 8,855,692,628**

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) COMPLIANCE SUMMARY
September 30, 2019

Investment Policy (IPS) Guidelines		Orange County Money Market Fund		Extended Fund		Orange County Educational Money Market Fund		John Wayne Airport Investment Fund	
Diversification Limit	Investment Type	Market Value of Investments [1]	Percent of Portfolio	Market Value of Investments [1]	Percent of Portfolio	Market Value of Investments [1]	Percent of Portfolio	Market Value of Investments [1]	Percent of Portfolio
100%	U.S. Treasuries Securities	$ 346,713,508	41.64%	$ 1,586,268,755	23.22%	$ 241,359,822	22.35%	$ 25,264,227	48.00%
100%	U.S. Government Agency Securities	357,055,992	42.88%	4,395,569,702	64.35%	653,810,032	60.55%	19,822,677	37.66%
20%	Municipal Debt	-	0.00%	301,635,000	4.42%	-	0.00%	-	0.00%
20%	Medium-Term Notes	10,006,900	1.20%	490,923,888	7.19%	11,524,028	1.08%	-	0.00%
40%	Banker Acceptances	-	0.00%	-	0.00%	-	0.00%	-	0.00%
40%	Commercial Paper	-	0.00%	-	0.00%	-	0.00%	-	0.00%
20%	Negotiable Certificates of Deposits	-	0.00%	-	0.00%	-	0.00%	-	0.00%
$65MM	Local Agency Investment Fund (LAIF)	-	0.00%	56,280,723	0.82%	-	0.00%	-	0.00%
20%	Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%	-	0.00%
20%	Money Market Mutual Funds (MMMFs)	118,942,114	14.28%	-	0.00%	173,019,396	16.02%	7,546,684	14.34%
20%	JPA Investment Pools (JPA)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
30%	Supranationals	-	0.00%	-	0.00%	-	0.00%	-	0.00%
		$ 832,718,514	100.00%	$ 6,830,678,068	100.00%	$ 1,079,713,278	100.00%	$ 52,633,588	100.00%

Investment Policy (IPS) Guidelines	Compliance Category (Yes/No)	Orange County Money Market Fund	Extended Fund	Orange County Educational Money Market Fund	John Wayne Airport Investment Fund
	Percentage Limits				
5%	Issuer Limit	*Yes*	*Yes*	*Yes*	*Yes*
20%	MMMFs, JPA, Repurchase Agreements	*Yes [3]*	*N/A*	*Yes [3]*	*Yes*
100%	Government Agencies Issuer	*Yes [4]*	*Yes*	*Yes [4]*	*Yes [4]*
See Above	Diversification Limit	*Yes*	*Yes*	*Yes*	*Yes*
	Maturity/Duration Limits				
60 Days	Weighted Average Maturity - Money Market Fund	*Yes/22.95*	*N/A*	*Yes/20.99*	*N/A*
90 Days	Weighted Average Maturity - JWA Investment Fund	*N/A*	*N/A*	*N/A*	*Yes/55.10*
1.5 Years	Duration [5]	*N/A*	*Yes/1.11*	*N/A*	*N/A*
13 Months/397 days	Final Maturity - Money Market Fund	*Yes/219*	*N/A*	*Yes/221*	*N/A*
15 Months/458 days	Final Maturity - John Wayne Airport Investment Fund	*N/A*	*N/A*	*N/A*	*Yes/213*
5 Years/1826 days	Final Maturity - Extended Fund	*N/A*	*Yes/1621*	*N/A*	*N/A*
	Rating Limits				
A-1/≥ AA [2]	Money Market Fund Short Term/Long Term	*Yes*	*N/A*	*Yes*	*Yes*
≥ A-1/P-1/F1	Short Term Debt/No Split Ratings	*Yes*	*N/A*	*Yes*	*Yes*
A-1/≥ AA [2]	Extended Fund Short Term/Long Term	*N/A*	*Yes*	*N/A*	*N/A*
Approved Issuer List	Authorized Issuer	*Yes*	*Yes*	*Yes*	*Yes*
Broker/Dealer List	Authorized Financial Dealer/Institution	*Yes*	*Yes*	*Yes*	*Yes*
>0.9975	Net Asset Value - Money Market Fund and JWA	*Yes/1.0008*	*N/A*	*Yes/1.0006*	*Yes/1.0016*

(1) All investments are marked to market in compliance with the IPS and market values are provided by Bloomberg Professional Services and Northern Trust.
(2) Excludes US Government Debt and municipal debt issued by the County of Orange, California, per the 2019 IPS policy approved by the Board of Supervisors on December 18, 2018 effective on January 1, 2019.
(3) IPS requirements further limit investments in each MMMF account, JPA pool and repurchase agreement issuer to 10%.
(4) Rating Agency requirements limit the investments in U.S. Government Agency Securities to 33% for the two Money Market Funds.
(5) Duration is a modified duration, which does not take into consideration all embedded options such as callable bonds.

Note: Compliance exceptions, if any, are noted by red shading for the specific IPS guideline and investment pool.

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
September 30, 2019

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2018 in progress.
Quarterly Statement of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2019 completed. June 30, 2019 and September 30, 2019 in progress.
Annual Statement of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2018 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2019 completed. September 30, 2019 in progress.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 17/18 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2018 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2018 IPS certifications received for active approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions/Form 700	FY 19/20 identified zero compliance incidents as of August 31, 2019.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the November 19, 2018 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the November 19, 2018 meeting and did not make any additional changes. The BOS approved on December 18, 2018.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2018 Annual Report was approved at the BOS meeting March 12, 2019.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	The TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on January 30, 2019.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2019
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2018.
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	All current TOC members and designated employees are in compliance for calendar year 2018.

LEGEND	
Auditor-Controller	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

Orange County Treasurer-Tax Collector
Noncompliance Detail
For the Month Ended September 30, 2019

During September, the Orange County Investment Pool (OCIP), the Orange County Educational Investment Pool (OCEIP), and the John Wayne Airport Investment Fund were all free of investment noncompliance incidents.