

**MIRACOSTA
COMMUNITY COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2016

FINANCIAL SECTION

Independent Auditor's Report

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
MiraCosta Community College District
Oceanside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of MiraCosta Community College District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2015-2016 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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.

Vavinek Time Being & Co. LLP -

Rancho Cucamonga, California
December 8, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Full-Time Equivalent Student Growth

During 2015-2016, total full-time equivalent students (FTES) increased four percent from 10,915 to 11,348 for credit and non-credit courses. Credit FTES increased by 4.1 percent while non-credit FTES increased by 1.8 percent.

Full Time Equivalent Students FTES	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual* FY 2015	Actual** FY 2016
Total Credit FTES	9,735	10,161	10,212	10,264	10,685
Total Non-Credit FTES					

MIRACOSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

A Statement of Net Position as of June 30, 2016 and 2015, is summarized below:

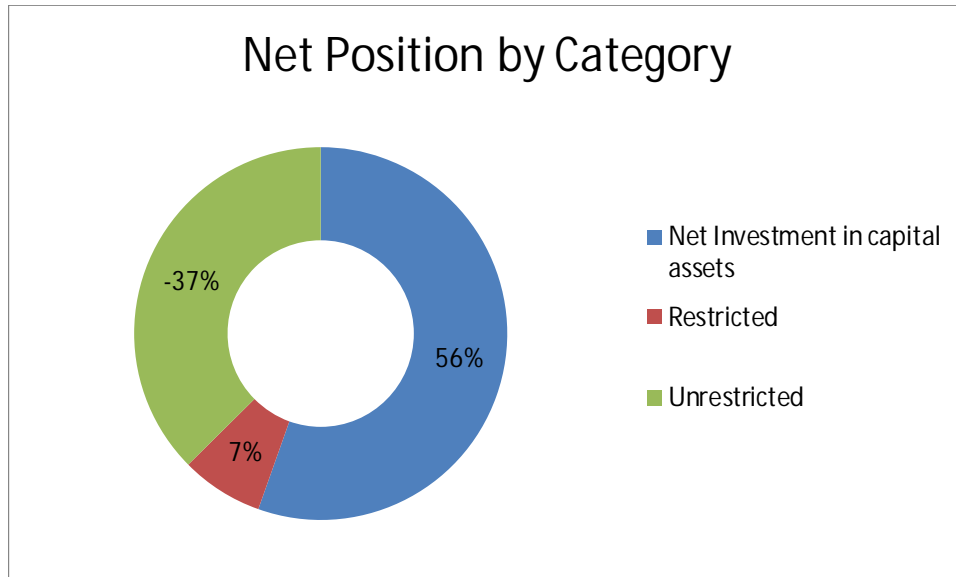
(Amounts in thousands)

	2016	2015	Change	Percentage Change
ASSETS				
Current Assets				
Cash and investments	\$ 47,735	\$ 44,328	\$ 3,407	7.69%
Accounts receivable	5,010	4,354	656	15.07%
Due from fiduciary funds	1	14	(13)	-92.86%
Prepaid expenses	752	68	684	1005.88%
Total Current Assets	53,498	48,764	4,734	9.71%
Net other postemployment benefits other				

MIRACOSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016



Statement of Revenues, Expenses, and Changes in Net Position

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

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

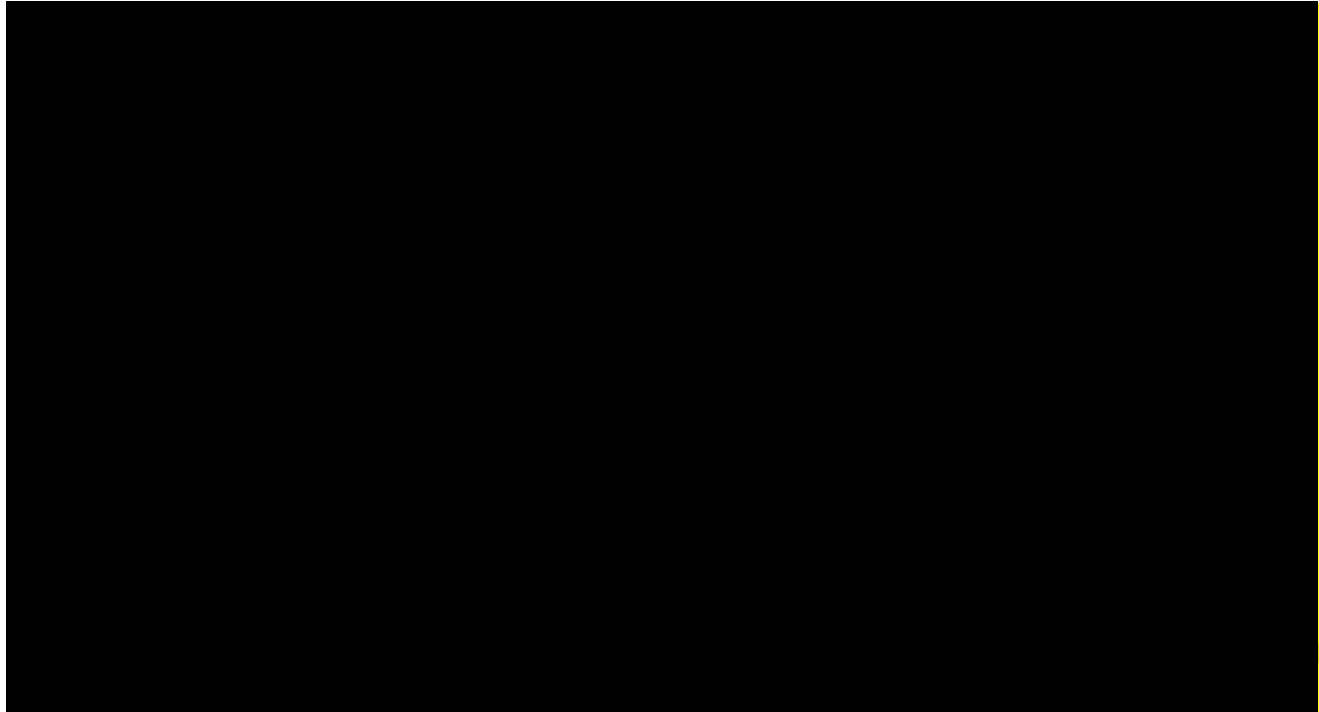
The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2016 and 2015, is summarized below:

(Amounts in thousands)

	2016	2015	Change	Percentage Change
Operating Revenues				
Tuition and fees	\$ 13,154	\$ 12,615	\$ 539	4.27%
Auxiliary sales and charges	286	293	(7)	-2.39%
Total Operating Revenues	13,440	12,908	532	4.12%
 Total Operating Expenses	 139,485	 129,406	 10,079	 7.79%
Operating Loss	(126,045)	(116,498)	(9,547)	8.19%
Nonoperating Revenues (Expenses)				
Grants and contracts	30,805	28,762	2,043	7.10%
Local property taxes	88,404	83,115	5,289	6.36%
State and other revenues	10,376	4,450	5,926	133.17%
Investment income, net	(190)	(60)	(130)	216.67%
Transfers to fiduciary funds	(117)	(123)	6	-4.88%
Other nonoperating revenues	3,931	3,680	251	6.82%
Total Nonoperating Revenue (Expenses)	133,209	119,824	13,385	11.17%
Other Revenues, Gains, and (Losses)				
State revenues, capital	270	110	160	145.45%
Local revenues, capital				

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**



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MIRACOSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2016**

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,956,294
Investments	45,778,633
Accounts receivable	4,344,988
Student accounts receivable	664,774
Due from fiduciary funds	781
Prepaid expenses	751,963
Total Current Assets	<u>53,497,433</u>

Noncurrent Assets

Net other postemployment benefits (OPEB) asset	2,818,124
Nondepreciable capital assets	9,789,525
Depreciable capital assets, net of depreciation	85,692,853
Total Noncurrent Assets	<u>98,300,502</u>

TOTAL ASSETS

151,797,935

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions	<u>20,127,882</u>
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LIABILITIES

Current Liabilities

Accounts payable	5,057,411
Accrued interest payable	102,790
Due to fiduciary funds	38,645
Unearned revenue	7,513,889
Current portion of long-term obligations other than pensions	1,315,023
Total Current Liabilities	<u>14,027,758</u>

Noncurrent Liabilities

Other long-term liabilities - noncurrent portion	15,367,633
Aggregate net pension obligation	84,757,726
Total Noncurrent Liabilities	<u>100,125,359</u>

TOTAL LIABILITIES

114,153,117

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>17,887,953</u>
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NET POSITION

Net investment in capital assets	87,795,521
Restricted for:	
Debt service	1,291,997
Capital projects	8,211,478
Educational programs	1,817,998
Unrestricted	(59,232,247)
TOTAL NET POSITION	<u>\$ 39,884,747</u>

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES

Student Tuition and Fees	\$ 20,442,566
Less: Scholarship discount and allowance	(7,288,154)
Net tuition and fees	<u>13,154,412</u>
Auxiliary Enterprise Sales and Charges	
Bookstore	259,229
Cafeteria	26,554
TOTAL OPERATING REVENUES	<u>13,440,195</u>

OPERATING EXPENSES

Salaries	73,209,850
Employee benefits	24,350,377
Supplies, materials, and other operating expenses and services	14,496,630
Student financial aid	19,183,291
Equipment, maintenance, and repairs	4,777,964
Depreciation	3,466,673
TOTAL OPERATING EXPENSES	<u>139,484,785</u>

OPERATING LOSS

(126,044,590)

NONOPERATING REVENUES (EXPENSES)

Education Protection Act and other general apportionment	1,282,029
Local property taxes, levied for general purposes	88,403,642
Federal grants	21,071,742
State grants	9,732,830
State taxes and other revenues	9,093,975
Investment income	247,724
Interest expense on capital related debt	(441,749)
Investment income on capital asset-related debt, net	4,155
Transfer to fiduciary funds	(117,000)
Other nonoperating revenue	3,931,392

TOTAL NONOPERATING REVENUES (EXPENSES)

133,208,740

INCOME BEFORE OTHER REVENUES

7,164,150

OTHER REVENUES

State revenues, capital	269,384
Local revenues, capital	1,200
Gain on disposal of capital assets	3,095
TOTAL OTHER REVENUES	<u>273,679</u>

CHANGE IN NET POSITION

7,437,829

NET POSITION, BEGINNING OF YEAR

32,446,918

NET POSITION, END OF YEAR

\$ 39,884,747

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 13,068,810
Payments to vendors for supplies and services	(20,594,747)
Payments to or on behalf of employees	(98,945,412)
Payments to students for scholarships and grants	(19,183,291)
Auxiliary enterprise sales and charges	285,783
Net Cash Flows From Operating Activities	(125,368,857)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grant and contracts	33,384,300
Property taxes - nondebt related	88,403,642
State taxes and other apportionments	9,713,590
Other nonoperating	3,347,687
Net Cash Flows From Noncapital Financing Activities	134,849,219

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(5,370,494)
Proceeds from sale of capital assets	14,462
Principal paid on capital debt	(1,268,162)
Interest paid on capital debt	(468,851)
Revenues, grants, and gifts, capital	798,453
Interest received on capital asset-related debt	4,155
Net Cash Flows From Capital Financing Activities	(6,290,437)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	217,504
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NET CHANGE IN CASH AND CASH EQUIVALENTS

3,407,429

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

44,327,498

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 47,734,927

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016**

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2016

	Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 21,586	\$ 317,523
Investments	1,106,519	-
Accounts receivable	72,874	850
Due from primary government	38,645	-
Fixed assets, net of depreciation	4,804,095	-
Total Assets	6,043,719	\$ 318,373
LIABILITIES		
Accounts payable	462,704	\$ 1,149
Due to primary government	781	-
Unearned revenue	37,992	

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Trust
ADDITIONS	
Local revenues	\$ 169,484
DEDUCTIONS	

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - ORGANIZATION

The MiraCosta Community College District (the District) was established in 1934 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund and capital project funds, but these budgets are managed at the department level. Currently, the District operates two campuses and one center. The main campus, MiraCosta College, is located on a 121-acre site in the city of Oceanside. The District also operates the 42-acre San Elijo campus in the city of Cardiff, a 7.6-acre Community Learning Center in Oceanside, and a 22,627-square-foot Technology Career Institute and North San Diego Small Business Development Center in Carlsbad. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB Statement No. 14, *The Financial Reporting Entity*. 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 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.

Based upon the requirements of GASB Statement No. 14, and as amended by GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the District, including their ongoing financial support to the District or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. 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.
2. 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.
3. 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.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Pensions

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load-banking" with et ankuensn eesw5splyee

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Net Position

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

State Apportionments

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

Property Taxes

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

MIRACOSTA COMMUNITY COLLEGE DISTRI

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 - PREPAID EXPENSES

Student Financial Aid Disbursement	\$ 478,305
Travel and conferences	55,205
Other	218,453
Total	<u>\$ 751,963</u>

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

Primary Government

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital Assets Not Being Depreciated				
Land	\$ 5,366,281	\$ -	\$ -	\$ 5,366,281
Construction in progress	939,117	5,287,086	1,802,959	4,423,244
Total Capital Assets Not Being Depreciated	<u>6,305,398</u>	<u>5,287,086</u>	<u>1,802,959</u>	<u>9,789,525</u>
Capital Assets Being Depreciated				
Infrastructure	6,973,451	-	-	6,973,451
Buildings and improvements	140,323,741	1,423,595	-	141,747,336
Furniture and equipment	18,140,193	1,621,057	684,588	19,076,662
Total Capital Assets Being Depreciated	<u>165,437,385</u>	<u>3,044,652</u>	<u>684,588</u>	<u>167,797,449</u>
Total Capital Assets	<u>171,742,783</u>	<u>8,331,738</u>	<u>2,487,547</u>	<u>177,586,974</u>
Less Accumulated Depreciation				
Infrastructure	4,802,097	164,217	-	4,966,314
Buildings and improvements	59,963,915	2,231,651	-	62,195,566
Furniture and equipment	14,545,132	1,070,805	673,221	14,942,716
Total Accumulated Depreciation	<u>79,311,144</u>	<u>3,466,673</u>	<u>673,221</u>	<u>82,104,596</u>
Net Capital Assets	<u>\$ 92,431,639</u>	<u>\$ 4,865,065</u>	<u>\$ 1,814,326</u>	<u>\$ 95,482,378</u>

Depreciation expense for the year was \$3,466,673.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Fiduciary Funds

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital Assets Being Depreciated				
Buildings and improvements	\$ 5,765,625	\$ -	\$ -	\$ 5,765,625
Furniture and equipment	92,130	-	9,156	82,974
Total Capital Assets Being Depreciated	<u>5,857,755</u>	<u>-</u>	<u>9,156</u>	<u>5,848,599</u>
Less Accumulated Depreciation				
Buildings and improvements	855,235	115,313	-	970,548
Furniture and equipment	79,260	3,852	9,156	73,956
Total Accumulated Depreciation	<u>934,495</u>	<u>119,165</u>	<u>9,156</u>	<u>1,044,504</u>
Net Capital Assets	<u>\$ 4,923,260</u>	<u>\$ (119,165)</u>	<u>\$ -</u>	<u>\$ 4,804,095</u>

Depreciation expense in the fiduciary funds for the year was \$119,165.

NOTE 9 - ACCOUNTS PAYABLE

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

As of June 30, 2016, the principal balance outstanding is \$12,010,000. The lease/purchase agreement matures through 2030 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ 695,000	\$ 365,779	\$ 1,060,779
2018	720,000	344,149	1,064,149
2019	740,000	321,669	1,061,669
2020	765,000	298,648	1,063,648
2021	790,000	274,778	1,064,778
2022-2026	4,330,000	989,264	5,319,264
2027-2030	3,970,000	280,726	4,250,726
Total	<u>\$ 12,010,000</u>	<u>\$ 2,875,013</u>	<u>\$ 14,885,013</u>

Capital Leases

On December 21, 2006, the District entered into a debt financing agreement with SunTrust Corporation for the construction of six energy efficiency projects valued at approximately \$2,234,983. The District is obligated to make payments through 2017 at an annual interest rate of 4.30 percent. At June 30, 2016, the principal balance outstanding was \$126,320.

The District's liability on lease agreements with option to purchase is summarized below:

Balance, July 1, 2015	\$ 385,101
Payments	256,735
Balance, June 30, 2016	<u>\$ 128,366</u>

The capital lease has minimum lease payments as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2017	\$ 128,366
Less: Amount Representing Interest	2,046
Present Value of Minimum Lease Payments	<u>\$ 126,320</u>

The District has entered into a capital lease agreement for the energy efficient project.

Building improvements (energy efficient project)	\$ 2,234,983
Less: Accumulated Depreciation	394,741
Total	<u>\$ 1,840,242</u>

Amortization of the energy efficient project under capital leases is included with depreciation expense.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required State contribution rate	7.12589%	7.12589%

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2015 and June 30, 2014, was 0.0805 percent and 0.0773 percent, respectively, resulting in a net increase in the proportionate share of 0.0032 percent.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ 182,879
2018	182,879
2019	182,879
2020	182,879
2021	182,879
Thereafter	182,881
Total	<u>\$ 1,097,276</u>

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model

MIRACOSTA COMMUNITY COLLEGE DISTRICT

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (767,508)
2018	(767,508)
2019	(767,508)
2020	1,255,516
Total	<u>\$ (1,047,008)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended	Deferred Outflows/(Inflows)
------------	--------------------------------

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Public Agency Retirement System Alternate Retirement System (PARS-ARS)

The Omnibus Budget Reconciliation Act of 1990 [Internal Revenue Code Section 3121 (b) (7) (F)] requires State and local public agencies to provide a retirement plan for all employees not covered under existing employer pension plans and/or Social Security.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

During the year ended June 30, 2016, the District made payments of \$937,067 and \$2,800,000 to San Diego School Risk Management and Retiree Health Benefit Program, respectively.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2011	\$ 10,439,411	\$ 25,431,972	\$ 14,992,561	41.0%	\$ 41,088,000	36.5%
July 1, 2013	12,325,353	19,428,276	7,102,923	63.4%	43,072,000	16.5%
July 1, 2015	17,226,726	20,095,621	2,868,895	85.7%	45,302,000	6.3%

See accompanying note to required supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
CalSTRS		
Contractually required contribution	\$ 4,116,353	\$ 3,553,691
Contributions in relation to the contractually required contribution	4,116,353	3,553,691
Contribution deficiency (excess)	\$ -	\$ -

See accompanying note to required supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

SUPPLEMENTARY INFORMATION

MIRACOSTA COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2016

MiraCosta Community College District (the District) was established in 1934 and serves an area of about 15 square miles in northern San Diego County (the County). The District includes the cities of Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach, as well as adjacent unincorporated areas of the County. The District operates two campuses and one center. The main campus, MiraCosta College, is located on a 121-acre site in the city of Oceanside. The District also operates the 42-acre San Elijo campus in the city of Cardiff and a 7.6 acre Community Learning Center in Oceanside.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dr. David Broad	President	2018
Mr. George McNeil	Vice President	2018
Dr. William C. Fischer	Member	2018
Ms. Jeanne Shannon	Member	2016
Mr. Frank Merchat	Member	2016
Mr. Rick Cassar	Member	2018
Ms. Jacqueline Simon	Member	2016

ADMINISTRATION

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Pass-Through From University of Southern California Managed Career Pipeline	12.617	10444427	\$ 5,136
U.S. DEPARTMENT OF LABOR			
EMPLOYMENT AND TRAINING ADMINISTRATION			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		906,927
Pass-Through From Chaffey Community College District Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants Program # 4	17.282	TC-26434-14-60-A-6	83,993
Total U.S. Department of Labor			<u>990,920</u>
SMALL BUSINESS ADMINISTRATION			
Pass-Through From Southwestern Community College District North San Diego Small Business Development Center Program	59.037	NSD2016A	<u>329,121</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS			
Veterans Services	64.117		<u>8,026</u>
U.S. DEPARTMENT OF EDUCATION			
HIGHER EDUCATION ACT			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		267,475
Federal Work Study (FWS)	84.033		209,974
Federal Work Study (FWS) Administrative Allowance	84.033		2,319
Federal Pell Grant (PELL)	84.063		14,916,920
Federal Pell Grant Administration	84.063		20,480
Federal Direct Student Loans	84.268		<u>2,643,139</u>
Subtotal Student Financial Assistance Cluster			<u>18,060,307</u>
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334A		995,643

[1] Pass-Through Entity Identifying Number is unavailable.

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
ADULT EDUCATION AND FAMILY LITERACY ACT			
Pass-Through From California Department of Education (CDE) WIA Title II: Adult Education and Family Literacy	84.002A	V002A140005	\$ 243,021
PERKINS CAREER AND TECHNICAL EDUCATION ACT			
Pass-Through From California Community Colleges Chancellor's Office			
Career and Technical Education, Title I-C	84.048	15-C01-032	281,184
Career and Technical Education, Transitions	84.048A	15-C01-032	45,119
Total U.S. Department of Education			19,625,274
Research and Development Cluster			
NATIONAL SCIENCE FOUNDATION			
Pass-Through From Montgomery County Community College The NBC2: Growing a Regional and National Networks for a 21st Century Workforce in Bioeconomy	47.076	NBC2-18-004	8,283
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through From the University Auxiliary and Research Services Corporation at California State University San Marcos North San Diego County Bridges to the Future	93.859	85956-DG/MC	13,082
Total Research and Development Cluster			21,365
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through From California Community Colleges Chancellor's Office Temporary Assistance for Needy Families (TANF)	93.558	[1]	59,817

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Program	Program Revenues			Total Revenue	Total Program Expenditures
	Cash Received	Accounts Receivable (Payable)	Unearned Revenue		
AB86 Adult Education Consortium Planning Grant	\$ 46,681	\$ -	\$ -	\$ 46,681	\$ 46,681
Adult Education Block Grant Data & Accountability Program	165,162	-	165,162	-	-
Adult Education Block Grant	1,001,300	-	566,247	435,053	435,053
Baccalaureate Pilot Degree Program	350,000	-	318,336	31,664	31,664
Basic Skills	174,448	-	60,991	113,457	113,457
Board Financial Assistance Program	434,400	-	-	434,400	434,400

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT
 FOR THE YEAR ENDED JUNE 30, 2016**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	Audited Data
A. Summer Intersession (Summer 2015 only)			
1. Noncredit	88.39	-	88.39
2. Credit	691.53	-	691.53
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit	-	-	-
2. Credit	359.01	-	359.01
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,343.29	-	6,343.29
(b) Daily Census Contact Hours	457.34	-	457.34
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	557.63	-	557.63
(b) Credit	158.56	-	158.56
3. Alternative Attendance Procedure Courses			
(a) Weekly Census Contact Hours	2,068.66	-	2,068.66
(b) Daily Census Contact Hours	606.17	-	606.17
(c) Noncredit Independent Study/Distance Education Courses	<u>17.72</u>	-	<u>17.72</u>
D. Total FTES	11,348.30	-	11,348.30
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	494.66	-	494.66
2. Credit	386.09	-	386.09
<u>CCFS-320 Addendum</u>			
Centers FTES			
1. Noncredit	552.72	-	552.72
2. Credit	1,774.93	-	1,774.93

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 17,177,337	\$ -	\$ 17,177,337	\$ 17,177,337	\$ -	\$ 17,177,337
Other	1300	16,079,303	-	16,079,303	16,143,465	-	16,143,465
Total Instructional Salaries		33,256,640	-	33,256,640	33,320,802	-	33,320,802
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	8,148,393	-	8,148,393
Other	1400	-	-	-	1,062,549	-	1,062,549
Total Noninstructional Salaries		-	-	-	9,210,942	-	9,210,942
Total Academic Salaries		33,256,640	-	33,256,640	42,531,744	-	42,531,744
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	15,399,793	-	15,399,793
Other	2300	-	-	-	1,423,250	-	1,423,250
Total Noninstructional Salaries		-	-	-	16,823,043	-	16,823,043
Instructional Aides							
Regular Status	2200	2,327,074	-	2,327,074	2,510,414	-	2,510,414
Other	2400	757,423	-	757,423	762,190	-	762,190
Total Instructional Aides		3,084,497	-	3,084,497	3,272,604	-	3,272,604
Total Classified Salaries		3,084,497	-	3,084,497	20,095,647	-	20,095,647
Employee Benefits	3000	9,177,976	1,661,811	10,839,787	20,279,080	2,165,663	22,444,743
Supplies and Material	4000	-	-	-	1,175,363	-	1,175,363
Other Operating Expenses	5000	-	-	-	6,957,656	-	6,957,656
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		45,519,113	1,661,811	47,180,924	91,039,490	2,165,663	93,205,153

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2016

	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 79,057	\$ -	\$ 79,057	\$ 79,057	\$ -	\$ 79,057
Student Health Services Above Amount Collected	6441	-	-	-	28,218	-	28,218
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	331,849	-	331,849
Objects to Exclude							
Rents and Leases	5060	-	-	-	5,235	-	5,235
Lottery Expenditures							
Academic Salaries	1000	-	-	-	1,284,705	-	1,284,705
Classified Salaries	2000	-	-	-	41,525	-	41,525
Employee Benefits	3000	-	-	-	371,720	-	371,720
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 28,425	\$ -	\$ 28,425
Capital Outlay	6000						
Library Books	6300	-	-	-	10,271	-	10,271
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
					10,271	-	10,271
					-	-	-
					2,181,005	-	2,181,005
					\$ 88,858,485	\$ 2,165,663	\$ 91,024,148
					100.00%		100.00%
					\$ 44,429,243		\$ 45,512,074

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 1,122,429
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	\$ -	\$ -	\$ 99,735	\$ 99,735
Building Maintenance and Repairs	6510	-	-	163,694	163,694
Other Operations and Maintenance of Plant	6590	-	-	138,521	138,521
Planning, Policymaking and Coordination	6600	-	-	88,990	88,990
Logistical Services	6770	-	-	188,271	188,271
Management Information Systems	6780	-	-	443,218	443,218
Total Expenditures for EPA		\$ -	\$ -	\$ 1,122,429	\$ 1,122,429
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016**

**Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:**

Total Fund Balance:

General Funds	\$ 24,334,873	
Capital Project Funds	14,040,953	
Debt Service Funds	1,394,787	
Enterprise Funds	776,196	
Internal Service Funds	<u>244,183</u>	
Total Fund Balance - All District Funds		\$ 40,790,992

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	177,586,974	
Accumulated depreciation is	(82,104,596)	
Less fixed assets already recorded in the enterprise funds	<u>(12,207)</u>	95,470,171

Recognizing the OPEB asset resulting from the difference between annual OPEB cost on the accrual basis and the OPEB contributions in the governmental funds. 2,818,124

Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis. 7,086,741

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred. (102,790)

The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits. 1,653,325

The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense. (5,463,558)

The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits. 842,201

The changes of assumptions are not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits. (1,878,780)

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

See accompanying note to supplementary information.

INDEPENDENT AUDITOR'S REPORTS

Purpose of This Report



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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Vavrinek, Trine, Day & Co., LLP

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VALUE THE DIFFERENCE

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 429	Student Success and Support Program (SSSP)
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

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

The District reports no Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District reports no attendance within classes subject to the TBA Hours; therefore, the compliance tests within this section were not applicable.

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

Vivian T. Davis Co. LLP

Rancho Cucamonga, California
December 8, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS

Unmodified

No
None reported
No

FEDERAL AWARDS

No
None reported
Unmodified

No

CFDA Numbers

Name of Federal Program or Cluster

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

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

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.