

MIRA COSTA  
COMMUNITY COLLEGE DISTRICT

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ANNUAL FINANCIAL REPORT

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JUNE 30, 2017



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FINANCIAL SECTION

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## 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Opinion





## INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of MiraCosta Community College District (the District) for the year ended June 30, 2017. 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 was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35 beginning with fiscal year 2002-2003, using the Business-Type Activity (BTA) model. The California Community College Chancellor's Office, through its Fiscal Standards and



# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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### Full-Time Equivalent Student Growth

During 2016-2017, total full-time equivalent students (FTES) decreased 3.6 percent from 11,348 to 11,082 for credit and noncredit students. The trend over the last two years has been over 11,000 FTES, while the prior three years were at 10,900.

Full-Time Equivalent Students FTES	Actual FY 2013	Actual FY 2014	Actual FY 2015	Actual FY 2016	Actual P3 FY 2017
Total Credit FTES	10,161	10,212	10,264	10,685	10,299
Total Noncredit FTES	741	736	652	664	783
Total FTES	10,901	10,948	10,915	11,348	11,082
Total FTES Annual Change from Prior Year	376	47	(33)	433	(266)
Total Credit FTES % Change year to year	4.4%	0.5%	0.5%	4.1%	-3.6%
Total Noncredit FTES % Change year to year	-6.2%	-0.7%	-11.4%	1.8%	18.0%
Total FTES % Change year to year	3.6%	0.4%	-0.3%	4.0%	-2.3%

P3 Report 7/12/2017





MIRACOSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2017

A Statement of Net Position as of June 30, 2017 and 2016, is summarized below:

(Amounts in thousand)

	2017	2016	Change	Percentage Change
<b>ASSETS</b>				
<b>Current Asset</b>				
Cash and investment	\$ 48,186	\$ 47,735	\$ 451	0.94%
Accounts receivable	5,782	5,010	772	15.41%
Due from fiduciary fund	77	1	76	7600.00%
Prepaid expenses	353	752	(399)	-53.06%
Total Current Asset	<u>54,398</u>	<u>53,498</u>	<u>900</u>	<u>1.68%</u>
Net other postemployment benefits other than pensions (OPEB) as	3,969	2,818	1,151	40.84%
Capital assets (net)	99,683	95,482	4,201	4.40%
Total Asset	<u>158,050</u>	<u>151,798</u>	<u>6,252</u>	<u>4.12%</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>23,271</u>	<u>20,128</u>	<u>3,143</u>	<u>15.62%</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	3,098	5,160	(2,062)	-39.96%
Due to fiduciary fund	192	39	153	392.31%
Unearned revenue	10,110	7,514	2,596	34.55%
Current portion of long-term obligations other than pension	1,273	1,315	(42)	-3.19%
Total Current Liability	<u>14,673</u>	<u>14,028</u>	<u>645</u>	<u>4.60%</u>
<b>Noncurrent Liability:</b>				
Noncurrent long-term obligations other than pension	14,271	15,367	(1,096)	-7.13%
Aggregate net pension obligation	101,111	84,758	16,353	19.30%
Total Noncurrent Liability	<u>115,382</u>	<u>100,125</u>	<u>15,257</u>	<u>15.24%</u>
Total Liabilities	<u>130,055</u>	<u>114,153</u>	<u>15,902</u>	<u>13.93%</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>7,158</u>	<u>17,888</u>	<u>(10,730)</u>	<u>-59.98%</u>
<b>NET POSITION</b>				
Net investment in capital assets	88,139	87,796	343	0.39%
Restricted	12,256	11,321	935	8.26%
Unrestricted	(56,291)	(59,232)	2,941	-4.97%
Total Net Position	<u>\$ 44,104</u>	<u>\$ 39,885</u>	<u>\$ 4,219</u>	<u>10.58%</u>

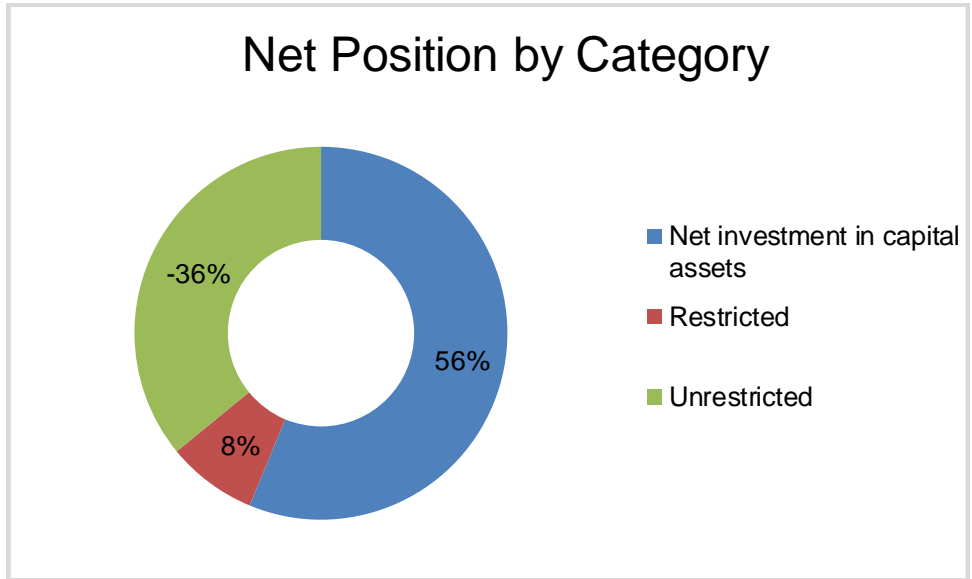
# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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- x Cash and investments increased \$451 thousand over 2016. The fiscal year-end cash and investment balances are the results of the revenue inflows and expense outflows of cash as noted in the Statement of Cash Flows on page 20 was relatively flat from prior year's ending balance with a net change of



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

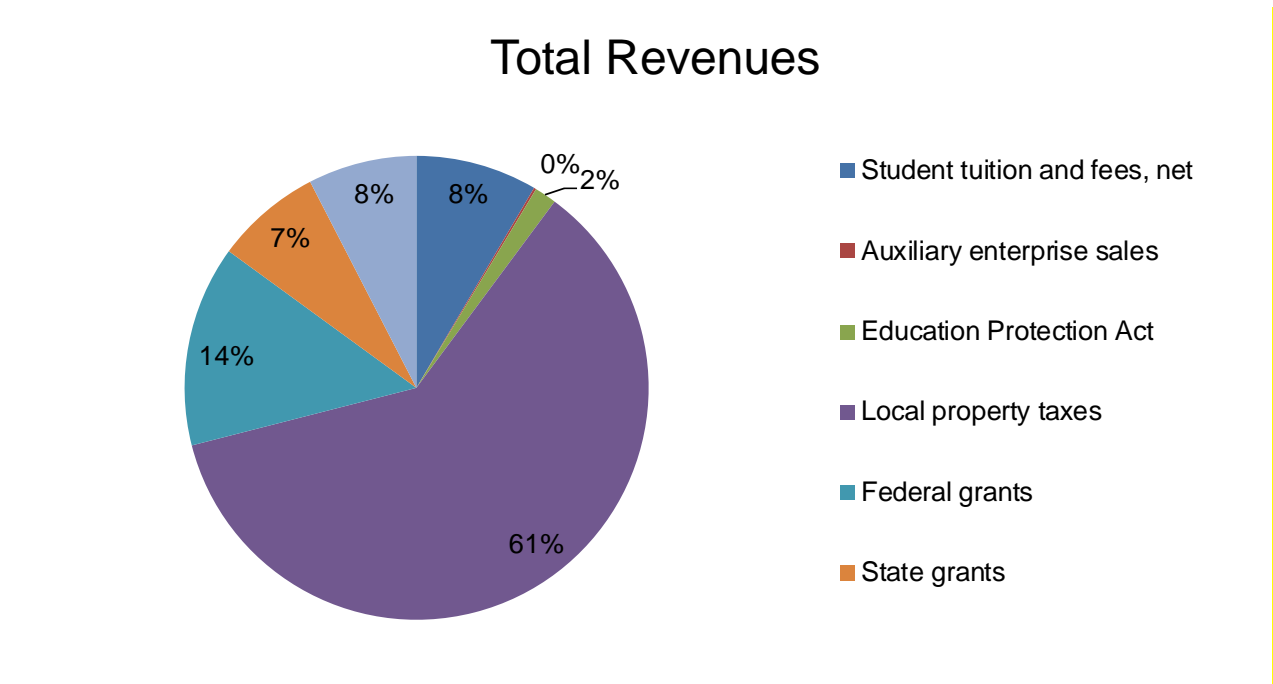
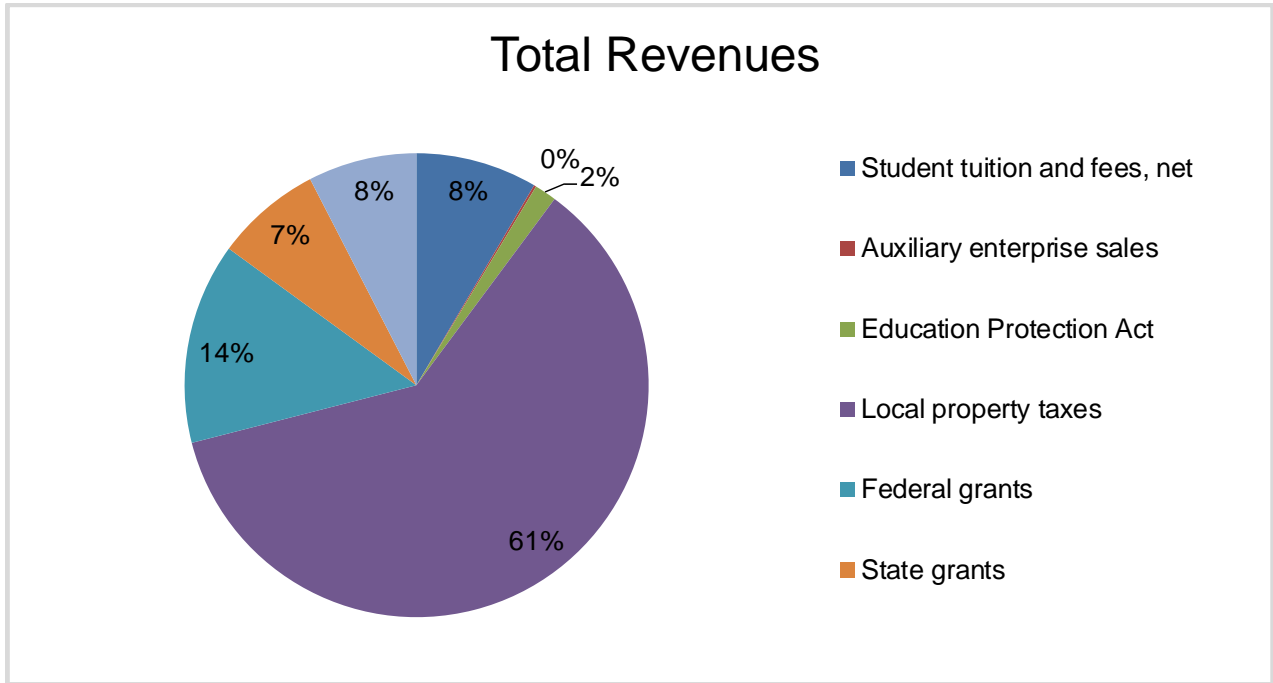
## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2017 and 2016, is summarized below:

(Amounts in thousand)

	2017	2016	Change	Percentage Change
Operating Revenue				
Tuition and fee	\$ 13,052	\$ 13,152	\$ (102)	-0.78%
Auxiliary enterprise sales and char	250	286	(36)	-12.59%
Total Operating Revenue	13,302	13,440	(138)	-1.03%
Total Operating Expenses	149,103	139,484	9,619	6.90%
Operating Loss	(135,801)	(126,045)	(9,756)	7.74%
Nonoperating Revenues (Expenses)				
Grants and contracts	33,070	30,804	2,266	7.35%





# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification for all governmental funds, including student financial aid, are as follows:

(Amounts in thousand

Instructional Salaries and	Noninstructional Salaries and	Supplies Material, and
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# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for non-operating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

- x As of June 30, 2017, the District had \$99.7 million invested in capital assets net of accumulated depreciation. Total capital assets consist of land, infrastructure, buildings and building improvements, construction in progress, vehicles, data processing equipment, and other office equipment. Capital assets increased by \$4.2 million during 2016-2017, and depreciation expense of approximately \$3.5 million was recorded for the fiscal year, an increase of \$48 thousand.
- x Capital additions and deductions of construction in progress comprise costs associated with replacement and renovation of existing facilities.

Note 8 in the financial statements provides additional information on capital assets. A summary of capital assets, net of depreciation, is presented below:

(Amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land and construction in progress	\$ 8,371	\$ 9,789	\$ (1,418)
Buildings and improvements	87,212	81,559	5,653
Furniture and equipment	4,100	4,134	(34)
Net Capital Assets	<u>\$ 99,683</u>	<u>\$ 95,482</u>	<u>\$ 4,201</u>

#### Debt

- x At June 30, 2017, the District had \$12.3 million in debt in revenue bonds payable which reflects a decrease of \$1.1 million from the annual payments of the bond debts, which are the Lease Revenue Bonds from 2010 and 2015.
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MIRACOSTA COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

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Note 11 in the financial statements provides additional information on long-term obligations. A summary of long-term obligation is presented below:

(Amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenue bonds payable	\$ 12,297	\$ 13,390	\$ (1,093)
Compensated absences and load bal	3,247	3,166	81
Capital lease	-	126	(126)
Aggregate net pension obligat	101,115	84,758	16,357
Total Long-Term Obligation	<u>\$ 116,659</u>	<u>\$ 101,440</u>	<u>\$ 15,219</u>

MIRACOSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT  
JUNE 30, 2017

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MIRACOSTA COMMUNITY COLLEGE DISTRICT

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 14,622,680
Payments to vendors for supplies and services	(21,346,252)
Payments to or on behalf of employees	(104,348,387)
Payments to students for scholarships and grants	(19,764,591)
Auxiliary enterprise sales and charges	<u>250,235</u>
Net Cash Flows From Operating Activities	<u>(130,586,315)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant and contracts	34,645,251
Property taxes - nondebt related	93,929,698
State taxes and other apportionments	10,923,890
Other nonoperating	<u>603,148</u>
Net Cash Flows From Noncapital Financing Activities	<u>140,101,987</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(8,648,486)
Proceeds from sale of capital assets	17,430
Principal paid on capital debt	(1,219,824)
Interest paid on capital debt	(388,540)
Revenues, grants, and gifts, capital	762,465
Interest received on capital asset-related debt	<u>8,299</u>
Net Cash Flows From Capital Financing Activities	<u>(9,468,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	<u>404,210</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	451,226
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>47,734,927</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 48,186,153</u>

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, 2017

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MIRACOSTA COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2017

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	Retiree OPEB Trust	Other Trusts	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 35,626	\$ 344,526
Investment	21,837,796	259,854	-
Accounts receivable	-	5,422	843
Due from primary government	-	191,606	-

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, 2017

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	Retire OPEB Trust	Other Trusts
ADDITIONS		

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

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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### 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.

#### 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.

#### MiraCosta Community College District Retiree Health Benefit Program Trust

MiraCosta Community College District Retiree Health Benefit Program Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits

MIRACOSTA COMMUNITY COLLEGE DISTRICT









# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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**Nonoperating revenues-** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as property taxes, investment income, Federal, State, and local grants and contracts, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

**Classification of Expenses** Nearly all the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

**Operating expenses** Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

**Nonoperating expenses** Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

### 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 behalf of the District. Local property tax revenues are recorded when received.

### Scholarships, Discounts, and Allowances

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

### Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study and Federal Direct



MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

In March 2016, the GASB issued Statement No. 72, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25, GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27, and GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That



# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS



MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017

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Summary of Deposits and Investments

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

	Primary Government	Fiduciary Funds
Cash on hand and in banks	\$ 1,035,345	\$ 380,146
Cash in revolving	115,000	-
Investments	47,035,808	22,097,648
Total Deposits and Investme	<u>\$ 48,186,15</u>	<u>\$ 22,477,79</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Diego County Investment Pool and the Master Trust.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Book Value	Fair Value	Weighted Average Days to Maturity
U.S. Federated Cash Reserves	\$ 319,169	\$ 319,169	50
San Diego County Investment Pool	46,976,493	46,817,282	417
Master Trust	21,837,794	21,837,794	N/A
Total	<u>\$ 69,133,45</u>	<u>\$ 68,974,24</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the bank balance totaled \$1,530,859 of which \$1,030,859 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District. The balance of \$1,530,859 consisted of \$1,112,684 in District funds and \$418,175 in fiduciary funds.

### NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized - Investments in the San Diego County Investment Pool are not measured using the input levels above because the District's transactions are b4-5-4(r)5.6(cu)-2.u2.5( i)7a-3.5(n1(t)-4D ET Q q BT315.5(s).4(en)-2.



# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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The District's fair value measurements are as follows at June 30, 2017:

Investment Type	Fair Value	Level 1 Inputs	Level 3 Inputs	Uncategorized
U.S. Federated Cash Reserves	\$ 319,169	\$ 319,169	\$ -	\$ -
San Diego County Investment Pool Master Trust	46,817,282	-	-	46,817,282



MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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NOTE 7 - PREPAID EXPENSES

Student Financial Aid Disbursement	\$ 215,741
Other	137,017

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017

Fiduciary Funds

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Capital Assets Not Being Depreciated				
Construction in progress	\$ -	\$ 945,591	\$ 945,591	\$ -
Capital Assets Being Depreciated				
Buildings and improvements	5,765,625	945,591	-	6,711,216
Furniture and equipment	82,974	-	-	82,974
Total Capital Assets Being Depreciated	<u>5,848,599</u>	<u>945,591</u>	<u>-</u>	<u>6,794,190</u>
Less Accumulated Depreciation				
Buildings and improvements	970,548	120,658	-	1,091,206
Furniture and equipment	73,956	6,858	-	80,814
Total Accumulated Depreciation	<u>1,044,504</u>	<u>127,516</u>	<u>-</u>	<u>1,172,020</u>
Net Capital Assets	<u>\$ 4,804,095</u>	<u>\$ 818,075</u>	<u>\$ -</u>	<u>\$ 5,622,170</u>

Depreciation expense in the fiduciary funds for the year was \$127,516.

NOTE 9 - ACCOUNTS PAYABLE

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

	Primary Government	Fiduciary Funds
Accrued payroll and benefits	\$ 831,926	\$ -

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 10 - UNEARNED REVENUE

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

	Primary Government	Fiduciary Funds
State categorical aid	\$ 5,193,200	\$ -
Federal categorical aid	27,376	-
Enrollment fees	4,313,559	66,000
Other local	575,935	-
Total	<u>\$ 10,110,070</u>	<u>\$ 66,000</u>

NOTE 11 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due in One Year
<b>Bonds Payable</b>					
Lease revenue refunding bonds, series 2010	\$ 1,335,000	\$ -	\$ 385,000	\$ 950,000	\$ 395,000
Premium on lease revenue refunding bonds	45,012	-	13,504	31,508	-
Lease purchase agreement - 2015	12,010,000	-	695,000	11,315,000	720,000
Total Bonds Payable	<u>13,390,012</u>	<u>-</u>	<u>1,093,504</u>	<u>12,296,508</u>	<u>1,115,000</u>
<b>Other Liabilities</b>					
Compensated absences	2,129,935	-	99,487	2,030,448	64,668
Load banking	1,036,389	180,408	-	1,216,797	93,512
Capital leases	126,320	-	126,320	-	-
Aggregate net pension obligation	84,757,726	16,357,249	-	101,114,975	-
Total Other Liabilities	<u>88,050,370</u>	<u>16,537,657</u>	<u>225,807</u>	<u>104,362,220</u>	<u>158,180</u>
Total Long-Term Obligations	<u>\$ 101,440,382</u>	<u>\$ 16,537,657</u>	<u>\$ 1,319,311</u>	<u>\$ 116,658,728</u>	<u>\$ 1,273,180</u>

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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Description of Debt

Payments on the lease revenue bond are paid by the debt service fund. The compensated absences and load banking will be paid by the fund for which the employee worked. Pension expense related to the aggregate net



MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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Aggregate Net Pension Obligation

At June 30, 2017, the liability for the aggregate net pension obligation amounted to \$101,114,975. See Note 15



# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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### Contribution Information

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by MiraCosta Community College District Governing Board. For fiscal year 2016-2017, the District contributed \$984,894 to the Plan, all of which was used for current premiums. Plan members are not required to contribute to the Plan.

### Investments

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

Asset Class

Target Allocation

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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Actuarial assumptions.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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NOTE 13 - LEASE REVENUES

Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessees, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2018	\$ 90,750
2019	45,375
Total	<u>\$ 136,125</u>

NOTE 14 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of \$500 million, subject to various policy limits and deductibles ranging from \$0 to \$10,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$55 million per occurrence and \$10 million aggregate, all subject to various deductibles.

Each participant pays its liability insurance premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling"

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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Workers' Compensation

The District maintains a self-insurance plan for workers' compensation benefits as authorized by Section 81602 of the California Education Code. Claims are paid by a third party administrator acting on behalf of the District

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the District's total contributions were \$4,666,118.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	59,693,011
State's proportionate share of net pension liability associated with the District		<u>33,982,167</u>
Total	\$	<u><u>93,675,178</u></u>

The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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









# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

---

For the year ended June 30, 2017, the District recognized pension expense of \$5,291,437. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,721,340	\$ -
Net change in proportionate share of net pension liability	260,087	228,860
Differences between projected and actual earnings on the pension plan investment	6,427,357	-
Differences between expected and actual experience in the measurement of the tD8( )	1,781,542	-
	-	1,244,483
Total	\$ 12,190,326	\$ 1,473,343

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017

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

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

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.65%)	\$ 61,801,800
Current discount rate (7.65%)	41,421,964
1% increase (8.65%)	24,451,739

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### 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.

The District is a member of the Public Agency Retirement System Alternate Retirement System (PARS-ARS). The plan covers the District's part-time, seasonal, temporary, and other classified employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. PARS-ARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code. The plan also shall remain a governmental plan under Section 3 (32) of the Employee Retirement Income Security Act of 1974.

The minimum total contribution is 7.5 percent of employees' salaries, of which the employee contributes 3.75 percent and the District contributes the remaining 3.75 percent. District employees are covered under PARS-ARS as of June 30, 2017. Total District contributions to the plan amounted to \$108,332.

### On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2017, which amounted to \$3,272,675 (8.828 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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### NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the San Diego School Risk Management and Retiree Health Benefit Program Joint Power Authority (JPAs). The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

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

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

During the year ended June 30, 2017, the District made payments of \$1,084,653 and \$0 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, 2017.

#### Litigation

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2017

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Construction Commitments

As of June 30, 2017, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECTS</u>	<u>Construction Commitments</u>	<u>Expected Dates of Completion</u>
STEM Center	\$ 96,935	January 2018
Theater/Film/Dance/Kinesiology	3,388,327	August 2018
Storage for Art	1,938,001	February 2018
Replace Temp Modular Facilities	894,936	June 2018
CLC Office Remodel	1,812	December 2018
Miscellaneous Building and Land Improvements	101,382	December 2017
	<u>\$ 6,421,391</u>	

The projects are funded through a combination of general obligation bonds, capital project apportionments from the California Community College Chancellor's Office, and local funds.

NOTE 18 - RESTATEMENT OF PRIOR YEAR FIDUCIARY NET POSITION

The District's beginning fiduciary net position has been restated as of July 1, 2016.

The District adopted GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in the current year. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the fiduciary funds by \$19,989,287.

<u>Fiduciary Funds</u>	
Fiduciary Net Position - Beginning	\$ 5,542,242
Restatement of Retiree OPEB Trust for implementation of GASB Statement No. 74	<u>19,989,287</u>
Fiduciary Net Position - Beginning, as Restated	<u>\$ 25,531,529</u>

NOTE 19 - SUBSEQUENT EVENTS

In September 2017, the District issued General Obligation Bonds, Election of 2016, Series A in the amount of \$100,000,000. The Series A bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2042, with interest rate yields of 3.00 to 5.00 percent. Proceeds from the sale of the bonds will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities, prepay the 2015 Lease/Purchase Agreement and pay the cost of issuing the bonds.



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REQUIRED SUPPLEMENTARY INFORMATION

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MIRACOSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S ASSET  
AND RELATED RATIOS

See accompanying note to required supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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	<u>2017</u>
Actuarially determined contribution	\$ 1,682,394
Contributions in relations to the actuarially determined contribution	984,894
Contribution deficiency (excess)	\$ 697,500
Covered-employee payroll	\$ 45,302,000
Contribution as a percentage of covered-employee payroll	2.17%

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

See accompanying note to required supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses	9.20%

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

See accompanying note to required supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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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	\$ 25,431,971	\$ 14,992,560	41.0%	\$41,088,000	36.5%
July 1, 2012	12,325,351	19,428,271	7,102,920	63.4%	43,072,000	16.5%
July 1, 2013	17,226,721	20,095,621	2,868,891	85.7%	45,302,000	6.3%

See accompanying note to required supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

See accompanying note to required supplementary information.

See accompanying note to required supplementary information.

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2017

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### NOTE 1 - PURPOSE OF SCHEDULES

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

This schedule presents information on the District's changes in the net OPEB asset, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year..

#### Schedule of District Contributions for OPEB

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

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, 2015, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit with service prorate
Amortization method	Level dollar
Amortization period	Initial UAAL: 30 years Residual UAAL: 23 years
Asset Valuation method	Market value basis
Inflation	3.00 percent
Healthcare cost trend rates	7.50 percent initial, decreasing to an ultimate rate of 5.00 percent 4.00 percent for Dental and Vision Programs
Salary increases	Not applicable
Investment rate of return	6.00 percent
Retirement age	Average retirement age: 66
Mortality	Most recent CalPERS and STRS for the pension valuations



MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017

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Schedule of OPEB Investment Returns

This schedule presents information on the annual money weighted rate of return on OPEB plan investments. In

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SUPPLEMENTARY INFORMATION

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# MIRACOSTA COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

JUNE 30, 2017

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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 two centers. 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 the Technology Career Institute in Carlsbad.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dr. David Broad	President	2018
Mr. George McNeil	Vice President	2020
Dr. William C. Fischer	Member	2018
Ms. Anna Pedroza	Member	2018
Mr. Frank Merchat	Member	2020
Mr. Rick Cassar	Member	2018
Ms. Jacqueline Simon	Member	2020

### ADMINISTRATION

Dr. Sunita Cooke	Superintendent/President
Mr. Charlie Ng	Vice President, Business and Administrative Services
Dr. Diane Dieckmeyer	Vice President, Instructional Services
Dr. Alketa Wojcik	Vice President, Student Services

See accompanying note to supplementary information.

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>ADULT EDUCATION AND FAMILY LITERACY ACT</b>			
Pass-Through From California Department of Education (CDE)			
Adult Basic Education & ELA	84.002A	14508	\$ 148,200
English Literacy & Civics Education	84.002A	14109	52,847
<b>PERKINS CAREER AND TECHNICAL EDUCATION ACT</b>			
Pass-Through From California Community Colleges Chance Office			
Perkins, Title I, Part C	84.048A	16-C01-032	331,130
CTE Transitions	84.048A	16-C01-032	43,748
Total U.S. Department of Education			20,047,129
Research and Development Cluster			
NATIONAL SCIENCE FOUNDATION			

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

Program	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable (Payable)	Unearned Revenue	Total Revenue	
Adult Education Block Grant Data and Accountability Program	\$ 165,162	\$ -	\$ 151,266	\$ 13,896	\$ 13,896
Adult Education Block Grant	1,698,747	-	736,764	962,013	962,013
Baccalaureate Pilot Degree Program	-	-	-	-	-
Basic Skills	181,428	-	114,016	67,412	67,412
Basic Skills and Student Outcome	597,901	-	443,964	153,937	153,937
Basic Skills Pilot Partners	56,000	-	54,600	1,400	1,400
Biomanufacturing	318,336	-	57,469	260,867	260,867
Board Financial Assistance Program	411,285	-	-	411,285	411,285
Cal Grant	1,234,861	4,593	-	1,239,454	1,239,454
CalWORKs	360,446	-	-	360,446	360,446
CARE	101,566	-	-	101,566	101,566
Clean Energy Job Creation Act	367,332	-	367,332	-	-
Career Technical Education - Data Unlocked Grant	50,000	-	49,316	684	684
Career Technical Education - Enhancement	20,916	-	-	20,916	20,916
Career Technical Education - Strong Workforce	975,566	-	885,616	89,950	89,950
Disabled Students Program and Services (DSPS)	1,024,096	-	-	1,024,096	1,020,258
EWD DSN 15-16	80,000	120,000	-	200,000	200,000
Extended Opportunity Program and Services (EOPS)	836,178	-	-	836,178	836,178
Full Time Student Success Grant	404,977	-	51,508	353,469	353,469
Go Biz Grant	41,017	23,983	-	65,000	65,000
Ins...	200,000	200,000	-	400,000	400,000
Licensed Vocational Nurse to Registered Nurse Grant	246,560	21,440	-	268,000	268,000
Lottery	49,284	527,496	-	576,780	576,780

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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CATEGORIES	Reported Data*	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2016 only)			
1. Noncredit	100.10	-	100.10
2. Credit	530.62	-	530.62
B. Summer Intersession (Summer 2017 - Prior to July 1, 2017)			
1. Noncredit	-	-	-
2. Credit	365.23	-	365.23
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses (a)			

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, 2017

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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, 2017

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	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	\$ 2,156	\$ -	\$ 2,156	\$ 2,156	\$ -	\$ 2,156
Student Health Services Above Amount Collected	6441	-	-	-	10,672	-	10,672
Student Transportation	6491	-	-	-	-	-	-

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, 2017

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	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 33,895	\$ -	\$ 33,895
Capital Outlay	6000						
Library Books	6300	-	-	-	(30)	-	(30)
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	(30)	-	(30)
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		2,156	-	2,156	1,791,495	-	1,791,495
Total for ECS 84362							
50 Percent Law		\$ 49,293,844	\$ -	\$ 49,293,844	\$ 94,682,325	\$ -	\$ 94,682,325

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See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)  
WITH FUND FINANCIAL STATEMENTS

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

MIRACOSTA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2017

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

Total Fund Balance:

General Funds	\$ 28,971,124	
Capital Project Funds	9,449,544	
Debt Service Funds	1,492,864	
Enterprise Funds	735,194	
Internal Service Funds	<u>294,084</u>	
Total Fund Balance - All District Funds		\$ 40,942,810

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	185,062,348	
Accumulated depreciation is	(85,379,503)	
Less fixed assets already recorded in the enterprise funds	<u>(7,312)</u>	99,675,533

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

3,969,131

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 in

(95,534)

Deferred outflows of resources related to pensions represent a consumption  
of net position in a future period and is not reported in the District's funds.

Deferred outflows of resources related to pensions at year-end consist of:

Pension contributions subsequent to measurement date	8,387,458	
Net change in proportionate share of net pension liability	1,928,951	
Differences between projected and actual earnings on pension plan investments	11,172,922	
Differences between expected and actual experience in the measurement of the total pension liability	<u>1,781,542</u>	
Total Deferred Outflows of Resources Related to Pensions		23,270,873

Deferred inflows of resources related to pensions represent an acquisition of  
net position that applies to a future period and is not reported in the District's  
funds.

Deferred inflows of resources related to pensions at year-end consist of:

Net change in proportionate share of net pensions liability	(4,457,838)	
Differences between expected and actual experience in the measurement of the total pension liability	(1,456,143)	
Changes in assumptions	<u>(1,244,483)</u>	
Total Deferred Inflows of Resources Related to Pensions		(7,158,464)

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION, CONTINUED  
JUNE 30, 2017

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Long-term obligations at year end consist of:

Bonds payable	\$	12,296,508	
Compensated absences (less amount set up in Governmental Funds)		1,965,780	
Load banking (less amount set up in Governmental Funds)		1,123,285	
Aggregate net pension obligation		<u>101,114,975</u>	<u>\$ (116,500,548)</u>
Total Net Position			<u>\$ 44,103,801</u>

See accompanying note to supplementary information.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2017

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NOTE 1 - PURPOSE OF SCHEDULES

District Organization





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INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees  
MiraCosta Community College District  
Oceanside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements







## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
MiraCosta Community College District  
Oceanside, California

Report on State Compliance

We have audited MiraCosta Community College District's (the District) compliance with the types of compliance

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

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

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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None reported.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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None reported.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS

FOR THE YE.3(COM92L(R EN)-7.6(IA87(rdR02)-2(ND )-5.8(E )2(30)A2 U7R S)-8.1S20M7)-7.61

# MIRACOSTA COMMUNITY COLLEGE DISTRICT

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

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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.