Futuris℠
A Keenan Solution

The Great GASB Alternative

Comprehensive GASB Retiree Health and Welfare Benefit Compliance Program

Comprehensive Compliance Plan
Volume I

Presented to: **Coast Community College District**

2019-2020

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A Note on Plan Documents

A Note on "Plan Documents"

This document is meant to give you a detailed overview of the elements of the Futuris program, and how they work as a comprehensive plan to assist you in (1) addressing your OPEB liability, and (2) complying with applicable law.

The primary documents of the Futuris program are the resolution creating the trust, the program contracts, the investment policy statement, and the Substantive Plan. None of the applicable rules (California law, the Internal Revenue Code, nor GASB 43 /45) require that an OPEB trust have a "written plan document", as that term is commonly understood.

Employee welfare benefit plans subject to the Employee Retirement Income Security Act (ERISA) have been required to have a written plan document since 1974. Title I of ERISA sets forth four basic elements of an "employee welfare benefit plan"—(1) a plan, fund or program (2) established or maintained by the employer (3) for the purpose of providing specifically listed benefits, through the establishment of insurance or otherwise (4) to participants and beneficiaries. While the purpose of the Futuris trust is to provide funding for plans that provide benefits to participants and beneficiaries, the Futuris trust itself does not provide any benefits to participants or beneficiaries. The Futuris trust vests no rights in individual participants.

Under ERISA, written plans must include material plan provisions, such as a description of plan eligibility and benefits, a description of circumstances causing a loss or denial of benefits, information on contributions and funding, description of plan amendment and termination provisions, and information regarding claims procedures. This document is not a "written plan document" within the meaning of ERISA, nor is Futuris an employee welfare benefit plan. Rather, this Comprehensive Compliance Plan offers education and guidance on GASB 43 and 45 and applicable state laws, as well as a complete record of your actions in compliance with your fiduciary duties.

A Brief History of GASB 43/45 Including 74/75

A Brief History of GASB 43 and 45

The Governmental Accounting Standards Board is an outgrowth of the Financial Accounting Foundation (FAF). FAF was established in 1972 to promulgate standards for accounting, reporting and auditing. Soon after it was founded, FAF formed the Financial Accounting Standards Board (FASB) to establish accounting and reporting standards for private enterprise and non-governmental nonprofit organizations.

In 1984, FAF formed the Governmental Accounting Standards Board (GASB), which oversees accounting and reporting standards for state and local governments. GASB's mission is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

GASB is a private, non-governmental organization. It has sometimes been noted that what GASB promulgates are merely accounting standards; they are not laws. However, a public entity that fails to abide by GASB's accounting practices risks difficulty in passing audits and raising funds.

The roots of GASB 43 and 45 can be found in several non-governmental accounting standards. In 1980, FASB issued Financial Accounting Statement No. 35, "Accounting and Reporting by Defined Benefit Pension Plans." Ten years later, FASB followed up with Financial Accounting Statement No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions," which for the first time, required that employers replace pay-as-you-go accounting with accrual accounting for their postretirement benefit plans. Employers' balance sheets were required to show the expected cost of providing retiree health and welfare benefits to all eligible employees and retirees. With the promulgation of FAS 106, private sector employers were required to disclose both the amount of the accumulated postretirement benefit obligation, (the cost of all retiree health benefits promised to date) as well as the current yearly cost of the postretirement benefit obligation.

In 1994, GASB issued Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," which applied similar standards to governmental pension plans. This was followed by Statement No. 26, "Financial Reporting for post employment Healthcare Plans Administered by Defined Benefit Pension Plans,"[1] and Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers."

Then in April of 2004, GASB issued Statement No. 43 "Financial Reporting for post employment Benefit Plans other Than Pension Plans." The objective of this Statement was "to establish uniform standards of financial reporting by state and

[2] GASB 43 supersedes Statement No. 26.

local governmental entities for other post employment benefit plans." While this Standard set forth reporting obligations for the plans, it did not detail the reporting obligations for the employers sponsoring the plans. Those obligations were detailed two months later, when GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions."

Similar to FAS 106 in the private sector, GASB 45 requires government employers to measure and report their OPEB on an accrual basis, rather than pay-as-you go. According to its authors, the pay-as-you-go system used by employers prior to GASB 45 generally failed to:

- **Recognize the cost of benefits in periods when employees' services are actually received by the employer**
- **Provide information about the actuarial accrued liabilities for promised benefits associated with past services**
- **Provide information about to whether and to what extent promised benefits have been funded**
- **Provide information useful in assessing potential demands on the employer's future cash flows.**

The implementation of GASB 45 has been phased in over the last few years, starting with the largest public employers. Phase 1 governments (annual revenues greater than $100 million in the first fiscal year ending after June 15, 1999) were required to apply the requirements of this statement in financial statements for periods beginning after December 15, 2006. Phase 2 governments (annual revenues between $10 million and $100 million) were to implement GASB 45 for periods beginning after December 15, 2007. And Phase 3 governments (annual revenues less than $10 million) will be required to apply the requirements of this statement in financial statements for periods beginning after December 15, 2008.

Keenan & Associates

BRIEFING

JULY | 2015

GASB: NEW STANDARDS REGARDING ACCOUNTING AND REPORTING OF OPEB

In June of 2015, the Government Accounting Standards Board (GASB) finalized two new standards affecting the financial accounting and reporting of other postemployment benefits (OPEB) for state and local agencies. These new standards are intended to supersede prior guidance and bring OPEB accounting and reporting in line with the standards GASB issued for public pensions in 2012.

- **GASB Statement No. 74**, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," will replace the requirements of GASB standard No. 43, updating the accounting standards to be used by OPEB plans in their financial reporting.

- **GASB Statement No. 75,** "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," will replace the requirements of GASB Standard No. 45 and GASB Statement No. 57, updating guidance for financial reporting by agencies that provide OPEB to their employees.

Together, these new standards will change how governmental employers calculate and report the costs and obligations associated with OPEB.

FREQUENCY OF ACTUARIAL VALUATION

Actuarial valuations will be more frequent under the new Statements. Under both Statements every plan, regardless of size, will have to conduct an actuarial valuation (or a calculation based on the alternative measurement method for employers with fewer than 100 employees) at least every two years.

RECOGNIZING OPEB LIABILITY

In one of the most important changes from GASB Statement No. 45, Statement No. 75 will require a local agency to recognize its OPEB liability on the face of its financial statements.

If the agency provides OPEB through a plan that is administered through a GASB-qualifying trust (with irrevocable contributions, assets dedicated to providing OPEB in accordance with benefit terms, and assets protected from creditors), then it may report its "net OPEB liability"—its total liability net of the OPEB plan fiduciary's net position available for paying benefits. If, however, the agency does not have a trust meeting the requirements above, it is required to report its total OPEB liability.

MEASURING OPEB LIABILITY

Statement No. 74 makes several changes to the process for calculating net OPEB liability including:

- The projection of future benefit payments will include discretionary ad hoc benefit changes and COLAs, to the extent such changes are made regularly, and they also will include certain taxes or other assessments expected to be imposed on the benefit payment.

- The discount rate used to discount future payments to present value will be the long-term expected rate of return in cases where plan assets meet the qualifications for a GASB-qualified trust, relate to current employees (and their beneficiaries), and are projected to be sufficient to make projected benefit payments. Otherwise, the agency must use a discount rate based on a tax-exempt, AA or higher, 20-year general obligation municipal bond yield or index rate, which would typically be much lower than the long-term expected rate of return.

- For allocating the present value over past and future periods of employee service, the GASB will require all agencies to use the same method—the entry age actuarial cost method to allocate present value as a level percentage of payroll.

Calculating OPEB Expense

Statement No. 75 will change the time horizon over which certain factors are incorporated into the calculation of OPEB expense. The time horizons for inclusion of factors into the calculation of OPEB expense are summarized in the chart below.

Factors Included in OPEB Expense

Immediately	Over average remaining years of employment	Over 5 years
Employees working and earning additional benefits.	Actual economic and demographic changes differing from assumptions.	Changes in the measurement of plan net position due to the difference between expectations and actual investment earnings.
Interest on outstanding liability.	Changes in the assumptions about economic and demographic factors.	
Changes in the measurement of plan net position due to expected investment earnings.		
Changes in the terms of OPEB benefits.		
Effects other than investment earnings.		

Note Disclosures and Required Supplementary Information

Both Statements will require governmental employers to present much more extensive note disclosure and Required Supplementary Information (RSI) about their OPEB liabilities. Some of the requirements will differ depending on what type of OPEB plan the agency participates in.

Effective Dates

The new Statements will become effective as follows, although the GASB encourages earlier compliance:

- **GASB 74:** Effective for financial statements for fiscal years beginning after June 15, 2016. This means that for most California public agencies, this standard will go into effect on July 1, 2016.

- **GASB 75:** Effective for fiscal years beginning after June 15, 2017. This means that for most California public agencies, this standard will go into effect on July 1, 2017.

The requirements of these Statements will make it more important than ever to have a plan to prefund your OPEB obligation through a GASB-qualified trust. For more information on OPEB planning, please contact your Keenan Account Manager.

The Substantive Plan

A Substantive Plan that Anchors the Comprehensive Compliance Plan

GASB Statement 45 defines a "substantive plan" as "the terms of an OPEB plan as understood by the employer(s) and plan members." (Paragraph 40.) While that definition is simple enough, the concept of a substantive plan is an essential one to developing a comprehensive Compliance Plan that aids a public entity in meeting its fiduciary obligations.

The Implementation Guide for GASB 43 and 45 elaborates that this plan refers to an employer's substantive commitment or agreement to provide OPEB, which can include "provisions or understandings regarding the plan membership, eligibility for benefits, the types of benefits to be provided, the points at which the payment or provision of benefits will begin and end, and the method by which the benefits will be financed." (Implementation Guide, Q. 2 and Q. 213.)

While GASB 45 does not require that the substantive plan be reduced to writing, it notes that the "written plan is the best evidence of the terms of the exchange." (Paragraph 13a(1).) The Futuris Substantive Plan sets forth all of the employer's commitments to provide OPEB in one document. Furthermore, it forms the basis from which the public entity begins to demonstrate its compliance with its fiduciary obligations.

Meeting Your Fiduciary Duties

A public entity that seeks to invest funds as part of a Retirement System must discharge its duties with respect to investing the assets of the trust (a) solely in the interest of, and for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the trust, (b) with the care, skill, prudence and diligence under the circumstances prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims, and (c) diversifying the investments of the trust so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. (California Gov. Code 53216.6)

The Government Code imposes additional obligations on public entities that invest funds as part of a Retirement System:

- To employ investment counsel or trust companies or trust departments of banks to render services in connection with its investment program, and
- To report annually to the beneficiaries and potential beneficiaries of the trust on the status of the trust (Gov. Code 53216.3).

These fiduciary duties can be daunting to public officials who are not expert in investing Retirement System funds.

The Comprehensive Compliance Plan

The Futuris Comprehensive Compliance Plan is the public entity's fiduciary duty workbook. In one place, it sets forth:

- **the public entity's substantive OPEB obligations (the Substantive Plan)**
- **the cost of those obligations (the Actuarial Valuation)**
- **the plan for meeting those costs (the Futuris program documents)**
- **the demonstrated steps taken to meet the public entity's fiduciary duties (agendas, minutes and documentation of fiduciary education)**
- **This document acts both; as the public entity's roadmap to meeting its fiduciary duties, and as a record of how it has prudently met its obligations.**

Futuris

Futuris

1. What is Futuris?

2. The Futuris Integrated Solution

3. Futuris Trust Structure

4. What is a Retirement Board of Authority?

5. How it All Works Together – Your Plan for Prefunding Your OPEB Obligation

What is Futuris?

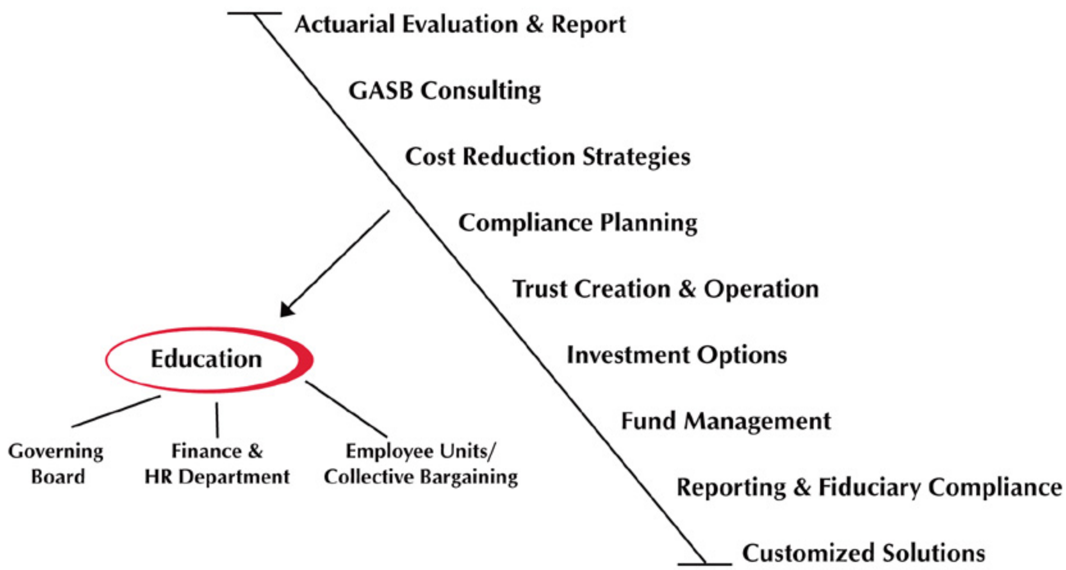
Futuris is a comprehensive actuarial, consulting, cost management, plan documentation and investment program that provide all necessary Governmental Accounting Standards Board (GASB) 43 & 45 compliance elements from a single source, while assisting with the public agency's fiduciary liability.

Futuris includes all of the following selected through an RFP process conducted by Keenan and the plan trustee.

- Complies with the new GASB guidelines
- Creates an Essential Government Function IRS Section 115 Trust
- An integrated team with the Plan Trustee, Custodian, Registered Investment Advisor, and Program Coordinator.
- Manage your fiduciary responsibilities
- Local control by creating your own Trust
- Creation of the Substantive Plan

The Integrated Solution

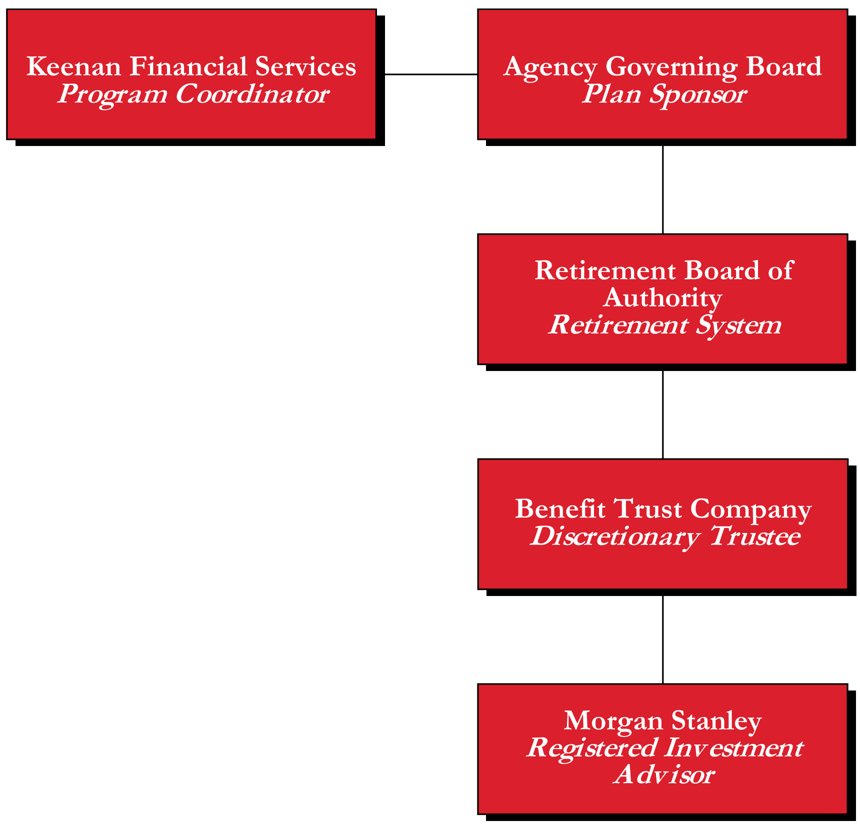
Futuris is a fully integrated program to help the district comply with GASB 45 & 43.



Futuris
A Keenan Solution

Trust Structure

The ***Futuris*** operational model provides key product and service providers, who are each experts in their fields, as well as ancillary pieces to assist public employers with meeting goals and objectives while maintaining GASB compliance.



ROLES OF PROGRAM COORDINATOR AND CONSULTANTS

The Program Coordinator provides the following functions:

- Coordination of communication between the actuary and the employer
- Oversight of Program
- Education
- Assistance with all aspects of the "Retirement Board of Authority"
- Assistance in conducting Retirement Board of Authority meetings, in a manner consistent with the Brown Act
- Preparation of Retirement Board of Authority meeting agendas and cover pages
- Initial reparation of meeting minutes Assistance with communication to all Board Members as necessary and requested by the Board
- Facilitating action items resulting from the Retirement Board of Authority meetings
- Preparation of the Substantive Plan
- Prepare and deliver Administrative Manual
- Assistance in providing necessary information to auditors to complete the Required Supplemental Information Schedules (RSI)
- Providing an Annual Report
- Maintaining Plan Documents
- Facilitating auditing services
- Facilitating actuarial study

The Discretionary Trustee's responsibilities are:

- Final selection of investment securities pursuant to advice received from the Registered Investment Advisor
- Safekeeping of securities
- Maintaining accurate records of all financial transactions

- Payment of benefits
- Payment of appropriate fees and expenses
- Provide periodic reports showing all deposits or receipts, disbursements, purchase, sales and income transactions, current asset holdings and market value of the portfolio
- Provide internet access to account financial information

The Registered Investment Advisor's responsibilities are:

- Recommending Asset Allocation models to the Trustee for the Target portfolios
- Recommending specific investments to the Trustee for the Target portfolios
- Perform Due Diligence of the Trustee on all potential and recommended investments
- Provide a quarterly report to the trustee on the status of all current investments

What is a Retirement Board of Authority?

The Agency Board of Trustees approved the establishment of the Futuris Public Investment Trust and the creation of the Retirement Board of Authority that will manage the Futuris Public Investment Trust. The Retirement Board of Authority board members have the full power to conduct the trust's business. The board member position itself carries with it the responsibilities of a fiduciary set forth in California Constitution Article 16, Section 17 as well as California Government Code Section 53216.6. They are:

- To hold and invest the assets of the retirement system for the exclusive purposes of providing benefits to the participants and their beneficiaries, minimizing employer contributions thereto and defraying reasonable expenses of administering the system.
- To discharge their duties with respect to investing the assets of the trust with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise with like character and like aims.
- To diversify investments of the trust so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

The Retirement Board of Authority after going through a Risk Tolerance process approves the Investment Policy Statement (IPS), which dictates the long term investment objective of the trust. The Retirement Board of Authority can reduce its legal liability for investment risk and retain Government Code immunity and indemnifications if they appropriately delegate authority to a qualified investment advisor/manager and if they monitor the performance of the investment advisor/manager. Further, a Registered Investment Advisor (RIA) is under the direction of the Discretionary Trustee, which provides additional layers of safety and responsibility.

How It All Works Together - Your Plan for Prefunding Your OPEB Obligation

Futuris in the First Year

In the first year, the public entity Governing Board Appoints the Retirement Board of Authority, and gives them the task of supervising an OPEB trust. Contracts with Futuris service providers are signed, and the initial funding goes into Trust.

The client also receives the first volume of the Futuris Comprehensive Compliance Plan, and holds its first Retirement Board of Authority meeting. At that first meeting, the Board:

- Elects a Chairperson,
- Discusses and ratifies the actuarial study,
- Undergoes a Risk Tolerance Evaluation and discusses and selects an appropriate target rate of return for the funds in the Trust,
- Reviews and discusses the Investment Policy Statement,
- Obtains Education on how to review sample monthly and annual reports from the Discretionary Trustee,
- Discusses and Approves an Annual Reporting procedure,
- Decides when and how often to meet as a Board.

Comprehensive Compliance Every Year

The Futuris Comprehensive Compliance Plan contains a compliance roadmap for the Retirement Board of Authority and is delivered within sixty days after the first Retirement Board of Authority meeting. In the second year, Futuris clients receive the benefit summary section of the Comprehensive Compliance Plan. The Plan is then updated annually with meeting agendas and minutes and educational information.

The Agendas for Board meetings are structured so as to point a Board toward prudent supervision of the Discretionary Trustee by:

- Reviewing the status of the assets in the Trust with the Discretionary Trustee
- Reviewing the trust portfolio
- Reviewing market conditions
- Revisiting the Risk Tolerance Process
- Reviewing the status of the actuarial study, commissioning a new one when necessary
- Receive fiduciary education and training

Representatives of the program service providers are present at every Board meeting to provide information and guidance to Board members. Additionally, Board members have 24-hour access to the Trust account statements online, and are able to discuss concerns with Keenan and Discretionary Trustee at any time.

A Substantive Plan that Anchors the Comprehensive Compliance Plan

GASB Statement 45 defines a "substantive plan" as "the terms of an OPEB plan as understood by the employer(s) and plan members." (Paragraph 40.) While that definition is simple enough, the concept of a substantive plan is an essential one to developing a comprehensive Compliance Plan that aids a public entity in meeting its fiduciary obligations.

The Implementation Guide for GASB 43 and 45 elaborates that this plan refers to an employer's substantive commitment or agreement to provide OPEB, which can include "provisions or understandings regarding the plan membership, eligibility for benefits, the types of benefits to be provided, the points at which the payment or provision of benefits will begin and end, and the method by which the benefits will be financed." (Implementation Guide, Q. 2 and Q. 213.)

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Meeting Your Fiduciary Duties

A public entity that seeks to invest funds as part of a Retirement System must discharge its duties with respect to investing the assets of the trust (a) solely in the interest of, and for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the trust, (b) with the care, skill, prudence and diligence under the circumstances prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims, and (c) diversifying the investments of the trust so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. (California Gov. Code 53216.6)

The Government Code imposes additional obligations on public entities that invest funds as part of a Retirement System:

- To employ investment counsel or trust companies or trust departments of banks to render services in connection with its investment program, and
- To report annually to the beneficiaries and potential beneficiaries of the trust on the status of the trust (Gov. Code 53216.3).

These fiduciary and other legal duties can be daunting to public officials who are not expert in investing Retirement System funds.

The Comprehensive Compliance Plan

The Futuris Comprehensive Compliance Plan is the public entity's fiduciary duty workbook. In one place, it sets forth:

- An overview of the origins of GASB 43 and 45, glossary of terms and index of relevant California statutes;
- A summary of the public entity's substantive OPEB obligations (the Substantive Plan);
- The cost of those obligations (the Actuarial Valuation);
- The Futuris program documents;
- The plan for meeting those costs; and
- The demonstrated steps taken to meet the public entity's fiduciary duties (agendas, minutes and documentation of fiduciary education).

This document acts both; as the public entity's roadmap to meeting its fiduciary duties, and as a record of how it has prudently met its obligations.

Selected Definitions

Selected Definitions[2]

Actuarial Accrued Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension or benefit plan benefits and expenses which is not provided for by future Normal Costs.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension or benefit costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation of depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial Present Value Of Total Projected Benefits

Total projected benefits include all benefits estimated to be payable to the plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their services through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension or benefit plan.

Actuarial Valuation Date

The date as of which an actuarial valuation is performed.

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[2] Sources—GASB 43, 45 and "Guide to Implementation of GASB Statements 43 and 45 on Other Postemployment Benefits.

Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension or benefit plan, as used by the actuary for the purpose of an Actuarial Valuation.

Amortization (Of Unfunded Actuarial Accrued Liability)

See Appendix 2, C-5.

Amortization Payment

That portion of the pension or benefit plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability or the Unfunded Frozen Actuarial Accrued Liability.

Annual OPEB Cost

An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

Annual Required Contributions Of The Employer(s) (ARC)

The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

Covered Group

Plan members included in an actuarial valuation.

Employer's Contributions

Contributions made in relation to the annual contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

Funding Policy

The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by an OPEB plan.

Healthcare Cost Trend Rate

The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Investment Return Assumption (Discount Rate)

The rate used to adjust a series of future payment to reflect the time value of money.

Net OPEB Obligation

The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

Normal Cost

That portion of the Actuarial Present Value of pension or benefit plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Note 1: The presentation of Normal Cost should be accompanied by reference to the Actuarial Cost Method used.

Note 2: Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment).

OPEB Assets

The amount recognized by an employer for contributions to an OPEB plan greater than OPEB expense.

OPEB Expenditures

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the modified accrual basis of accounting.

OPEB Expense

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

OPEB Liabilities

The amount recognized by an employer for contributions to an OPEB plan less than OPEB expense/expenditures.

Other Postemployment Benefits

Post employment benefits other than pension benefits. Other post employment benefits (OPEB) include pos employment healthcare benefits, regardless of the type of plan that provides them, and all post employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Pay-As-You-Go

A method of financing a pension or benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Plan Assets

Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or in an equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer(s) or plan administrator, for the payment of benefits in accordance with the terms of the plan.

Plan Liabilities

Obligations payable by the plan at the reporting date, including, primarily, benefits and refunds due and payable to plan members and beneficiaries, and accrued investment and administrative expenses. Plan liabilities do not include actuarial accrued liabilities for benefits that are not due and payable at the reporting date.

Plan Net Assets And Plan Net Assets Held In Trust For OPEB

The difference between total plan assets and total plan liabilities at the reporting date.

Postemployment

The period between termination of employment and retirement as well as the period after retirement.

Required Supplementary Information (RSI)

Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.

Substantive Plan

The terms of an OPEB plan as understood by the employer(s) and plan members.

Q – How does the substantive plan relate to the written plan, and how should an employer establish what is the current substantive plan for accounting purposes?

A – If a comprehensive plan document exists, that document may provide the best evidence of what the substantive plan is. However, in some cases there may not be a comprehensive plan document that fully and accurately reflects the understanding of the parties. For example, a plan document may state generally that the employer will provide post employment healthcare benefits but not specify the kinds or levels of benefits, nor the eligibility requirements or the periods over which the benefits will be provided – or the employer may have a long-established practice of providing benefits in addition to what is stated in an original plan document. Accordingly, other information also should be considered when determining the benefits to be provided. This includes other communications between the employer and the plan members and the historical pattern of practice with regard to the sharing of benefit costs between the employer and plan members.

Unfunded Actuarial Accrued Liability

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Note: This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, the excess of the Actuarial Value of Assets over the Actuarial Accrued Liability, or the Funding Excess.

Plan Agreements & Resolutions

Plan Agreements, Resolutions and Statements

The following Agreements, Documents and Resolutions have been executed and are included here as a part of the Comprehensive Compliance Plan.

- **Folder I**
  -Board Resolution or Consent Item Documentation
  -Bylaws
  -Keenan Program Services Agreement and Fee Schedule
  -Signature Authorization Form

- **Folder 2**
  - Benefit Trust Company (BTC) Administrative Services Agreement
  - Adoption Agreement
  - Trust Agreement
  - BTC Fee Schedule

- **Folder 3**
  -Internet Account Access Agreements

Agenda Item Details

Meeting	May 17, 2017 - Regular Meeting of the Board of Trustees
Category	22. Approval of Non Standard Agreements in Excess of $88,300
Subject	22.04 DIS-Non-Standard Trust Administrative Services Agreement with Benefits Trust Company (BTC)
Access	Public
Type	Discussion

Public Content

Contracting Party: Benefits Trust Company (BTC) **(See Attachment #24)**

Description of Services/Project: On November 2, 2016, based on a recommendation from the Retirement Board of Authority (RBOA), the Board of Trustees authorized actions by staff to begin to reallocate half (50%) of the current deposit within the Joint Power Authority (JPA) Program managed by the Community College League of California (CCLC) into the Futuris Plan managed by Keenan Financial Services (KFS).

The Board acted on February 15, 2017, approving the Public Entity Investment Trust Program Services Agreement with Keenan Financial Services. This action procured services authorizing the set-up of a trust to be used for the funding and payment of the District's obligations under employee benefit plans that provide retiree health and other post-employment benefits.

Following this action, the RBOA convened on April 26, 2017, working directly with KFS to establish a comprehensive strategy for the acceptance and accumulation of invested assets, ultimately working towards meeting applicable funding requirements for the payment of future retiree health and welfare obligations. This strategy is captured in the RBOA approved Investment Policy Statement, which is being provided as supplemental information to the Board of Trustees. Additionally, the RBOA approved the Trust Administrative Services Agreement, designating BTC as a discretionary trustee, with fiduciary oversight and authority to operate and manage the trust.

Comments: Reviewed by General Counsel on May 2, 2017.

Term: May 17, 2017 through May 16, 2021

Fiscal Impact: The base annual fee is $750. In addition to this fee, the trust assets will be assessed an asset based trustee fee and an asset based investment management fee. All fees are invoiced in monthly installments and paid directly from the assets within the trust.

The Asset Based Trustee Fee is 0.20% of the total invested assets within the trust at the end of every month. Similarly, the Asset Based Investment Management Fee is also a function of the total assets invested within the trust, and is charged at a rate of 0.175%.

Recommendation: After review by the Vice Chancellor of Finance and Administrative Services and the Retirement Board of Authority, it is recommended by the Chancellor that the Board of Trustees approve the Non-Standard Trust Administrative Services Agreement with Benefits Trust Company.

Contact: Dr. Andy Dunn, Vice Chancellor of Finance and Administrative Services, District

Coast CCD BTC Trust Agreement.pdf (2,975 KB)

Coast CCD Signed Investment Policy Statement 4.26.17.pdf (1,099 KB)

Administrative Content

Folder1

- **Board of resolution or consent item documentation**
- **Bylaws**
- **Keenan program service agreement and fee schedule**
- **Signature authorization forms**

COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY BY-LAWS*

Section 1: Preamble

1.1 The Coast Community College District ("**District**") has established a Retirement Trust ("**Trust**"), in conjunction with the California League of Community Colleges and Keenan Financial Services (KFS), for the pre-funding of its Other Post-Employment Benefits ("**OPEB**") liabilities in order to comply with the requirements of Governmental Accounting Standards Board ("**GASB**") Statements No. 74 and No. 75, and has created a governing board ("**Retirement Board**") which complies with the provisions of law related to such retirement systems.

1.2 The Retirement Board consists solely of District trustees and employees appointed by the District's Board of Trustees.

1.3 The Trust is to be managed in accordance with the following principles:

(1) Trust assets are managed in accordance with applicable federal and state laws, trust documents, and a written Investment Policy Statement ("**IPS**") for the exclusive benefit of eligible current and former District employees, and their dependents and beneficiaries.

(2) Trust assets are diversified to a specific risk/return profile as determined by the Retirement Board and approved by the District's Board of Trustees.

(3) The IPS contains sufficient detail to define, implement, and monitor the Trust's investment strategy.

(4) Appropriate fiduciary standards are applied in the management of Trust assets and the supervision of persons hired to assist in the management of the Trust.

(5) Due diligence is practiced and documented.

(6) Adequate control procedures are in place to monitor and account for Trust investment and administrative expenses.

(7) There are safeguards to avoid conflicts of interest, such as the use of funding instruments that are non-proprietary funds of any service provider to the Trust.

Section 2:
Retirement Board: Role and Authority

2.1 The District's Board of Trustees has established the Retirement Board to supervise the Trust.

2.2 The Retirement Board has been established to manage, direct, and control the administrative functions of the Trust, including consultants, actuaries, auditors, accountants, legal counsel, and financial advisors of the Trust.

2.3 The Retirement Board shall execute all documents as are necessary to adopt and maintain the irrevocable Trust which complies with federal and state law and with GASB Statements No. 74 and No. 75.

2.4 As mandated by the law, the Retirement Board shall perform all of its duties with the care, skill, and diligence that a prudent person would utilize.

2.5 The Retirement Board shall act solely in the interest of plan participants and beneficiaries with the sole purpose of providing benefits to them and paying only necessary and reasonable expenses for administrating the Trust.

2.6 The Retirement Board shall ensure that the Trust's assets are diversified in order to minimize the risk of large investment losses.

2.7 The Retirement Board shall adhere to the terms of the written documents governing the Trust and ensure that the members comply with all applicable laws, rules, and regulations.

2.8 The Retirement Board shall facilitate and oversee the District's *Comprehensive Compliance Plan*. To aid the District and the Retirement Board in meeting its fiduciary requirements, the *Substantive Plan,* as described in GASB Statements No. 74 and No. 75, will be set forth as an essential element of the *Comprehensive Compliance Plan*.

2.9 The Retirement Board has the exclusive authority to establish, execute, and interpret the IPS which profiles the long-term investment objectives of the Trust.

2.10 The Retirement Board shall facilitate any efforts and processes necessary to ensure that the District executes applicable written agreements required to provide consent to comply with the terms of the Trust.

2.11 The Retirement Board will require that any compensation paid to the Trust's service providers is identifiable, transparent, and reasonable, and adheres to the terms of the written documents governing the Trust.

2.12 The Retirement Board shall abide by all applicable reporting requirements imposed by law and by direction of the District's Board of Trustees, including but not limited to the preparation of an annual financial report of the Trust and retirement system, and the preparation of valuations of Trust assets by qualified actuaries.

2.13 The Retirement Board shall present to the District's Board of Trustees an annual written report which shall include a summary of the investments and earnings of the system and other related matters, as well as the Retirement Board's proceedings and activities for the preceding year.

2.14 The Retirement Board shall engage, at least annually, in an analysis of any applicable modifications to the IPS through meetings and consulting with Trust's Registered Investment Advisor ("**RIA**"), as applicable.

2.15 The Retirement Board shall work with a directed trustee **("Trustee")** who has a fiduciary duty to take direction regarding management of the Trust and Trust assets, working with the RIA.

Section 3:
Retirement Board: Members and Meetings

3.1 The members of the Retirement Board are appointed by Resolution of the District's Board of Trustees.

3.2 Retirement Board members shall be appointed to the Retirement Board based on their titles or job classification. A retirement Board member may send an alternate to attend RBOA meetings and vote on their behalf, as needed. If the title of an existing Retirement Board member changes, and that new title is not one of the designated titles included in the Resolution of the District's Board of Trustees, the individual no longer will be a Retirement Board member.

3.3 The number of Retirement Board members will consist of such number of individuals that are deemed necessary by the District's Board of Trustees. The members of the Retirement Board shall serve at the pleasure of the District's Board of Trustees.

3.4 The Retirement Board, by majority vote, will designate one of its members to serve as Chairperson, and by majority vote, will designate another member to serve as Vice Chairperson.

3.5 The Chairperson and Vice Chairperson will serve in the respective capacities for two years, at which time the Retirement Board will by majority vote, again select a Chairperson and Vice Chairperson. The Chairperson and Vice Chairperson may serve multiple terms.

3.6 The Chairperson will act as the presiding officer for all Retirement Board meetings. The Vice Chairperson shall act in that role in the absence of the Chairperson.

3.7 Based on the minimum number of signatures required, and specific individuals required by the District's Board of Trustees, authorizations for withdrawals, distributions, benefit payments, and reasonable fees are restricted to individuals with specimen signatures set forth in the Trust's Signature Authorization Form

The Retirement Board shall comply with the provisions of the *Ralph M. Brown Act* when conducting meetings.

3.8 The presence of a majority of the Retirement Board constitutes a quorum.

3.9 A vote of the majority of the Board members shall be required for the Retirement Board to transact business.

3.10 In recognition of the importance of the work of the Retirement Board, regular attendance at Retirement Board meetings is expected from all members.

3.11 In recognition of the importance of the work of the Retirement Board, regular attendance at Retirement Board meetings is expected from all members.

3.12 No Retirement Board member shall have the authority to bind the Retirement Board to any contract or endeavor without the approval of the Retirement Board.

3.13 No member serving on the Retirement Board will receive a salary or compensation from the Retirement Board.

3.14 The Retirement Board may approve reimbursement for reasonable expenses incurred by Retirement Board members. All expenditures of funds shall be subject to Retirement Board approval.

3.15 The Retirement Board shall designate a specific location at which it shall receive notices, correspondence, and other communications and shall designate one of its members as Secretary for the purpose of receiving legal notices and service on behalf of the Retirement Board.

3.16 In addition to the reporting requirements of Section 1.13 hereof, the Retirement Board shall provide information, copies of investment statements, and other similar reports regarding the Trust and its applicable investment performance to the District's Board of Trustees on a quarterly basis.

3.17 Minutes recording deliberations and decisions from each meeting of the Retirement Board shall be maintained. Such records and documents shall be available to the public in accordance with law.

Section 4:
Actuarial, Contribution, and Withdrawal Parameters

4.1 The Retirement Board shall, at the general direction of the District's Board of Trustees, formulate and deliver contributions and allocation instructions in accordance with the Trust's written provisions and agreements.

4.2 The Retirement Board shall ratify the amount of any withdrawals by the District. Any withdrawal shall be in accordance with the Trust's written provisions and agreements. Expenditures paid for by the Trust shall require specific signatures as directed by the Board of Trustees.

4.3 In accordance with GASB No. 75, the Retirement Board shall work with the District's Board of Trustees and District staff in obtaining the necessary calculations to identify the "Actuarial Present Value of Total Projected Benefits" ("**APVTPB**"), the "Unfunded Actuarial Accrued Liability" ("**UAAL**"), and the "Annual Required Contribution" ("**ARC**").

4.4 The Retirement Board shall provide necessary plan participant information to the Trustee on a timely basis. The Retirement Board shall provide responses to all information requested by the Trustee in a timely fashion.

Section 5:
Disclosures and Conflict of Interest

5.1 No Retirement Board member shall vote or participate in a determination of any matter in which the Retirement Board member shall receive any compensation or gain.

5.2 Retirement Board members have a duty of loyalty precluding them from being influenced by motives other than the accomplishment of the Trust's objectives.

5.3 Retirement Board members, in the performance of their duties, must act pursuant to the documents and instruments establishing and governing the Trust.

Section 6:
Amendment to and Ratification of Bylaws

6.1 Amendment of these Bylaws may be proposed by any member of the Retirement Board.

6.2 All amendments to the Bylaws must be approved by a majority vote of the Retirement Board members present before the amendment becomes effective.

6.3 Upon ratification by the District's Board of Trustees, such amendments shall be binding upon all members of the Retirement Board.

6.4 The effective date of any amendment to the Bylaws shall be on the first day of the month following adoption, unless otherwise stated.

6.5 These Bylaws are subject to ratification by the District's Board of Trustees.

Section 7:
Fiduciary and Governance Parameters

7.1 The Trust will be structured so that the Retirement Board shall reduce its legal liability for investment risk by appropriately delegating investment decision-making.

7.2 The Retirement Board shall monitor the performance and acts of the Trustee in accordance with the limits and constraints of applicable law, trust documents, and the IPS, as well as the Trust's investment goals, objectives, fees, and expenses.

7.3 The Retirement Board shall monitor the Trustee to determine that Trust assets are diversified as directed by the IPS and applicable law.

7.4 The Retirement Board, through periodic reports, shall compare investment performance against appropriate indices, peer groups, and IPS objectives.

7.5 The Retirement Board shall require that all of the Trust's service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards. Fees paid to each service provider shall be consistent with agreements, contracts, and applicable law.

7.6 All contracts and expenditures of the Trust are subject to approval by the Retirement Board.

7.7 Directors-and-officers insurance may be provided by the District for each Retirement Board member for indemnification and protection.

Section 8:
Trustee and Investment Management

8.1 The agreement appointing the Trustee shall require the Trustee to invest Trust assets in compliance with applicable laws, trust documents, and the IPS.

8.2 The agreement appointing the Trustee shall require the Trustee to document the specific duties and requirements of the individuals and entities involved in the investment process.

8.3 The Retirement Board shall require the Trustee to acknowledge, in writing, that it is a fiduciary to the Trust and to the District.

8.4 The Retirement Board shall prohibit the Trustee from investing trust assets in its own proprietary investment products or those of its RIA so as to avoid any potential conflicts of interest.

8.5 The Retirement Board shall require the Trustee to manage Trust assets with the care, skill, and diligence of a prudent person under California law.

Section 9:
Registered Investment Advisor

9.1 The RIA shall work with the Trustee to establish a long-term, target net rate of return objective for the Trust, constructing an investment portfolio which gives due consideration to the Retirement Board's time horizon of investment, as well as its attitudes and capacity for risk.

9.2 The RIA shall recommend the appropriate combination of asset classes that optimizes the Trust's return objectives, while minimizing risk consistent with the Trust's constraints.

9.3 The RIA shall provide investment recommendations in accordance with the IPS.

9.4 The RIA shall have access to appropriate databases and external research, and shall be supported with adequate technology and report production tools.

Section 10:
Program Coordinator

10.1 The Retirement Board shall appoint a Program Coordinator with responsibility to assist the Retirement Board with the processes, procedures, and protocols of the Trust's fiduciary decision making.

10.2 The Retirement Board shall require the Program Coordinator to facilitate all aspects of the Retirement Board's fiduciary and administrative mandates, and shall work to assist the Retirement Board in ensuring that trust assets are managed in accordance with applicable law, trust documents, and the IPS.

10.3 The Program Coordinator will provide support to the Retirement Board in the preparation and centralized maintenance of the District's Comprehensive Compliance Plan, including the Substantive Plan.

Section 11:
Definitions

11.1 "APVTPB" means the total projected costs to finance benefits payable in the future based on members' service through the valuation date and their future service, discounted to reflect the expected effects of the time value of money. It is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay the total projected benefits when due.

11.2 "ARC" is the actuarially-determined level of employer contribution that would be required on a sustained, ongoing basis to systematically fund the normal cost and to amortize the UAAL attributed to past service over a period not to exceed thirty years. It is the amount needed to pay benefits as they come due plus amortize the UAAL. The

ARC has two components: Normal cost and amortization of the UAAL for both active District employees and retirees.

11.3 “Comprehensive Compliance Plan” means a broad compliance and fiduciary process incorporating the District’s Substantive Plan obligations, the actuarial cost of those obligations, the plan for meeting those costs, and the fiduciary strategies and steps in meeting plan requirements.

11.4 The “IPS” is written statement that establishes the Retirement Trust’s investment related policies, goals, objectives, and criteria for evaluating investment performance that are critical for the successful management of the Trust’s investments.

11.5 The “RIA” is the investment entity charged with the responsibility for recommending comprehensive and continuous investment advice for the Trust.

11.6 “Substantive Plan” means the plan through which assets are accumulated and benefits are paid as they come due in accordance with the commitments and understandings of the District.

11.7 “UAAL” means the excess of the AAL over AVA. The UAAL can derive from three sources: unfunded Normal costs, actuarial gains and losses (differences between actuarial assumptions and actual experience), and changes to the level of benefits promised.

*NOTE: These are the current By-Laws modified and approved as of the 05/01/2018 RBOA meeting. The By-laws were updated as of 12/11/18. The By-laws updated 12/11/18 are considered the final approved copy for use by the RBOA members and other interested parties.

FUTURIS
PUBLIC ENTITY INVESTMENT TRUST
PROGRAM SERVICES AGREEMENT

This Program Services Agreement (the "**Agreement**") is entered into as of February 15, 2017 ("**Effective Date**") between Keenan & Associates ("**Keenan**"), and Coast Community College District ("**Employer**"), with reference to the following:

A. Keenan has created the Futuris Public Entity Investment Trust Program (the "**Program**") to assist public entity employers with the establishment and maintenance of a trust for investment of funds to be used by public entity employers for the provision of retiree health and welfare benefits to participating employees and for other purposes determined appropriate by the Employer. The Program assists employers to:

- Establish a trust (the "**Trust**") under the terms of a Trust Agreement ("**Trust Agreement**") that complies with the requirements of Section 115 of the Internal Revenue Code ("**Code**");
- Establish within the Trust a fund that is irrevocably designated for the payment of retiree health and welfare benefits to participating employees of the Employer, as required under Governmental Accounting Standards Board Statement Nos. 43 and 45 ("**GASB 43 and 45**");
- Appoint a qualified trustee/custodian ("**Trustee**") who will appoint a Registered Investment Advisor ("**Investment Advisor**") for the Trust;
- Appoint a board of authority ("**Retirement Board of Authority**") with authority to make decisions on behalf of the Employer with respect to the Program and the Trust;
- Monitor the operations of the Trust and coordinate communications between the Employer, the Employer's outside accounting firm and the service providers to the Trust; and
- Determine the actions necessary to comply with the financial reporting requirements for retiree health benefits and other post-employment benefits ("**OPEB**") obligations under GASB 43 and 45.

B. Employer is a local governmental public entity employer that has previously adopted one or more retiree health and welfare benefit plans, each a ("**Plan**") for its participating employees ("**Employees**").

C. Employer desires to participate in the Program in order to obtain the services of Keenan in connection with the formation of the Trust and management of the Program, and to obtain the services of a qualified third party Trustee to administer the Trust pursuant to a Trust Administrative Services Agreement ("**Trustee Agreement**"). Under the Trustee Agreement, the Trustee will be authorized to appoint a Registered Investment Advisor to manage the assets of the Trust. Keenan, the Trustee and the Registered Investment Advisor are sometimes collectively referred to herein as the "**Service Providers.**"

NOW, THEREFORE, the parties agree as follows:

1. Services Provided By Keenan. Employer hereby engages Keenan, and Keenan hereby accepts the engagement, to provide the following services to Employer with respect to the management of the Program and the formation and operation of the Trust during the term of this Agreement:

   a. Assistance with Creation of Trust. The Trust will be created and effective upon execution of the Adoption Agreement at the first meeting of the Retirement Board of Authority. ("**Trust Effective Date**") Keenan will work with the Trustee to coordinate preparation and execution of the Adoption Agreement, pursuant to which the Retirement Board of Authority will adopt the Trust Agreement, under which the Employer may designate certain funds to be irrevocably contributed for payment of Plan obligations. Keenan's services in connection with creation of the Trust will consist of the following:

      (1) Consulting with the Employer regarding the various methods by which the Trust could be funded,
      (2) Communicating with the Employer's governing body regarding the structure and operation of the Futuris Program, and
      (3) Communicating with the Retirement Board of Authority regarding the creation of the Trust.

   b. Board Meetings. Keenan will participate in Employer Board Meetings to the extent requested by Employer.

   c. Administrator to Retirement Board of Authority. Keenan will assist the Employer to form the Employer's Retirement Board of Authority and conduct the Retirement Board of Authority meetings, in a manner consistent with the Brown Act. These functions are to include:

      (1) Preparing Retirement Board of Authority meeting agendas and cover pages,
      (2) Taking meeting minutes and providing them to the Board upon completion,
      (3) Assisting with communication to all Board Members as necessary and requested by the Board,
      (4) Assisting with communication to service providers as necessary and requested by the Board, and
      (5) Facilitating the action items resulting from the Retirement Board of Authority meetings.

d. Coordinate Actuarial Assumptions. Keenan will assist and coordinate with the Employer to enlist the services of an actuary (the "**Actuary**"), at the Employer's expense, to conduct an actuarial study for determining the funding needs for OPEB obligations through a Trust. Keenan will provide the following services in connection with the actuarial study, and such other related services as Employer reasonably requests:

(1) consult with the actuary to ensure that the discount rate applied by the actuary is based on the trust's expected performance given the terms of the Investment Policy Statement (IPS); and
(2) consult with the Employer in an evaluation of Employer's funding needs based on the actuarial study.

e. Program Documentation. Keenan will assist employer to create a Comprehensive Compliance Plan and Substantive Plan, which demonstrate (i) the Employer's OPEB obligation under GASB 43 and 45, (ii) the steps taken by Employer to address OPEB costs and (ii) the steps taken by Employer to meet its designated officers' fiduciary duties. The major components of the Compliance Plan may include:

(1) Plan Agreements, Resolutions and Statements
(2) Documents detailing financial structure of trust
(3) Up-to-date financial reports on the trust
(4) Educational materials
(5) Retirement Board of Authority Meeting Agendas and Minutes
(6) Documents detailing submission of Trust for Private Letter Ruling

The major components of the Substantive Plan may include:

(1) Summary of Coverage and Eligibility for underlying OPEB plans
(2) Communications Between Employer and Plan Members
(3) Historical Practice Patterns
(4) Funding Plan
(5) Amendments and Updates as Changes are Made

f. Retirement Board of Authority Consulting. Keenan will monitor the performance of all service providers within the Program and will consult with the Retirement Board of Authority as to operational issues that may arise.

g. Assistance with Revisions to Trust Agreement. To the best of Keenan's knowledge and belief, the Trust will be created in compliance with Section 115 of the Internal Revenue Code, as amended, and other applicable legal guidelines, including GASB 43 and 45 and such other embodying regulations thereunder, as well as applicable provisions of state law. In the event that revisions to the Trust Agreement are required to ensure continued compliance with Section 115, Keenan will work with the Trustee to ensure such revisions are made. Keenan will endeavor to keep Employer advised of revenue rulings, legislation, and other changes in law that it becomes aware of that may impact the Trust Agreement.

h. Referral to Service Providers. The Futuris comprehensive program includes referrals to organizations handling:

(1) actuarial services,
(2) trustee, custodial and investment management services,
(3) financial auditing,
(4) bond underwriting, and
(5) such additional services as Employer may request.

i. Assistance with Preparation of Required Supplemental Information Schedules. Keenan will assist Employer with the preparation of any required supplemental information schedules necessary for Employer's financial statements to comply with GASB 43 and 45.

j. Preparation and Delivery of a Futuris Administrative Guide. Keenan will prepare and deliver to the Employer a guide-book to the administration of the Futuris Investment Fund Program that will be a practical guide to the operations, contacts, installation and administration procedures associated with the Program.

2. Other Services Provided by Trustee and Investment Adviser. Keenan will not provide trustee, custodial, investment management or securities broker services to Employer in connection with the creation, implementation or operation of the Trust. These services will be provided by the Trustee and Registered Investment Advisor under separate agreements between Employer and the Trustee.

3. Optional Additional Keenan Consulting Services. Keenan offers optional additional services available for a separate fee. A separate agreement is required for these services that could include, but are not limited to:

a. Retiree medical consulting,

b. Creation and implementation of defined contribution plans,

c. Providing access to a Medicare Exchange for Medicare-eligible retirees,

d. Retiree Drug Subsidy consulting to determine if the prescription drug plan covering your Medicare eligible retirees qualifies for a federal subsidy, and

e. Evaluation and implementation of a Supplemental Early Retirement Plan.

4. Employer Responsibilities. Throughout the term of this Agreement, Employer or its duly appointed Retirement Board of Authority shall do the following:

   a. Accurate Information. Provide accurate and timely information to the appropriate Service Providers concerning the Plan provisions, participating employees, costs, anticipated retirement dates of employees, and other relevant information necessary, in the requested format, for the Service Providers to provide services to Employer.

   b. Authorized Board. Appoint the Retirement Board of Authority that is to be authorized to exercise authority on behalf of the Employer under the Program. The Retirement Board of Authority will have decision-making authorization in accordance with Government Code §§54950 et seq. (the "Brown Act"), with respect to the Trust on behalf of the Employer. The Retirement Board of Authority will in that capacity perform the following functions:

      (1) execute an Adoption Agreement (the "Adoption Agreement") pursuant to which Employer will adopt the Trust,
      (2) appoint and direct the Trustee,
      (3) complete a risk tolerance questionnaire conducted by the Registered Investment Advisor, and
      (4) draft and adopt an Investment Policy Statement that reflects its long-term investment objectives.

   c. Execute Trust and Related Agreements. Approve, execute and retain in effect a Substantive Plan, Adoption Agreement, Trust and Investment Policy Statement, and such other agreements as may be required for the Trust to validly invest its assets, to meet the requirements of Section 115 of the Internal Revenue Code and any applicable California Code, and to comply with the requirements of GASB 43 and 45 with respect to those assets of the Trust that are designated for funding Plan obligations.

   d. Health and Welfare Plan Decisions. Make discretionary decisions relating to each Plan including, but not limited to, determining eligibility status of employees and their dependents under each Plan, determining eligibility and amount of benefits payable to Employees under each Plan and interpreting Plan provisions.

   e. Decisions Related to Trust. Make all decisions relating to the Trust, it being acknowledged by Employer that Keenan shall have no authority or obligation to make any decisions regarding the Trust, contributions to be made to the Trust, obligations owed by Employer under its Plans, investments to be made by the Trust, or any other matters related to the

Trust, all of which decisions shall be made by Employer or its agents under separate agreements with those agents.

f. Contributions to Trust. All contributions or funding by Employer to comply with OPEB obligations and GASB 43 and 45 requirements shall be made pursuant to the Program into the Trust.

g. Withdrawals from Trust. Direct the Trustee to reimburse Employer for payments made by employer for coverage provided to participants of the Plans.

h. Payments to Intermediaries. Direct the Trustee to make payments to intermediaries that provide coverage to participants of the Plans.

5. Compensation of Keenan. For the services provided by Keenan pursuant to this Agreement, Keenan shall receive the compensation described in Keenan's Fee Schedule which is attached to this Agreement as Attachment A. Keenan' fee schedule shall be subject to change from time to time with a 30-day written notice to Employer. If Employer objects to Keenan's change to the Fee Schedule in writing within 30 days, the prior Fee Schedule will remain in effect until such time as Keenan and Employer come to an agreement on a change to the Fee Schedule, or if no agreement can be reached, until the end of that term. Employer acknowledges and agrees and hereby instructs the Trustee to pay to Keenan out of assets held in the Trust the compensation that is due to Keenan under this Agreement. In the event the Trustee fails to or is unable to pay Keenan out of the Trust assets, Client shall promptly pay to Keenan the outstanding compensation that is due.

Employer acknowledges and agrees that Investment Advisor and the Trustee will each provide separate services on behalf of the Trust, and will each be compensated for and be responsible for their services in accordance with the terms of the written agreements of Employer and the Trustee. Employer further acknowledges that the Actuary will provide separate services to Employer and will be compensated for and be responsible for its services in accordance with the terms of the written agreement between Employer and the Actuary. Keenan shall only be responsible for providing to Client the specific services included in this Agreement and under no circumstances shall Keenan be responsible or liable for the services provided by the other Service Providers or the Actuary.

6. Term and Termination.

a. The "Initial Term" of this Agreement shall commence on the Effective Date and shall continue until the date that is forty-eight (48) months from the Initial Funding Date. The "Initial Funding Date" is the first day of the month in which Employer shall have funded the Trust.

b. This Agreement shall be extended automatically for additional twelve (12) month periods thereafter ("Renewal Term"), unless either party has given the other party at least six (6) months prior written notice of its desire to not extend the term.

c. Either party may terminate this Agreement during the Term of this Agreement upon the occurrence of any of the following events:

(1) The breach of this Agreement by either party if the breach is not cured within 30 days (or such longer period as may reasonably be required to cure the breach, but not to exceed 90 days) of receiving notice of the breach from the non-breaching party;
(2) The Initial Funding Date does not occur with twelve (12) months of the Trust Effective Date;
(3) The dissolution or insolvency of either party;
(4) The filing of a bankruptcy petition by or against either party (if the petition is not dismissed within 60 days in the case of an involuntary bankruptcy petition); or
(5) If either party reasonably interprets the application of any applicable law, rule, regulation, or court or administrative decision to prohibit the continuation of this Agreement or cause a penalty to either party if the Agreement is continued.

7. Representations. Keenan and Employer make the following representations and warranties:

a. Keenan Representations. Keenan represents and warrants that it has full right, authority, power and capacity to enter into, execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by Keenan pursuant to this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by Keenan pursuant to this Agreement constitutes a valid and binding obligation of Keenan, enforceable in accordance with their respective terms. The execution and delivery by Keenan of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary action under its organizational documents and under any agreement applicable to Keenan and do not require any notice to, consent from, or filing with, any third party.

b. Employer Representations. Employer represents and warrants that it has full right, authority, power and capacity to enter into, execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by Employer pursuant to the Program and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by Employer pursuant to the Program constitutes a valid and binding obligation of Employer, enforceable in accordance with their respective terms. The execution and delivery by Employer of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary action under its organizational documents and under any agreement applicable to Employer and do not require any notice to, consent from, or filing with, any third party.

8. Indemnification.

a. If either party breaches this Agreement, then the breaching party shall defend, indemnify and hold harmless the non-breaching party, its officers, agents and employees against all claims, demands, actions, liabilities or costs (including, without limitation, reasonable attorneys' fees and expenses) arising from such breach.

b. If either party (i) becomes the subject of a subpoena or is otherwise compelled to testify or (ii) becomes the subject of a claim, demand, action or liability from a person or entity that is not a party to this Agreement (collectively, a "Third-Party Demand") relating to its obligations under this Agreement and such Third-Party Demand is not a direct result of the gross negligence or willful misconduct of such party, then the other party shall defend, indemnify and hold harmless the party receiving the Third-Party Demand, its officers, agents and employees against all claims, demands, actions, liabilities or costs (including, without limitation, reasonable attorneys' fees and expenses) incurred in resolving such Third-Party Demand.

c. The party receiving the Third-Party Demand ("Indemnified Party") shall notify the other party ("Indemnifying Party") promptly in writing of any such Third-Party Demand and reasonably cooperate with the Indemnifying Party in connection with responding to the Third-Party Demand. The failure to notify the Indemnifying Party of the Third-Party Demand shall not relieve the Indemnifying Party of any liability it may have to the Indemnified Party except to the extent such liability was caused by the Indemnified Party's failure to notify the Indemnifying Party of the Third-Party Demand.

d. The Indemnifying Party shall defend or settle the Third-Party Demand on behalf of the Indemnified Party in the Indemnifying Party's sole discretion except that the Indemnifying Party shall not admit any liability of the Indemnified Party or commit the Indemnified Party to payment of any damages or other expenses.

9. Limit of Liability. Notwithstanding anything to the contrary in this Agreement, in no event shall either party be liable for any punitive damages, fines, penalties, taxes or any indirect, incidental, or consequential damages incurred by the other party, its officers, employees, agents, contractors or consultants whether or not foreseeable and whether or not based in contract or tort claims or otherwise, arising out of or in connection with this Agreement even if advised of the possibility of such damage. Keenan's liability under this Agreement shall further be limited to, and shall not exceed, the amount of its available insurance coverage, but not exceeding the limits of coverage outlined in Section 11.d.

10. Relationship with Other Service Providers.

Employer acknowledges that Keenan has devoted substantial time and effort to the development of the Program, and that Keenan has entered into arrangements with other Service Providers in order to provide an integrated service platform to Employer with service levels and features based upon Keenan's understanding of the needs of public entity employers. Employer therefore agrees that Employer will not, for a period of one year following the expiration of the term of this Agreement or the termination of this Agreement (unless such termination occurs as a result of Keenan's breach of this Agreement), retain the services of a Service Provider (then providing services to Employer pursuant to the Program) in connection with the Trust or the contribution and/or investment of funds designated for payment of Employer obligations under its Plans.

11. General Provisions.

a. Privacy of Employer Information. Keenan acknowledges that in the course of carrying out its duties under this Agreement, it may receive confidential information relating to Employer. Keenan agrees that neither it nor its agents will use such information beyond the purpose for which it was provided or disclose such confidential information to other parties, other than the other Service Providers, as required for Keenan and the other Service Providers to fulfill their respective responsibilities as stated in this Agreement, the Trust, and the agreements between Employer and the Trustee, except to the extent required by the Internal Revenue Service, by law, or with the consent of the Employer. Additionally, Keenan, its agents or affiliates agree to take appropriate steps to secure such confidential information from misuse or unauthorized disclosure. The obligations of this Section shall survive termination of this Agreement. Keenan further agrees that such confidential information will remain the property of Employer and Keenan will return the confidential information and all copies thereof (other than confidential copies that Keenan may be required to retain to demonstrate its performance under this Agreement) to the Employer upon request or termination of this Agreement.

b. Consent to Provide Keenan Access to Information. Employer hereby agrees that, for the purpose of allowing Keenan to perform its services under this Agreement, the Employer agrees to release to Keenan all information necessary for the actuarial study and Keenan shall have access to and receive copies of all reports, correspondence and communications sent or furnished by Trustee, Investment Advisor to or from the Employer in connection with the Program. Specifically, Keenan shall have access to Trust information on the website maintained by Trustee for the Trust. In addition, Employer agrees to provide Keenan with the most current actuarial study on file as defined by GASB 43 and 45.

c. Proprietary and Confidential Information. Employer acknowledges that it may receive certain information with respect to the business practices and records of Keenan which may be confidential in nature ("**Information**"). Employer agrees that such Information is proprietary and confidential and shall not be disclosed or used for any purpose other than as necessary in connection with this Agreement, unless such disclosure is required pursuant to an order of a court of competent jurisdiction, by law, or Keenan agrees in writing to such disclosure. The confidentiality and non-disclosure obligations of this Section shall survive termination of this Agreement. Employer further agrees that Information will remain the property of Keenan and to return the Information and all copies thereof to Keenan upon request or upon termination of this Agreement.

d. Insurance. Keenan shall procure and maintain to the extent available on reasonable terms the following minimum insurance coverages during the Term and shall provide certificates of insurance to Employer upon Employer's request:

Workers' Compensation. Workers' Compensation Insurance in conformance with the laws of the State of California and applicable federal laws.

Bodily Injury, Death and Property Damage Liability Insurance. General Liability Insurance (including motor vehicle operation) with a One Million Dollars ($1,000,000) limit of liability for each occurrence and a Two Million Dollars ($2,000,000) aggregate limit of liability.

Professional Liability Insurance. Professional Liability Insurance with a One Million Dollars ($1,000,000) limit of liability for each occurrence and a Two Million Dollars ($2,000,000) aggregate limit of liability.

Fidelity Insurance. Fidelity Insurance with a One Million Dollars ($1,000,000) limit of liability for each occurrence and a Two Million Dollars ($2,000,000) aggregate limit of liability.

e. Invalidity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any of the other provisions of this Agreement, all of which shall remain in full force and effect.

f. Complete Agreement; Amendments. This Agreement contains the entire understanding between the parties related to the subject matter covered by this Agreement and supersedes all prior and collateral statements, proposals, presentations, communications, reports, agreements or understandings, if any, related to such matters. No modification or amendment to any provision hereof shall be binding unless in writing and signed by authorized representatives from both parties.

g. Waivers. No failure or delay in exercising any right, power or privilege under this Agreement shall be construed as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

h. Third-Party Beneficiaries. Notwithstanding any provision herein to the contrary, this Agreement is not intended and shall not be construed as creating or conferring any rights or remedies on any third parties that are not parties to this Agreement. Enforcement of any remedy for breach of this Agreement may only be pursued by the parties to this Agreement.

i. Notices. Any written notices required by the terms of this Agreement shall be sent by certified mail (or other form of guaranteed delivery) to the address of the Party given below:

Employer:	the address set forth on the signature page
Keenan:	Keenan & Associates Attn: General Counsel 2355 Crenshaw Blvd. Suite 200 Torrance, CA 90501-3325

j. Force Majeure. Neither party shall be held responsible for the delay or failure to perform services or obligations under this Agreement when such delay or failure is due to fire, flood, epidemic, strikes, acts of God or any public enemy, unusually severe weather, failure or malfunction of any electronic, electric or mechanical equipment, legislative or regulatory acts of any public authority, delays or defaults caused by any public carriers, or other circumstances which cannot reasonably be forecast or provided against.

k. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

l. Assignment; Successors. This Agreement may not be assigned by either party without the prior written consent of the other party. The terms and conditions of this Agreement apply to the parties, their heirs, executors, administrators, successors, and permitted assigns.

m. Dispute Resolution.

(1) In the event of any dispute arising out of or relating to this Agreement, such dispute shall be resolved by submission to binding arbitration before Judicial Arbitration & Mediation Services ("JAMS") or ADR Services, at the claimant's choice, in Los Angeles County, California, before a retired judge or justice. If the parties are unable to agree on a retired judge or justice, the selected arbitration service (JAMS or ADR Services) will select the arbitrator.

(2) In any such arbitration, the parties shall be entitled to take discovery in accordance with the provisions of the California Code of Civil Procedure, but either party may request that the arbitrator limit the amount or scope of such discovery, and in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

(3) The prevailing party in any action, arbitration, or proceeding arising out of or to enforce any provision of this Agreement will be awarded reasonable attorneys' fees and costs incurred in that action, arbitration, or proceeding, or in the enforcement of any judgment or award rendered.

n. Scope of Services Rendered; Other Plans. The parties specifically agree and recognize that Keenan is a service provider to Employer and is not providing tax, accounting or legal advice to Employer. The parties understand that Employer is responsible, together with its legal counsel, for the continued qualification of the Trust in accordance with Section 115 of the Code and for operation of the Trust as required by provisions of the State Government Code and all other applicable law. Keenan shall have no responsibility whatsoever with regard to any other qualified or non-qualified employee benefit plans maintained by Employer other than as provided in this Agreement or as in any other written agreement entered into between Keenan and the Employer. Keenan shall further have no responsibility or liability for any services provided by the Actuary, Trustee, Registered Investment Advisor or any other service provider to the Trust or Employer in connection with the Program, and shall be responsible solely for the services described herein which Keenan has agreed to provide to Employer.

o. Legal Fees. In the event of any dispute relating to this Agreement, the prevailing party shall be entitled to recover attorneys' fees and costs, including but not limited to, those incurred in resolving the dispute.

p. Construction. Any rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement, or any amendments or exhibits hereto.

q. Interest on Overdue Payments. All payments and invoices are due and payable upon presentation by Keenan. In the event Employer fails to pay any invoice within thirty days of presentation, Keenan shall be entitled to receive interest on such outstanding invoice from the date of presentation at the rate of (a) 1-1/2 percent per month or (b) the maximum interest rate permitted by applicable law, whichever is lower.

r. Counterparts and Facsimile Signatures. This Agreement may be executed in counterparts and by facsimile signatures, which will be effective as if original signatures.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first written above. Each person signing this Agreement on behalf of a party represents and warrants that he or she has the necessary authority to bind such party.

COAST COMMUNITY COLLEGE DISTRICT	KEENAN & ASSOCIATES
By: [signature]	By: [signature]
Title: ~~Chancellor~~ Board President	Title: Sr Vice President

Address for Notice:

Coast Community College District
1370 Adams Avenue
Costa Mesa, CA 92626

Olson, Lyndsey

From: Lipton, Jack P. <JLipton@bwslaw.com>
Sent: Wednesday, December 07, 2016 2:38 PM
To: Olson, Lyndsey
Cc: Dunn, Andrew; Thompson, Daniela; Buchman, Joseph P.; Weispfenning, John
Subject: RE: Coast/OPEB GASB Compliance Services

Lyndsey,

Provided that the Agreements have been reviewed administratively and that there are no questions regarding the process, then I have no legal concerns.

Jack

Jack P. Lipton, Ph.D., Esq.
General Counsel, Coast Community College District
Burke, Williams & Sorensen, LLP
1851 East First Street, Suite 1550 | Santa Ana, CA 92705
t - 800.333.4297 | m - 310.801.5313
jlipton@bwslaw.com | vCard | bwslaw.com

From: Olson, Lyndsey [mailto:lolson2@cccd.edu]
Sent: Monday, December 05, 2016 2:45 PM
To: Lipton, Jack P.
Cc: Dunn, Andrew; Thompson, Daniela
Subject: Coast/OPEB GASB Compliance Services

Good afternoon Dr. Lipton-

As approved by the Board at their November 2nd meeting, staff is taking the necessary steps to reallocate 50% of the current deposit within the JPA managed by the CCLC into the Futuris Plan managed by Keenan Financial Services. We have now received proposed documents and agreements from Keenan to begin this process. Would you please review the attached documents before any additional steps are taken to begin the setup of the new trust?

Warm Regards,

Lyndsey

Attachment A
Futuris
Keenan Financial Service Fee Schedule
Coast Community College District

The fees below cover all Futuris services provided by Keenan Financial Services ("KFS").

1. The Annual Fee is $1,200.00, paid in twelve monthly installments of $100.00 from the assets in the Trust.

2. The Asset Based Fee is measured in Basis Points ("BPS") with 1 BPS equal to .01% of the Assets in the Trust. The Asset Based Fee will be assessed as follows:

Total Amount in Trust	Keenan Compensation (BPS)
Less than $10,000,000.00	25
$10,000,000.00 to $19,999,999.99	15
$20,000,000.00 to $29,999,999.99	10
$30,000,000.00 and over	8

3. The Asset Based Fee applies to all assets in the Trust, and will be calculated and paid on a monthly basis. Each calculation will be performed on a designated day of the month "Calculation Date." The amount of the monthly payment due will be equal to: (assets in trust on Calculation Date) x (BPS rate) ÷ 12.

4. Asset based fees are in addition to mutual fund expense ratios that are incorporated into the net asset value of the mutual funds. No other fees, include 12(b)(1) fees and Sub-TA fees, will be charged by KFS.

SIGNATURE AUTHORIZATION FORM

Coast Community College District ("Plan Sponsor"), maintains a Public Entity Investment Trust entitled the Coast Community College District Futuris Public Entity Investment Trust (the "Trust") to be used by governmental and public entity employers for the funding and payment of their obligations under employee benefit plans (the "Plan") that provide retiree health and other post-employment benefits (referred to as "OPEB Liabilities") to eligible employees and their dependents, and for other purposes determined t be appropriate by the Employers.

Instructions pertaining to the Plan/Trust shall be signed with the Plan/Trust name followed by the signature of:

Number of authorized signatures required to issue an instruction: 2

The individuals listed below, by Name and Title, are Authorized to issue instructions pertaining to the Plan or Trust to Benefit Trust Company (BTC) and/or Keenan & Associates, pursuant to the terms of the Plan and/or Trust agreement. The signature authorizations shall be valid and binding upon the Employer, the Trust, the Plan and all beneficiaries. This authorization shall supersede any and all prior authorizations and shall remain in effect until BTC and/or Keenan receives a Signature Authorization Form to the contrary, executed by a duly authorized representative of the Employer, provided that any such revocation of authority shall not affect the validity of instructions by any person or persons who at the time were authorized to act.

Those individuals, who are indicated as Board of Authority members below, shall serve as Authorized Representatives to act on behalf of the Employer in compliance with the Trust and the Plan.

SPECIMEN SIGNATURES

Appointment Type	Name/Title	Signature	Authorization Restrictions	Board of Authority Member
☒Addition ☐Change ☐Remove	Mary Hornbuckle Board of Trustee	Mary L. Hornbuckle		☒ Yes ☐ No
☒Addition ☐Change ☐Remove	Jim Moreno Board of Trustee	Jim Moreno		☒ Yes ☐ No
☒Addition ☐Change ☐Remove	Andy Dunn Vice Chancellor, Finance and Administrative Services	[signature]		☒ Yes ☐ No
☒Addition ☐Change ☐Remove	Daniela Thompson Administrative Director, Fiscal Affairs	D Thompson		☒ Yes ☐ No
☒Addition ☐Change ☐Remove	Rachel Snell Director, Internal Audits	Rachel Snell		☒ Yes ☐ No
☒Addition ☐Change ☐Remove	Rob Schneidermann Coast Federation of Educators Representative			☒ Yes ☐ No
☒Addition ☐Change ☐Remove	Ann Nicholson Coast Federation of Classified Representative	Ann Ni[illegible]		☒ Yes ☐ No

I hereby certify that the above Instructions and signatures are valid.

[signature]
Board of Authority Chairperson

4-26-17
(Date)

SIGNATURE AUTHORIZATION FORM

Coast Community College District ("Plan Sponsor"), maintains a Public Entity Investment Trust entitled the Coast Community College District Futuris Public Entity Investment Trust (the "Trust") to be used by governmental and public entity employers for the funding and payment of their obligations under employee benefit plans (the "Plan") that provide retiree health and other post-employment benefits (referred to as "OPEB Liabilities") to eligible employees and their dependents, and for other purposes determined t be appropriate by the Employers.

Instructions pertaining to the Plan/Trust shall be signed with the Plan/Trust name followed by the signature of:

Number of authorized signatures required to issue an instruction: 2

The individuals listed below, by Name and Title, are Authorized to issue instructions pertaining to the Plan or Trust to Benefit Trust Company (BTC) and/or Keenan & Associates, pursuant to the terms of the Plan and/or Trust agreement. The signature authorizations shall be valid and binding upon the Employer, the Trust, the Plan and all beneficiaries. This authorization shall supersede any and all prior authorizations and shall remain in effect until BTC and/or Keenan receives a Signature Authorization Form to the contrary, executed by a duly authorized representative of the Employer, provided that any such revocation of authority shall not affect the validity of instructions by any person or persons who at the time were authorized to act.

Those individuals, who are indicated as Board of Authority members below, shall serve as Authorized Representatives to act on behalf of the Employer in compliance with the Trust and the Plan.

SPECIMEN SIGNATURES

Appointment Type	Name/Title	Signature	Authorization Restrictions	Board of Authority Member
☒Addition ☐Change ☐Remove	Maryann Watson Coast Federation of Educators Representative	Maryann Watson		☒ Yes ☐ No
☐Addition ☐Change ☒Remove	Rob Schneidermann Coast Federation of Educators Representative			☐ Yes ☒ No
☐Addition ☐Change ☐Remove				☐ Yes ☐ No
☐Addition ☐Change ☐Remove				☐ Yes ☐ No
☐Addition ☐Change ☐Remove				☐ Yes ☐ No
☐Addition ☐Change ☐Remove				☐ Yes ☐ No
☐Addition ☐Change ☐Remove				☐ Yes ☐ No

I hereby certify that the above Instructions and signatures are valid.

Board of Authority Chairperson — *(Date)* 2·9·18

Folder 2

- **Benefit Trust Company (BTC) Administrative Services Agreement**
- **Adoption Agreement**
- **Trust Agreement**
- **BTC Fee Schedule**

FUTURIS
TRUST ADMINISTRATIVE SERVICES AGREEMENT

This Trust Administrative Services Agreement ("**Agreement**"), dated this 26th day of April, 2017, is between **Benefit Trust Company** ("**BTC**") and **Coast Community College District** ("**Employer**") with reference to the following:

A. **<u>General Purposes</u>.** The Employer has duly adopted resolutions authorizing the formation of a Retirement Board (the "**Retirement Board**") with responsibility for the execution of an adoption agreement (hereinafter the "**Adoption Agreement**", attached as "Exhibit A"), to establish and maintain a trust, as formally described and entitled on the Adoption Agreement to adopt the Futuris Public Entity Investment Trust (hereinafter the "**Trust**"), attached as "Exhibit B", to be used by governmental and public entity employers for the funding and payment of their obligations under employee benefit plans (the "**Plan**") that provide retiree health and other post-employment benefits (referred to as "**OPEB Liabilities**") to eligible employees and their dependents, and for other purposes determined to be appropriate by the Employers. The Retirement Board is also authorized to appoint BTC, as trustee, and for adequate consideration, BTC otherwise agrees to perform services specified herein.

B. **<u>Services Provided By BTC</u>.** Upon the signing of this Agreement, BTC will have been deemed to have executed the Trust as attached hereto and during the term of this Agreement, BTC further agrees to serve as a discretionary trustee, with fiduciary oversight and authority over the operations and management of the Trust as specified therein and related to the following:

1. **Compliance**. BTC shall administer the Trust document, and any applicable documents and amendments, and contributions received from the Employer in Trust in a manner intended to comply with the requirements of Section 115 of the Internal Revenue Code (the "**Code**"), as amended, and other applicable legal guidelines, including Governmental Accounting Standards Board Statement Nos. 43, 45, 74 and 75 and such other embodying regulations thereunder, as well as applicable provisions of state law that govern the investment of excess funds for approved governmental purposes.

2. **Maintenance of Separate Accounts**. BTC shall establish within the Trust a fund, or funds as applicable: One separate fund, or funds, as applicable (the "**Trust Fund**"), shall hold funds irrevocably designated for the payment of retiree health and welfare benefits or other similar OPEB Liabilities, including applicable fees and expenses, as reported and impacted by applicable legal requirements, including Governmental Accounting Standards Board Statement Nos. 43, 45, 74 and 75. The disbursement of any monies from the Trust Fund or Funds (as defined in the Trust Agreement and referred to collectively herein as "**Accounts**") shall only be made by BTC as provided for and in accordance with the terms of the Trust.

3. **Custodian**. BTC shall serve as the custodian, or shall have the authority to delegate the responsibility for same to a sub-custodian, as applicable, of all assets

of the Trusts, to which it shall retain responsibility for the titling and ownership (including registration of assets in nominee name, if required under applicable law) of all contributions, earnings or other assets held in the Trust. In such capacity, BTC shall receive contributions from the Employer and shall further agree to allocate all contributions to one or more Accounts as designated by the Employer, including allocation into one or more Trust Fund Accounts within three (3) business day following the later of the date such contributions were received or the date on which the BTC is notified where such funds are to be allocated. In such capacity, BTC shall hold all Trust funds in the designated Accounts and allocate any income earned thereon in the manner set forth by the terms of the Trust. If the Trustee or any sub-custodian receives any contributions or other amounts from the Employer after any applicable trading deadline or receives such contributions without any further designation of the amount or Accounts to which such amounts should be allocated, or the allocation instructions are incorrect, the Trustee shall deposit all such amounts received to the Trust Fund in a default investment vehicle established by the Trust, until the Employer's investment direction can be properly completed. If, after a period of thirty (30) days the Trustee is unable to obtain revised instructions from the Employer, the Trustee shall return all such previously-deposited amounts to the Employer, including allocated earnings therein.

4. **Investment Management and Monitoring**. BTC shall have oversight and authority to:

a) Appoint and monitor an investment manager (the "Investment Manager"), who shall be selected by BTC to have discretionary authority and responsibility to manage the Accounts, and shall have full investment authority and discretion, on behalf of the Accounts, to purchase, sell and trade in securities of all types, including cash and cash equivalents, in such amounts, at such prices, and in such manner as it may deem advisable, subject to applicable laws, including applicable provisions of any governing state laws or regulations, as well as this Agreement, the established Investment Policy Statement approved by the Retirement Board, and such other guidelines, policies and restrictions applicable to each Fund Account;

b) Assist in the preparation and establishment of a written Trust Investment Policy Statement for Retirement Board approval;

c) Maintain authority and access, as well as the ability to delegate the authority of same, to all Accounts and applicable transaction information to monitor the operations of the Trust and investment of the Accounts in accordance with Investment Policy Statement requirements;

d) After consultation with the Retirement Board, BTC shall terminate and replace the Investment Manager under circumstances and procedures outlined in the Trust and separate investment management agreement between BTC and the Investment Manager.

5. **Accounting and Reporting Transactions**. BTC shall maintain accurate records of all financial transactions in accordance with the written terms and conditions of the Trust. Unless circumstances dictate otherwise for which the Retirement Board would be duly notified, account statements will be mailed or delivered to Retirement Board no more than twenty (20) business days after the valuation period ends.

6. **Customer Service**. BTC shall provide customer service support that shall include:

   a) Internet Access to Accounts. BTC shall provide the Retirement Board with secure, online, 24-hour a day, Internet access to Trust account financial information that shall include daily access to all assets held in each Fund Account, contributions received, current asset valuation information and other transactions and expenditures allocated to each fund

   b) Telephone Response Team. BTC shall be available between the hours of 8 a.m. and 5 p.m. (C.S.T.), Monday through Friday, and shall further provide and maintain adequate staff, to receive telephone inquiries and respond to questions from the Retirement Board or any authorized representative of the Employer. BTC representatives will either make every reasonable effort to respond to any questions or inquiries or shall redirect such questions or inquiries to the appropriate party for further response.

   c) Meetings and Teleconferences. BTC shall make itself available, on an as needed and commercially reasonable basis, to meet with or participate in applicable teleconference communication with the Employer, Retirement Board, or other appropriate representatives for informational meetings or other necessary business requirements. Any face-to-face meetings that are deemed necessary between the parties shall be arranged for a mutually agreeable time.

7. **BTC Duty of Care**. In exercising its discretionary duties and responsibilities as Trustee as otherwise set forth herein, BTC shall act in accordance with Article XVI, Section 17 of the Constitution of the State of California and the Uniform Trust Code, each as amended, including the obligation to administer the Trust as a prudent person would, by considering the purposes, terms, distribution requirements, and other circumstances of the Trust, and through exercising reasonable care, skill and caution dictated under the then-existing circumstances.

C. <u>Additional Services</u>. In addition to the services otherwise provided as referenced above, BTC shall perform other services as agreed to in advance and in writing between the parties (with such services and applicable fees being determined separately as delineated on the Fee Schedule and any Addendum attached hereto as "Exhibit C"), which may include:

1) Administration and processing of benefit claims from the Plan Administrator, as it relates to Trust Fund assets;
2) Preparation of Employer-requested reports, other than those generally provided pursuant to this Agreement;
3) Specialized customer service, other than the services to be provided pursuant to this Agreement;
4) Maintenance of other specialized Employer records beyond those specified within this Agreement; and
5) Such other services agreed to between the parties.

D. **<u>Responsibilities of the Retirement Board</u>.** During the term of this Agreement, the Employer and/or the Retirement Board as applicable based on binding resolution or other similar authority as communicated to the Trustee by the applicable party, will be responsible for the following Trust administration activities:

1. Execute and adopt the terms of the Trust, through signing of the Adoption Agreement, as well as adopt the Investment Policy Statement, a sample of which is attached as "Exhibit D", and provide copies of such documents to BTC and Investment Manager.

2. Facilitate any efforts and processes necessary to ensure the Plan Administrator executes applicable written agreements providing any required consent to compliance with the terms of the Trust or any other corresponding documentation.

3. The Employer shall determine the amount of any annual contributions and the Retirement Board shall deliver said contributions along with allocation instructions to BTC in a timely manner in accordance with Trust provisions and applicable state or federal regulations.

4. Hold periodic meetings of the Retirement Board, for the purpose of reviewing investment performance and compliance with Investment Policy Statement guidelines, as well as engage in annual review and analysis of any applicable modifications to the Investment Policy Statement through meetings and discussions with the Investment Manager and Trustee, as applicable.

5. Provide names of individuals authorized to act on behalf of the Trust in writing, including all applicable Plan Administrators and their Authorized Representatives, as well as notify BTC and the Investment Manager in writing of any changes as soon as a successor is designated.

6. BTC and any delegated Investment Manager shall be entitled to rely upon the accuracy and completeness of all information furnished to them by the Retirement Board or by any person designated to act on behalf of the Retirement Board.

Should BTC or any delegated Investment Manager commence work at the direction of Retirement Board prior to receipt of the signed Adoption Agreement, the Retirement Board shall accept and ratify all actions taken by BTC or the Investment Manager to the extent such actions are consistent with the direction of the Retirement Board or the Employer, as applicable. Any errors or noncompliance that arises therefrom shall be corrected as otherwise set forth in this Agreement.

E. **Fees for Trust Administration Services.** Retirement Board will pay BTC (including applicable fees to be paid to Investment Manager by BTC) the fees and other allowable expenses set forth in the Administrative Fee Schedule Addendum attached to this Agreement as "Exhibit C". Subject to the mutual agreement between the parties, BTC and the Investment Manager retain the right to change fees for service from time to time upon 30 days written notice to Retirement Board. In the event the Retirement Board rejects a fee change by sending written notice to the Trustee prior to the date such fee change is to become effective, the current fee schedule shall remain in effect through the end of the current contract term.

F. **Responsibility for Errors: Indemnification**

1. Retirement Board will promptly notify BTC of any errors or omissions in information supplied by Employer, its agent or other representatives. In such event, BTC's sole obligation, to the exclusion of any other obligation or remedy for damage or loss, including special or consequential damages, shall be to use its reasonable efforts to correct any resulting errors in any information, records or in any reports it has prepared for Retirement Board (including filing amended returns, if required), or any other errors that have been identified by the Employer or its representatives.

2. BTC and its officers, directors, employees and other representatives (collectively referred to as a "BTC Indemnified Person") shall be fully protected and indemnified, defended and held harmless by Employer, in relying upon information, direction or instructions received from an Authorized Representative as provided in the Trust, which instructions or directions BTC reasonably believes to be authentic and issued by an Authorized Representative. Should it become necessary to perform some act hereunder and there is neither direction in the Trust nor information or instructions from the Retirement Board, the Employer on file with BTC relating thereto, and if no such information or instructions can be obtained after reasonable inquiry, BTC shall have full power and authority to act in BTC's discretion, consistent with the purposes of the Trust and its role as trustee. This indemnification will protect a BTC Indemnified Person from all losses, claims, damages, liabilities and expenses incurred (including reasonable attorneys' fees and applicable court expenditures resulting from BTC's actions as described in this Section F(2)), with such costs being paid by the Employer. In so acting or in following any instructions from an Authorized Representative, BTC or any other BTC Indemnified Person shall not be liable except to the extent that the actions of BTC or any BTC Indemnified Person constitute fraud, bad faith, willful misconduct or gross negligence.

3. BTC, as the case may be, will indemnify defend and hold harmless the Employer, the Retirement Board and their officers, directors, employees and other representatives (anyone of which is hereafter referred to as an "Employer Indemnified Party") to the full extent lawful to protect an Employer Indemnified Party from all losses, claims, damages, liabilities and expenses incurred by an Employer Indemnified Party (including reasonable fees and disbursements of counsel including applicable court expenditures) which are the result of either BTC's fraud, bad faith, willful misconduct or gross negligence.

4. BTC will correct at its own expense any errors in the records and reports prepared and attributable to their errors, but BTC shall not otherwise be responsible for special or consequential damages, nor shall it correct any such errors for which the Retirement Board has knowledge but fails to properly and timely notify BTC in compliance with applicable law.

5. In accordance with applicable legal requirements, Retirement Board will promptly notify Investment Manager after the settlement date of any errors made or allegedly made in any requested trade of which Retirement Board has knowledge. The trade will be assumed to have been effected in accordance with the original request if notification is not given within required timeframes. If a loss occurs as a result of a trade for which the Retirement Board has knowledge but fails to properly and timely notify the Investment Manager of the error, Retirement Board will indemnify Investment Manager with respect to any loss resulting from such trade.

6. Neither BTC nor Investment Manager will be liable for any loss to the Retirement Board, any Plan Administrator or its Plan participants for failure or refusal of any transfer agent or investment sponsor to act upon investment instructions, or for any loss incurred due to the inaccuracy, incompleteness, or lack of timeliness of information received from the transfer agent or investment sponsor, unless such losses are caused by the instructions provided by BTC or Investment Manager as applicable.

G. Term

1. (a) This Agreement shall become effective on the date stated above, and may not be terminated for a period of forty-eight (48) months following the date the Trust is initially funded unless there has been: (i) a failure to fund the Trust within twelve (12) months of the date stated above or otherwise make an agreed upon contribution and the Trustee elects to terminate the Trust, (ii) a breach of this Agreement or a failure of either party to comply with applicable laws or regulations, and such breach or failure is not cured within a period of fifteen (15) days, (or such longer reasonable period, not to exceed sixty (60) days as may be required to effect a cure) after the date of such written notice of breach and election to terminate, or (iii) by the Employer, on thirty (30) days written notice, if both of the following conditions occur: (1) a universal healthcare system goes

into effect in the State of California or the United States which expressly eliminates the Employer's obligations to pay any party for its contractual OPEB commitments, and the Employer obtains a current actuarial valuation of the Trust confirming that there is no remaining OPEB liability, or (2) any other circumstance wherein the Employer obtains a current actuarial valuation of the Trust confirming that there is no remaining OPEB liability.

(b) Notwithstanding the provisions of Section G-1(a) above, either party may terminate this Agreement on the occurrence of the following events, provided that the terminating party gives the other party ninety (90) days advance written notice for such termination:

i. The termination of the Keenan Program Services Agreement; or

ii. The receipt by the Employer of a ruling from the IRS that the Plan and/or the Trust do not meet the requirements of the Internal Revenue Code Section 115 and/or that, as such, the earnings of the trust are not exempt from tax, and such adverse ruling is not reversed before the ninety (90) day notice period has elapsed.

2. At the end of the Agreement's initial term, the Agreement shall automatically renew for successive twelve (12) month periods unless either BTC or the Retirement Board provide the other party with at least ninety (90) calendar days' prior written notice of intent to terminate on the scheduled expiration date. The parties agree that the longer period of notice required to be provided by the terminating party is reasonable and necessary in order for the Retirement Board to transition services to a new trustee. No additional fees shall be charged by BTC with respect to the termination of its services except as provided in this Agreement. However, the non-payment of a bill does not constitute notice of termination and all fees for services performed through the date a written notice is received are due and payable to BTC. The obligation of Retirement Board to pay fees and disbursements for services performed through the date of termination and the rights and obligations of the parties under all sections will survive such termination.

3. Upon the termination of this Agreement and payment of any outstanding fees and after establishment of any necessary reserve requirements as otherwise set forth in the Trust, BTC will relinquish its trustee and custodial relationship as provided for in the Trust, as well as provide Retirement Board with copies of trust accounting records, if so requested in writing by Retirement Board, at any time within seven (7) years of the date of termination of this Agreement. Forms, procedures, software, worksheets, checklists and other processes developed by BTC to perform the services required under this Agreement are the property of BTC and are not considered the records of the Retirement Board. A fee will be charged based on time and cost to perform any work necessary for the new trustee

to take over the work performed at the request of the Retirement Board, such fee to be mutually agreed upon by the parties in advance of such work being performed.

4. The above notwithstanding, if the termination of this Agreement is the result of a dispute over fees paid, or to be paid, to the Trustee as set forth under this Agreement, in addition to the duties and responsibilities for trustee and custodial transfer as set forth above, BTC shall provide copies of all reports, records or account statements otherwise to the Retirement Board, as requested, as well as shall retain a copy of such records, reports and other information pending the resolution of any ongoing dispute regarding the fees paid, or to be paid hereunder.

H. Maintenance and Confidentiality of Records

1. **Books, Records and Employer Information**. BTC agrees to the following with respect to all Trust information, books and records and information provided by the Retirement Board to BTC:

   a) Retention and Security of Documents and Employer Data. BTC shall maintain copies of all executed Trust related documents, including the Adoption Agreement, written directions of the Employer or Retirement Board with respect to Accounts, Plan Administrator designations authorized signatory information, and the Employer's approved Investment Policy Statement, as well as shall use commercially accepted standards in retaining, backing up, storing and recovery of any and all Employer data and other electronic documentation in a secure environment.

   b) Safekeeping of Books and Records. BTC agrees to maintain facilities and procedures for the safekeeping of all documents, records, books, files and other materials relative to the Trust and transactions facilitated on behalf of the Employers that participate in the Trust (collectively, the "**Books and Records**"). BTC agrees to maintain such Books and Records for the duration of this Agreement and not to destroy such Books and Records without Employer's prior written consent. Employer and any applicable regulatory body shall have reasonable access during normal business hours to such Books and Records. BTC shall provide all necessary assistance in conjunction with any inspection or audit by any applicable regulatory body for no additional fees, but the reasonable out of pocket expenses incurred in connection with such inspection or audit shall be payable at the expense of the Trust at the time such expenses are incurred in accordance with the terms of this Agreement and the Trust thereunder.

   c) Confidentiality of Employer Data. All data and information submitted by Employer to BTC in connection with this Agreement or the Trust ("**Employer Data**") is and shall remain the exclusive proprietary information and property of the Employer and shall be considered confidential information. Employer Data shall not be (1) used by BTC other than pursuant to this Agreement or the Trust, (2) disclosed, sold, assigned, leased or otherwise provided to third parties by BTC except in connection with the provision of services to an Employer pursuant to this Agreement, unless Employer or the Retirement Board specifically authorize the release or disclosure of such information; or (3) commercially exploited by or on behalf of BTC, its employees or agents. BTC shall take such steps as shall under the circumstances be reasonable, prudent and appropriate to protect and keep confidential the Employer Data and shall inform its employees of the confidential nature of the Employer Data. BTC agrees to cause each person or entity directly or indirectly controlled by BTC and the officers, employees and agents of BTC and each such controlled person or entity to comply with the confidentiality provisions of this Agreement.

2. **Required Disclosure**. In the event that BTC becomes legally compelled to disclose any Employer Data, BTC will provide Employer with prompt written notice thereof in order for Employer to seek a protective order or other restriction on disclosure. If BTC is required to disclose information after Employer has sought such protective order or other restriction on disclosure, BTC will furnish only that portion of the Employer Data that it is legally compelled to disclose and no other. BTC agrees to regard and preserve as confidential all records and other information relative to the Trust and will not, without written authority from Retirement Board, disclose to others during the term of this Agreement or thereafter any such records or other information except as required by applicable law. However, should a court of law, governmental agency, participant/employee whether current or former (or attorney thereof) request information that is otherwise legally available, BTC shall be held harmless for inadvertently and without malice disclosing such information requested. Likewise, BTC shall not be responsible for and equally held harmless for any other disclosure for which it is legally compelled to provide based on the action or inaction of the Employer, the Retirement Board or any of its representatives.

3. **Records Inspection**. BTC agrees, during the term of this Agreement, all records maintained for the Trust shall be open to inspection and audit by Retirement Board at reasonable times, and that such records shall be preserved and retained for the greater of three years after the related filing date or such other period as may be required by applicable governing regulations as in effect from time to time. On a periodic basis, or if otherwise required in accordance with any legal requirement, BTC, shall engage an independent certified public accountant whose identity and fees are approved by the Retirement Board with such approval to not be unreasonably withheld, to audit records and information related to the Trust, with the reasonable cost of such audit to be paid for by the Trust. A copy of the report of such audit shall be furnished to the Employer, the Retirement Board and to any other parties authorized to receive such information.

I. Other Provisions

1. **Entire Agreement, Amendment.** This Agreement, as well as the attached Exhibits, including the Adoption Agreement, Trust, Administrative Fee Schedule and any Addendum, as well as other applicable schedules and exhibits, if any, constitute the entire agreement between the parties with respect to the administration of the Trust and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. This Agreement may be amended and any provision hereof waived, but only in writing signed by the party against whom such amendment or waiver is sought to be enforced. The waiver by either party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach. To the extent there is any conflict between the terms of this Agreement and the terms and conditions of the Trust, the Trust shall control any dispute arising therefrom.

2. **Responsibilities of Parties.** In carrying out their responsibilities under this Agreement, BTC and Retirement Board shall at all times be subject to the following requirements:

    a) BTC and Retirement Board shall act in accordance with applicable laws and shall also act in compliance with the documents and instruments governing the Trust, insofar as such documents and instruments are consistent with the provisions of applicable state law and any regulations promulgated thereunder. The Retirement Board further agrees that it shall ensure it has all necessary authorities to contribute any applicable funds to the Trust and shall have all necessary authorizations to act on behalf of the Employer or the Plans to the extent necessary and in compliance with Section 7.5 of the Trust.

    b) To the extent applicable as it relates to Trust Fund, BTC, the Investment Manager, as delegated, and Retirement Board shall act solely in the interest of the participants and their beneficiaries and for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Trust.

    c) To the extent of all Trust assets held within the Accounts, BTC, the Investment Manager, as delegated, and Retirement Board shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, but shall also strictly adhere to other applicable state law requirements related to the investment of excess fund assets.

    d) Retirement Board shall have the responsibility for selecting the investment asset allocation mixes to include in the Trust, after receiving assistance from BTC and/or Investment Manager accordingly. The Retirement Board further acknowledges that past performance is no guarantee of future performance of any investments.

3. **Force Majeure.** No party to this Agreement will be deemed to be in default for any performance, or delay, or failure to perform under this Agreement resulting, directly or indirectly, from: (a) any governmental action or inaction, labor disputes, mechanical or electrical breakdown, any failure of communication lines, telephone or other interconnect problems or unauthorized access, provided such failure (i) is not the fault of such party; or (ii) could not be reasonably controlled by such party; or (b) any natural disaster; or (c) other events beyond the reasonable control of the parties; provided, further, that such events shall not be excused to the extent they can be obviated by the implementation of BTC's Business Recovery Plan.

4. **Dispute Resolution.** This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

a) All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
d) The arbitrators do not have to explain the reason(s) for their award.
e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

With respect to controversies or disputes which may arise between you and us (including our affiliates, as well as the Investment Manager, as a third party beneficiary of this Agreement, having the right to enforce any of the parties' obligations herein) under this Agreement concerning matters involving alleged violations of the Advisers Act or applicable state investment advisory laws, it is understood that the Securities and Exchange Commission and various state securities regulatory agencies believe that an agreement to submit disputes to arbitration does not constitute a waiver of any rights provided under the Investment Advisers Act or applicable state investment advisory laws, including the right to choose a forum, whether by arbitration or adjudication, in which to seek the resolution of disputes.

Arbitration Provision:

Any and all disputes that may arise out of or relate to this Agreement, other agreements or any other relationship involving Employer and BTC (whether occurring prior to, as part of, or after the signing of this Agreement), shall first be resolved by good faith negotiations between the parties with the assistance of non-binding mediation. If the dispute is not resolved through mediation within sixty (60) days following the first notification of a request to mediate, then either party shall have the right to require the matter to be resolved by final and binding arbitration by JAMS dispute resolution service pursuant to its Streamlined Arbitration Rules and Procedures, or such other arbitration procedures as may be agreed to in writing by the parties. Judgment upon an award of the arbitrators may be entered and enforced in any court having jurisdiction. Negotiation, mediation and arbitration shall be the exclusive means of dispute resolution as between Employer and BTC and their respective agents, employees, officers and members. Arbitration shall be before a single arbitrator in the County of Los Angeles, California. The Arbitrator shall apply California substantive law. Any party may bring an action in any court of competent jurisdiction, if necessary: (i) to compel arbitration under this arbitration provision, or (ii) to obtain preliminary or other equitable relief in support of claims to be prosecuted in arbitration, or (iii) to enter a judgment of any award rendered pursuant to such arbitration. The parties acknowledge that a breach of the provisions of this Agreement could result in irreparable harm to the other party, and therefore agree that the non-breaching party shall be entitled to seek specific performance or other equitable relief in any court of competent jurisdiction.

5. **Notice.** Any notice under this Agreement shall be given in writing by certified mail, return receipt requested, to the address listed below.

6. Commencement Date. This Trust Administrative Services Agreement shall commence as of the date first written above.

Employer: Coast Community College District
Address of Notice: 1370 Adams Avenue
Costa Mesa, CA 92626

By: ______________________________
Mary Hornbuckle, Member – Board of Trustees

By: ______________________________
Jim Moreno, Member – Board of Trustees

By: ______________________________
Andy Dunn, Vice Chancellor of Finance and Administrative Services

By: ______________________________
Daniela Thompson, Administrative Director of Fiscal Affairs

By: ______________________________
Rachel Snell, Director of Internal Audits

By: ______________________________
Rob Schneidermann, Coast Federation of Educators Representative

By: ______________________________
Ann Nicholson, Coast Federation of Classified Employees Representative

BTC: Benefit Trust Company.
Address of Notice: 5901 College Boulevard, Suite 100
Overland Park, KS 66211

By: ______________________________
Scott W. Rankin, Senior Vice President

EXHIBIT A

COAST COMMUNITY COLLEGE DISTRICT
PUBLIC ENTITY INVESTMENT TRUST
ADOPTION AGREEMENT

COAST COMMUNITY COLLEGE DISTRICT ("Employer"), through its authorized Board of Authority hereby elects to adopt the terms of the Trust Agreement, which shall be formally known as the Coast Community College District Public Entity Investment Trust (hereinafter referred to as the "Trust"), attached hereto and incorporated by reference, as of April 26, 2017 (the "Effective Date").

Fiscal Year. The fiscal year of the Trust shall be the 12-month period beginning July 1 and ending June 30.

Plan Administrator. "Plan Administrator" is the person or entity named within the Plan(s) that provide(s) benefits Plan Participants who are to receive benefits as otherwise funded through the Trust. For these purposes, the Plan Administrator is the Employer.

1.12 Retirement Board. "Retirement Board" shall mean the Retirement Board as appointed by the Employer. The Retirement Board is appointed to serve as specified within the Trust. The Retirement Board serves a perpetual term. Members of the Retirement Board shall be removed or replaced by written resolution of the Employer, or as set forth in Article IX of the Trust. The initial Retirement Board is:

Name	Initial Term
Mary Hornbuckle	perpetual
Jim Moreno	perpetual
Andy Dunn	perpetual
Daniela Thompson	perpetual
Rachel Snell	perpetual
Rob Schneidermann	perpetual
Ann Nicholson	perpetual

Trustee. The initial "Trustee" of the Trust shall be: Benefit Trust Company, a Kansas corporation, who shall serve in accordance with the terms of the Trust. The Retirement Board, on the Employer's behalf, may remove the Trustee, and the Trustee may resign as Trustee of the Trust, at any time in the Retirement Board's discretion with or without cause, upon sixty (60) days' prior written notice to the other party. Upon the resignation or removal of the Trustee, the Retirement Board hereby appoints a successor Trustee who shall have the same powers and duties as those conferred upon the Trustee as otherwise set forth in the Trust.

Authorized Representatives. The "Authorized Representatives" with authority to make decisions by or on behalf of the Trust are the Retirement Board, or the person(s) further identified as follows:

Name	Title
N/A	

IN WITNESS WHEREOF, on behalf of the Retirement Board, as designee of the Employer, the person signing this agreement represents and warrants that he or she had the authority to bind such parties and hereby adopts the Trust on the 26th day of April, 2017.

RETIREMENT BOARD

By: ______________________, Chairperson

EXHIBIT B

COAST COMMUNITY COLLEGE DISTRICT PUBLIC ENTITY INVESTMENT TRUST AGREEMENT

THIS AGREEMENT, generally referred to as the **Coast Community College District Public Entity Investment Trust** (hereinafter the "**Trust**" or "**Agreement**") made and hereby executed by **Coast Community College District**, a governmental or public entity employer (hereinafter "**Employer**"). This Agreement shall remain effective as of the Effective Date set forth below.

WHEREAS, Employer has established the Trust to be used for the purposes of investment and disbursement of funds irrevocably designated by Employer for the funding and payment of its obligations to eligible employees (and former employees) of Employer and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as "other post-employment benefits," or "**OPEB**"), in compliance with Governmental Accounting Statement Nos. 43, 45, 74 and 75; and

WHEREAS, Employer is a public entity, and hereby wishes to establish this Trust as an essential part of Employer's governmental purposes, pursuant to a trust arrangement that is tax exempt under applicable guidance and procedures under Section 115 of the Code;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, Employer and the Trustee agree as follows:

ARTICLE I

DEFINITIONS

1.1 Adoption Agreement. "Adoption Agreement" shall mean the Adoption Agreement entered into by the Retirement Board, who has been authorized by the Employer to adopt this Trust for the purposes specified herein.

1.2 Authorized Representative. "Authorized Representative" means a representative authorized pursuant to Section 7.5 of this Agreement.

1.3 Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

1.4 Effective Date. "Effective Date" shall mean the date specified in the Agreement executed by Employer as set forth below.

1.5 Fiscal Year. "Fiscal Year" shall mean the Trust's 12-month period beginning every July 1 to June 30 of the following year, unless otherwise stated in the Employer's Adoption Agreement.

1.6 Investment Manager. "Investment Manager" shall mean the independent registered investment adviser that may be appointed pursuant to the authority provided to the Trustee in Section 5.1 of this Agreement, and as approved by the Retirement Board.

1.7 Investment Policy Statement. "Investment Policy Statement" shall mean the investment guidelines for the Trust, as approved by the Retirement Board, and as such Investment Policy Statement may be amended from time to time. The Investment Policy Statement shall establish the investment guidelines and authority related to the investment and management of Trust assets by the Trustee or its designee, as applicable and subject to the terms of the Trust.

1.8 OPEB. "OPEB" shall mean "other post-employment benefits" as applicable under Statements 43, 45, 74 and 75 of the Governmental Accounting Standards Board, and shall specifically include retiree medical coverage provided to former employees of the Employer.

1.9 Participant. "Participant" shall mean any employee or former employee of Employer, or any dependent or beneficiary of such an employee or former employee, who is or shall be entitled to benefits as provided for under the Plan.

1.10 Plan. "Plan" or "Plans" shall mean each plan adopted by Employer that includes or provides for the payment of benefits or other applicable OPEB liabilities to Participants in accordance with the terms of the Plan. Each Plan shall be limited to providing life, sick, hospitalization, major medical, accident, disability, dental and/or other similar benefits to Participants.

1.11 Plan Administrator. "Plan Administrator" shall be the person or entity stated within the Adoption Agreement who shall, unless otherwise delegated to another Authorized Representative, have the sole authority to provide directions for withdrawal or other disbursement of funds held on the Plan Participants' behalf in the Trust Account of the Trust for OPEB liabilities, and other applicable fees and expenses.

1.12 Retirement Board. "Retirement Board" shall mean the Retirement Board as appointed by the Employer, under procedures set forth in the Adoption Agreement, and otherwise having the power and authority to make all decisions required to be made for the Trust on behalf of Employer, as described in this Agreement, except for any required decisions of the Plan Administrator or Employer under this Agreement. The members of the Retirement Board may be appointed, terminated and replaced by Employer using such procedures as Employer as provided within the Adoption Agreement, with the initial Retirement Board being designated by the Employer on the signed Adoption Agreement.

1.13 Trust. "Trust" shall mean the trust established by this Agreement, which shall supersede any prior trust previously executed for the same or similar purposes as described herein.

1.14 Trustee. "Trustee" shall mean the person or entity appointed who shall act as Trustee of the Trust and custodian of the Trust assets in accordance with the terms of this Agreement. Unless otherwise designated by the Employer or Retirement Board in the signed Adoption Agreement, the Trustee shall be the Retirement Board.

1.15 Trust Account. "Trust Account" shall mean the Trust assets held in an account or subaccount that are irrevocably designated by Employer to be held in the Trust for the purpose set forth within this Trust Agreement.

ARTICLE II

PURPOSE AND ESTABLISHMENT OF TRUST

2.1 Establishment of Trust. This Agreement establishes the Trust. Employer shall deposit with Trustee, in Trust, a sum of money or other similar consideration, which shall become the initial principal of the Trust, to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. The principal of the Trust and any other contributions as set forth below, along with any earnings thereon shall be held separate and apart from other funds of Employer and shall be used exclusively for the uses and purposes herein set forth.

2.2 Purposes of the Trust. The Trust shall be for the purpose of receiving, holding, investing, reinvesting and disbursing, for the benefit of the Participants in connection with assets held in the Trust Account, the monies or property contributed to or otherwise received by the Trustee, in accordance with the provisions of this Agreement. The Trust shall consist of all reserves or monies comprising assets that may include any insurance policy assigned by Employer to the Trust, as well as any and all contributions further described under Article III below, and all cash, securities, property, and assets of whatever kind and nature, owned, held or otherwise acquired by the Trustee pursuant to the Trust, and all earnings thereon. To the extent of any assets held within the Trust Account, no part of the principal or income of the Trust held within the Trust Account shall be paid, or revert, to Employer, or be used in any manner other than for the exclusive benefit of the Participants in connection with the payment of OPEB obligations, including applicable fees and expenses, of Employer under the terms of the Plan, or as otherwise provided herein. Accordingly, the Trust holds only bare legal title to the Trust Account, and neither the Trust nor Employer own or hold any equitable interest in the Trust Account, but the beneficial interests of all Trust assets remain with the underlying Plan for the benefit of Plan Participants.

ARTICLE III

CONTRIBUTIONS

3.1 Contributions. Employer may from time to time make contributions to the Trust, in such amounts as Employer shall determine. To the extent that any Plan permits contributions to be made by Participants, all such contributions along with all earnings on such Participant contributions shall be reflected as Participant contributions in all books and records maintained by the Trustee. All contributions shall be made in cash or in the form of such other property as the Trustee may from time to time deem acceptable and which shall have been delivered to the Trustee. The contributions so received, together with the income therefrom and any other increment thereon shall be held, invested, reinvested and administered by the Trustee pursuant to the terms of this Agreement. The Trustee shall not be responsible for or have any obligation related to, the timing or collection of any contribution, the allocation of any contributed amount or any applicable earnings of the Trust Account, or the calculation or payment of any benefits or other OPEB liabilities under any Plan. For any contributions received after any trading deadline, or if the Employer fails to provide proper instructions for the allocation of any amounts to be contributed to the Trust Account, or such instructions are incomplete or incorrect in a manner that prevents the contributed amounts from being invested in the desired manner, the Trustee, or its designated sub-custodian, if applicable, shall deposit such amounts in the Trust Account, to be held in a Short-Term Investment Fund (the "Default Fund"), or such other similar account comprised of cash, bank notes, corporate notes, government bills and other various short-term debt instruments that are deemed appropriate by the Trustee and/or the Investment Manager until such time as the Employer's directions can be properly completed. If, after a period of thirty (30) days the Trustee is unable to obtain revised instructions from the Employer, the Trustee shall return all such previously-deposited amounts to the Employer, including allocated earnings therein.

3.2 Compliance with Laws. The Trust is established and maintained solely by Employer as an essential part of its governmental purposes and is intended to satisfy all requirements of the United States Department of Treasury pursuant to Section 115 of the Code. All contributions made to the Trust and the earnings thereon shall be retained in the Trust until the same shall have been fully paid out in accordance with the terms of this Agreement. Under no circumstances shall any amounts held in the Trust Account be used for any purpose other than the payment of OPEB obligations, including applicable fees and expenses, as provided under this Agreement and any underlying Plan sponsored or maintained by the Employer.

ARTICLE IV

WITHDRAWALS

4.1 Withdrawals from Trust. The Plan Administrator, or its Authorized Representative of each Plan is the sole party authorized to withdraw or otherwise direct the Trustee to make disbursement of amounts from the Trust or Trust Account for all or any amounts applicable to that Plan and such amounts shall not be withdrawn except for the purpose of paying OPEB liabilities and other related expenses for eligible Plan participants of that Plan, or as otherwise allowable under this Agreement or in accordance with applicable law or is a return of contributions made by error or mistake in accordance with Article X below. Under no circumstances shall any Trust amount be paid to or in any way revert to the Employer. To the extent that there are separate accounts maintained for each Plan within the Trust, each Plan Administrator is authorized only to withdraw amounts designated within the Trust for funding of the Plan administered by that Plan Administrator. Subject to the liquidity requirements and restrictions set forth within the Investment Policy Statement, the Plan Administrator shall direct the Trustee to make payments out of the Trust to the persons or entities to whom such payments are authorized or required to be made in accordance with the terms of the Plan, in such amounts and for such purposes as are authorized under the terms of the Plan. The Trustee shall not be responsible for determining whether withdrawals made by the authorized Plan Administrator are authorized under the Plan, and shall be entitled to rely upon the determination of the authorized Plan Administrator that such withdrawals are in compliance with the terms of the Plan.

ARTICLE V

INVESTMENT OF TRUST ACCOUNT

5.1 Trust Account . The Trust shall maintain and include one or more separate and distinct investment program(s) within the Trust Account, which shall be held, managed, administered, valued, invested, reinvested, distributed, accounted for and otherwise dealt with, in accordance with the provisions in this Agreement. References to the Trust assets shall generally be deemed to refer to the Trust Account.

(a) The assets belonging to the Trust held within the Trust Account shall be charged with the liabilities in respect of the Trust and all expenses, costs, charges and reserves to the Trust. Any general liabilities, expenses, costs, charges or reserves of the Trust shall be allocated and charged by the Trustee to the Trust Account. Each allocation of liabilities, expenses, costs, charges and reserves by the Trustee shall be conclusive and binding for all purposes.

(b) Employer may establish a separate subaccount within the Trust Account for the obligations of Employer under each Plan, or may provide a single Trust Account for all obligations of Employer under all Plans adopted by Employer. Employer may, by written direction from time to time to the Trustee, add additional subaccounts within the Trust Account or combine two or more separate subaccounts within the Trust Account, provided that the Plan Administrator for each Plan funded by the Trust Account shall provide its written consent to any such direction provided by Employer, with applicable liabilities, expenses, costs, charges or other reserves being allocated in the manner set forth in subsection (a) above.

(c) A Default Fund shall be established within the Trust Account under conditions set forth under Article III above and based on investment guidelines established within the Investment Policy Statement.

5.2 Trustee Discretion. The Trustee shall exercise its discretion over the investment of Trust Account, in the manner set forth under Article VII, including but not limited to having the authority to invest, reinvest, sell and hold all assets of the Trust Account through an authorized asset custodian in accordance with the guidelines established herein or as provided in the Investment Policy Statement approved by the Retirement Board, or as otherwise provided under applicable law. As applicable, the Trustee may, with the consent of the Retirement Board, contract with or appoint an Investment Manager who shall be responsible for assisting the Trustee in providing investment management services to the Trust that may include assistance in developing the initial Investment Policy Statement for review and approval by the Retirement Board, selecting the investments and/or portfolio managers to be used to implement the investment strategies authorized by the Investment Policy Statement, as well as assisting the Retirement Board in selecting asset allocation models for the Trust Account and reporting on the performance of investments held in the Trust. Without such designation to the Investment Manager, such roles and responsibilities shall remain with the Trustee as delegated by the Retirement Board.

5.3 Review and Approval of Investment Policy Statement. The Trustee shall assist in developing an Investment Policy Statement for Employer that is consistent with applicable law, and shall provide for the investment of assets of the Trust Account in a manner appropriate to satisfy the expected OPEB liabilities primarily by safeguarding the principal of the amounts held in the Trust, by meeting the Trust's liquidity needs and also by achieving a favorable return on the funds held in the Trust in compliance with the investment requirements of applicable law. The Investment Policy Statement shall be initially reviewed and approved by the Retirement Board prior to investment of any contributions or other deposits received from Employer to fund the Trust, other than temporary investments in short-term obligations of the United States government. The Investment Policy Statement shall remain in effect until amended or superseded in writing by the Retirement Board.

5.4 Monitoring of Investment Manager. If an Investment Manager is appointed by the Trustee in accordance with Section 5.3 above, the Trustee, or its designated agents or other representatives, shall be responsible for monitoring the performance of any appointed Investment Manager to assure that investment decisions are made by the Investment Manager, and that the services provided by such Investment Manager, are in compliance with the terms of the Investment Policy Statement and applicable law. The Trustee shall further be responsible for reviewing the overall performance of the Investment Manager as applicable, relative to performance goals and objectives specified in the Investment Policy Statement. The Trustee shall promptly notify the Retirement Board of any actions taken by the Investment Manager that the Trustee determines to be inconsistent with the Investment Policy Statement or applicable law, and shall take such actions as are commercially reasonable to correct or recover from such actions as are prudent on behalf of the Trust.

5.5 Termination and Replacement of Investment Manager. In the event that the Retirement Board or the Trustee determines that any appointed Investment Manager is not performing its duties in accordance with the Investment Policy Statement, or applicable law, or that the Investment Manager is not satisfactorily meeting its performance goals and objectives, the Trustee shall have full discretion to terminate and/or replace any appointed Investment Manager through advice and consent of the Retirement Board. Throughout any corresponding transition period prior to or commensurate with the selection and delegation of investment management responsibilities to a successor Investment Manager, if applicable, the Trustee shall ensure that the assets of the Trust continue to be invested in the manner the Trustee deems prudent and most appropriate under the circumstances then-prevailing, as long as in compliance with the general terms and conditions of the Investment Policy Statement and applicable law.

5.6 General Fiduciary Duties of Trustee. In the performance of its investment related functions under this Agreement, the Trustee acknowledges that, to the extent of its role and responsibilities set forth herein, it is a fiduciary to the Trust and to Employer and its delegated Retirement Board, as applicable. The Trustee agrees that it shall act in accordance with the Uniform Trust Code, as amended, and shall act with the care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Trust and Employer, to the extent known by the Trustee, that a prudent person acting in a like capacity and familiarity with those matters would administer the Trust and use and exercise reasonable care, skill and caution, in the administration of the Trust and performance of investment related functions with respect to funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Trust and Employer. The Retirement Board shall be entitled to rely upon the actions and decisions of the in the performance of its duties under this Agreement. Subject to the foregoing duty of the Trustee, the Trustee shall not be liable for any investment losses suffered by the Trust.

ARTICLE VI

GENERAL POWERS OF TRUSTEE

In addition to the specific powers and duties of the Trustee set forth in Articles III, IV and V, the Trustee shall have the following powers:

(a) to hold assets on behalf of the Trust in the name of Trustee for the benefit of the Trust;

(b) to invest, reinvest, sell and hold all assets of the Trust Account through an authorized asset custodian, or to undertake or direct any designated Investment Manager or any delegated custodian, as applicable, to invest, reinvest, sell and hold assets of the Trust in a similar manner to the extent necessary to allow an authorized Plan Administrator to make a withdrawal from the Trust Account under circumstances and procedures set forth within the Trust;

(c) to arbitrate, defend, enforce, release or settle any claim of or against the Trust;

(d) to the extent that the duty to vote proxies for securities held by the Trust is not delegated to the Investment Manager, to vote, in person or by proxy, upon all securities held by the Trust;

(e) to the extent advised by the Investment Manager and/or as consistent with the Investment Policy Statement, to exercise, buy or sell subscription and conversion rights and participate on behalf of securities held by the Trust in reorganizations, recapitalizations, consolidations, mergers, exchanges, foreclosures, liquidations and creditors' and bondholders' agreements;

(f) to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to administer the Trust, provided that such actions or proceedings are not inconsistent with the terms of this Trust;

(g) to employ and pay from the assets of the Trust reasonable compensation to agents, investment counsel and attorneys, accountants, or other similar parties, including any person, partnership, corporation or other entity with which the Trustee may be associated, for purposes that the Trustee determines to be necessary for the administration of the Trust, as well as any other parties the Employer or Retirement Board has engaged to provide related services pursuant to a written agreement;

(h) to withdraw from the Trust compensation and expenses payable to the Trustee in such amounts as are agreed to between Employer and the Trustee under any written administrative service agreement or other similar arrangement; and

(i) to execute and deliver all documents and instruments necessary for the administration of the Trust on behalf of the Trust; and the Trustee may cause any or all of the assets of the Trust to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

ARTICLE VII

GENERAL DUTIES OF TRUSTEE

In addition to the specific powers and duties of the Trustee set forth in Articles III, IV, V and VI, the Trustee shall have the following duties:

7.1 General. The Trustee shall, in the performance of all of its duties on behalf of the Trust, act solely in the manner directed herein and discharge its duties hereunder with the care, skill, prudence and diligence under the circumstances that a prudent man acting in a like capacity and familiar with such matters would use in such circumstances.

7.2 Records. The Trustee shall keep accurate and detailed accounts and records of all investments, receipts, disbursements, and other transactions, including all separate accounts and assets contained within the Trust Account. For purposes of accounting and administration, the records of the Trust shall be maintained on a cash basis method. The Employer and/or the Retirement Board shall have the right to review and inspect all such accounts and other records relating thereto at all reasonable times, as well as to request an audit of all Trust activities.

7.3 Trustee Reports. The Trustee shall furnish to the Retirement Board quarterly reports, as well as an annual statement of account, to be delivered within thirty (30) days after the end of each quarter and within sixty (60) days after the end of each Fiscal Year, setting forth all contributions made to the Trust, including an account of the specific Trust Account to which such contributions were made, all withdrawals and transfers from the Trust Account.

7.4 Audits. Trustee shall assist Employer with the engagement of an independent certified public accountant to audit the Trust under such time frames and parameters specified by the Employer, with the cost of such audit to be paid for by the Trust or by Employer as determined by the Employer. A copy of the report of such audit shall be furnished to the Retirement Board and/or the Employer, Trustee and such other persons as Employer shall designate.

7.5 Authorized Representatives. Employer and the Plan Administrator, if different from the Employer, shall inform the Trustee immediately in writing of the appointment of any Authorized Representative to whom Employer or the Plan Administrator has given authorization to direct the Trustee with respect to the Trust, or any other change in circumstances that could affect the Trustee's administration or management of the Trust. Generally, the Plan Administrator shall authorize two or more authorized signatories who may request withdrawals on behalf of the Plan Administrator and Employer shall authorize two or more authorized signatories who may request withdrawals on behalf of Employer. Subject to any requirement of proof required by the Trustee in verifying the identity of any Authorized Representatives, the Trustee may rely on such designations and follow any instructions of such Authorized Representatives, whether verbal, by facsimile or in writing as though they were Employer's, or the Plan Administrator's instructions, as applicable, and the Trustee's business record entry of any directions by any of them shall be conclusive proof of the giving of such directions. Unless the Employer or Plan Administrator specifically directs otherwise, in the absence of any formal notification of any other individuals who shall be authorized to act on behalf of the Employer or Plan Administrator, the Trustee may accept direction from any duly appointed member of the Retirement Board. Any transactions initiated by the Trustee before receiving actual notice of any change with respect to (a) such Authorized Representative(s) or their authority, or (b) the termination of the Trust, shall be valid and binding on Employer, the Plan Administrator, or their successors and assigns, and the Trust.

7.6 Fiduciary Bonds. Upon request the Trustee shall provide to Employer or the Retirement Board evidence of a bond, surety or security, as maintained by the Trustee, for any employee of the Trustee who works with or on behalf of Trustee in carrying out its duties and responsibilities related to the Trust.

7.7 Compliance with Laws. The Trustee shall administer the Trust and all assets invested hereunder at all times in conformity with all applicable provisions of state and federal law, including specific application of the California Government Code.

ARTICLE VIII

LIABILITIES AND IMMUNITIES

8.1 Immunity of Employer, Trustee or Other Fiduciaries. Except as otherwise provided by controlling law, neither the establishment of the Trust created hereunder nor any modification hereof nor the creation of any fund or account or the payment of any benefits shall be construed as giving to any employee of Employer or any beneficiary hereunder any legal or equitable right against Employer, any officer, director, employee or agent of Employer, or against the Trustee, or any other fiduciary, or any asset custodian, except as provided in this Agreement.

8.2 Indemnification of Trustee. The Trustee shall be fully protected and indemnified by Employer and the Plan Administrator, in reliance upon information, direction or instructions received from an authorized party as provided in this Trust, which instructions or directions the Trustee reasonably believes to be authentic and issued by an authorized party. Should it become necessary to perform some act hereunder and there is neither direction in this Trust Agreement nor information nor instructions from Employer or Plan Administrator on file with the Trustee relating thereto, and if no such information or instructions can be obtained after reasonable inquiry, the Trustee shall have full power and authority to act in the Trustee' discretion, consistent with the purposes of this Trust and in compliance with applicable law. In so acting or in following any instructions from an authorized party, the Trustee shall not be liable except to the extent that the actions of the Trustee constitute fraud, bad faith, willful misconduct or gross negligence.

ARTICLE IX

RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE

The Retirement Board, on the Employer's behalf, may remove the Trustee, and the Trustee may resign as Trustee of the Trust, at any time in the Retirement Board's discretion with or without cause, upon not more than sixty (60) days' prior written notice to the other party. Upon the resignation or removal of the Trustee, the Retirement Board shall appoint a successor Trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon acceptance of such appointment by the successor Trustee, the Trustee shall assign, transfer, and pay over to such successor Trustee the funds and properties then constituting the assets of the Trust. No successor Trustee shall be subject to any liability or responsibility with respect to any act or omission of any prior Trustee.

ARTICLE X

CORRECTION OF ERRORS

10.1 Mistake. Any mistake in any payment or in any direction, certificate, notice or other document furnished or issued by Employer or by the Trustee in connection herewith may be corrected when the mistake becomes known, and Employer may direct any adjustment or action that it deems practicable under the circumstances to remedy the mistake. The above notwithstanding, the Trustee must be properly notified of any mistakes or other correction requests within prescribed periods and time limitations as prescribed under the California Government Code.

10.2 Refund of Contribution Made to the Trust. No contribution made to the Trust Account of the Trust may be refunded to Employer unless a contribution was made:

(a) Because of a mistake of fact; or

(b) Conditioned upon a continued favorable Internal Revenue Service ruling and such favorable ruling is revoked or not obtained.

Any refund or other return of contributions under subsection 10.2(a) must be made within one (1) year from the date the contribution was made and, any refund or return of contributions under subsections 10.2(b) must be made within one (1) year from the date of disallowance of tax qualification.

ARTICLE XI

AMENDMENT AND TERMINATION

11.1 Trust Amendments. This Agreement may be amended at any time, in whole or in part, by the Retirement Board or the Employer. No such amendment shall have the effect of diverting any portion of the Trust for purposes other than the funding of OPEB liabilities for which the amounts held in the Trust Account has been irrevocably designated for the exclusive benefit of the Participants. Furthermore, no amendment shall be made or approved by the Employer that adds to or increases the Trustee's duties or responsibilities without its prior written approval or consent.

11.2 Termination of Trust. This Agreement may be terminated at any time by the Employer, and subject to applicable termination provisions of the administrative service agreement with the Trustee or as otherwise required under applicable law. Upon such termination, the assets of the Trust Account shall continue to be held in the Trust until the authorized Plan Administrator directs the Trustee to pay such amounts in accordance with Section 4.1 of the Trust, less any applicable reserving requirements as specified below. In making such payments, the Trustee may reserve from the assets in the Trust such amount as it shall reasonably deem necessary to provide for any sums chargeable against the Trust for which the Trustee may be liable, or for payment of expenses in connection with the settlement of its accounts and the termination of this Agreement as may be mutually agreed in writing by the parties. In no event will the assets of the Trust be transferred to an entity that is not a state, a political subdivision of a state, or an entity the income of which is excluded from gross income under Section 115 of the Code.

ARTICLE XII

MISCELLANEOUS

12.1 Protection Against Creditors. No amounts held in the Trust shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution or encumbrance of any kind on account of creditors of Employer, and any attempt to accomplish the same shall be void. All assets held in the Trust Account are held in trust irrevocably for the sole benefit of the eligible Participants and beneficiaries of each Plan funded by the Trust, and neither this Trust nor Employer has any equitable or reversionary interest in the Trust or the assets held in the Trust Account. Employer is not a beneficiary of the Trust or the Trust Account. None of the benefits, payments, proceeds or claims of any eligible beneficiary of a Plan shall be subject to any creditors and, in particular, the same shall not be subject to attachment or garnishment or other legal process by any creditor, nor shall any such beneficiary have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments or proceeds which such beneficiary may except to receive, contingently or otherwise, under this Trust or as otherwise required under applicable law.

12.2 Employment Not Affected. The terms of employment of any employee of Employer shall not be affected in any way by the Trust nor shall this Trust be construed in any way so as to guarantee or extend the employment of any employee of Employer.

12.3 Construction of Trust. This Trust shall be construed and enforced according to the laws of the state of California, including applicable provisions of the California Government Code, and in accordance with applicable provisions of the Code. To the extent the terms of the Trust are in conflict with the provisions of any other agreement between the parties, the terms of the Trust shall control.

12.4 Internal Revenue Service Determination. The Trustee may submit this Agreement to the Internal Revenue Service for a determination of its status as a tax exempt trust under Section 115 of the Code.

12.5 Severable Provisions. If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of the Trust.

12.6 Headings. The headings of this Trust are for convenience only and are not substantive terms of the Trust.

12.7 Singular and Plural. Whenever the singular of any term is used in this Agreement, it shall refer to the plural of such as appropriate under the circumstances.

12.8 Notices. Any notice under this Agreement shall be given in writing by certified mail, return receipt requested, to the applicable address listed below, or such other method of delivery or addresses as are specified between Employer and the Trustee.

12.9 Force Majeure. No party to this Agreement will be deemed to be in default for any performance, or delay, or failure to perform under this Agreement resulting, directly or indirectly, from: (a) any governmental action or inaction, labor disputes, mechanical or electrical breakdown, any failure of communication lines, telephone or other interconnect problems or unauthorized access, provided such failure (i) is not the fault of such party; or (ii) could not be reasonably controlled by such party; or (b) any natural disaster; or (c) other events beyond the reasonable control of the parties; provided, further, that such events shall not be excused to the extent they can be obviated by the implementation of Trustee's Business Recovery Plan.

12.10 Binding Effect of Agreement. This Agreement shall supersede and replace any prior agreements and shall be binding upon Trustee, the Employer and the Plan Administrator, as applicable, upon execution as of the date set forth below.

EXHIBIT C

Fee Schedule for FUTURIS Public Entity Investment Trust Services

Trustee, Custodial and Communication Services – Benefit Trust Company shall be compensated for assumption of fiduciary responsibility, custodial services and for performing communication and other non-investment related services, as specified in the Service Agreement, as follows:

Base Annual Fee $750

Asset Based Trustee Fee 0.20% (20 basis points) per annum on the value of the assets held in trust. Asset based fees will be assessed monthly. At the discretion of the Retirement Board, fees will be billed or collected from the Trust.

Relationship Based Discount - Based upon the value of the accounts held in the Trust, a reduction in the asset based fee will be available to reduce the trustee fee and applied in tiers as follows (with such fee assessments to begin in the immediately following month in which such asset volumes are accumulated):

Portion of Assets in Trust	Asset Based Fee
>$10,000,000	0.12% (12 basis points)

Asset Based Investment Management Fee 0.175% (17.5 basis points) per annum on the value of the assets held in trust. Asset based fees will be assessed monthly. At the discretion of the Retirement Board, fees will be billed or collected from the trust.

Relationship Based Discount - Based upon the value of the accounts held in the Trust, a reduction in the asset based investment management fee will be applied in tiers as follows (with such fee assessments to begin in the immediately following month in which such asset volumes are accumulated):

Portion of Assets in Trust	Asset Based Fee
>$10,000,000	0.125% (12.5 basis points)

<u>Folder 3</u>

- **Internet Account Access Agreements**

Benefit Trust
Fiduciary Passport Services

Each User Requesting BTPassport Access Must Complete This Form

Terms and Conditions for Use of Benefit Trust Company *BTPassport*

The Client hereby requests remote access to the *BTPassport* system. In requesting remote access to the *BTPassport* system, the Client acknowledges that any information accessed through its log-in to *BTPassport* is confidential and shall be used only in conjunction with the account relationship with Benefit Trust Company ("BTC") and pursuant to the services it renders to the account. The Client (1) acknowledges that *BTPassport* and its related systems are proprietary to BTC or its licensors; (2) agrees to maintain the confidentiality of *BTPassport*, its related systems, and any documentation and information related thereto; and (3) agrees to abide by the terms set forth in the Terms and Conditions for use of Benefit Trust Company *BTPassport.*

> **EXCEPT AS EXPRESSLY SET FORTH IN THESE PROCEDURES, BTC FOR ITSELF AND ITS RELEVANT LICENSORS EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES CONCERNING BTPASSPORT AND THE SERVICES TO BE RENDERED HEREUNDER. WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

The Client shall indemnify BTC for any unauthorized acts by itself or any of its employees or agents. BTC shall have the right to suspend or terminate the Client's access for security breaches or breach of the Client's obligations as set forth herein. The Client agrees to notify BTC upon being informed of any compromised, misplaced or lost password by authorized users, and to report any unauthorized access violations or attempted violations.

By your use of the Benefit Trust Company ***BTPassport*** internet access system, you agree and understand the following:

1. The balances and information on this system are updated continually during each business day.
2. The market data that Benefit Trust Company, or any other affiliate, receives and makes available to customers is from sources believed to be accurate and reliable. The accuracy of information provided through BTPassport is governed by provisions of the controlling trust or custody agreement relating to the records and accounts of Benefit Trust Company.
3. Benefit Trust Company can not be held responsible for interruptions in ***BTPassport***'s availability. In cases where the ***BTPassport*** system is not available, information may still be obtained by contacting your Benefit Trust Company relationship manager. The ***BTPassport*** system capabilities are provided only as one method of delivery of account information.
4. You are responsible for maintaining the secrecy of your User ID and Password. Should your password be compromised, or should you misplace or lose it, you should immediately call your Benefit Trust Company relationship manager. A new password will be mailed to you. We cannot give you a new User ID and/or password over the telephone. Five unsuccessful

logon attempts will lock you out of the ***BTPassport*** system. You will then need to follow the same procedure for compromised/misplaced/lost User Ids and/or passwords as set forth above.

5. ***BTPassport*** is provided as an account information delivery system. Misuse or abuse of the system may result in your privileges being revoked.

Coast Community College District

Company Name

Date: 04/26/2017

Rachel Snell

Individual Name

By:

Title: Director, Internal Audits

Email Address: rsnell1@mail.cccd.edu

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Coast Commu · College District
Company Name

Date: 04/26/2017

Mary Hornbuckle
Individual Name

By: Mary Hornbuckle

Title: Board of Trustee

Email Address: mhornbuckle@mail.cccd.edu

Benefit Trust
Fiduciary Passport Services

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Coast Community College District
Company Name

Date: 04/26/2017

Jim Moreno
Individual Name

By: Jim Moreno

Title: Board of Trustee

Email Address: cmoreno@mail.cccd.edu

Benefit Trust
Fiduciary Passport Services

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Terms and Conditions for Use of
Benefit Trust Company
BTPassport

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Coast Community College District
Company Name

Date: 04/26/2017

Daniela Thompson
Individual Name

By: D Thompson

Title: Administrative Director, Fiscal Affairs

Email Address: dthompson@mail.cccd.edu

Benefit Trust
Fiduciary Passport Services

Each User Requesting BTPassport Access Must Complete This Form

Terms and Conditions for Use of Benefit Trust Company *BTPassport*

The Client hereby requests remote access to the *BTPassport* system. In requesting remote access to the *BTPassport* system, the Client acknowledges that any information accessed through its log-in to *BTPassport* is confidential and shall be used only in conjunction with the account relationship with Benefit Trust Company ("BTC") and pursuant to the services it renders to the account. The Client (1) acknowledges that *BTPassport* and its related systems are proprietary to BTC or its licensors; (2) agrees to maintain the confidentiality of *BTPassport*, its related systems, and any documentation and information related thereto; and (3) agrees to abide by the terms set forth in the Terms and Conditions for use of Benefit Trust Company *BTPassport.*

> **EXCEPT AS EXPRESSLY SET FORTH IN THESE PROCEDURES, BTC FOR ITSELF AND ITS RELEVANT LICENSORS EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES CONCERNING BTPASSPORT AND THE SERVICES TO BE RENDERED HEREUNDER. WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

The Client shall indemnify BTC for any unauthorized acts by itself or any of its employees or agents. BTC shall have the right to suspend or terminate the Client's access for security breaches or breach of the Client's obligations as set forth herein. The Client agrees to notify BTC upon being informed of any compromised, misplaced or lost password by authorized users, and to report any unauthorized access violations or attempted violations.

By your use of the Benefit Trust Company ***BTPassport*** internet access system, you agree and understand the following:

1. The balances and information on this system are updated continually during each business day.

2. The market data that Benefit Trust Company, or any other affiliate, receives and makes available to customers is from sources believed to be accurate and reliable. The accuracy of information provided through BTPassport is governed by provisions of the controlling trust or custody agreement relating to the records and accounts of Benefit Trust Company.

3. Benefit Trust Company can not be held responsible for interruptions in ***BTPassport***'s availability. In cases where the ***BTPassport*** system is not available, information may still be obtained by contacting your Benefit Trust Company relationship manager. The ***BTPassport*** system capabilities are provided only as one method of delivery of account information.

4. You are responsible for maintaining the secrecy of your User ID and Password. Should your password be compromised, or should you misplace or lose it, you should immediately call your Benefit Trust Company relationship manager. A new password will be mailed to you. We cannot give you a new User ID and/or password over the telephone. Five unsuccessful

logon attempts will lock you out of the ***BTPassport*** system. You will then need to follow the same procedure for compromised/misplaced/lost User Ids and/or passwords as set forth above.

5. ***BTPassport*** is provided as an account information delivery system. Misuse or abuse of the system may result in your privileges being revoked.

Coast Community College District

Company Name

Date: 04/26/2017

Andy Dunn

Individual Name

By:

Title: Vice Chancellor, Finance and Administrative Services

Email Address: adunn@mail.cccd.edu

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Coast Community College District
Company Name

Date: 02/09/2018

Maryann Watson
Individual Name

By: Maryann Watson

Title: Coast Federation of Educators Representative

Email Address: mwatson@occ.cccd.edu

Legal Standards

Legal Standards

- **Futuris Public Entity Investment Trust Comfort Letter California Government Code**

– GASB Statements 43/45 and 74/75

– California Government Code

– Internal Revenue Code Section 115

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Ref: 65126-0001

March 10, 2006

Norm Gritsch
General Counsel and Senior Vice President
Keenan & Associates
2355 Crenshaw Blvd.
Suite 200
Torrance, CA 90501-3325

Re: Futuris Public Entity Investment Trust

Ladies and Gentlemen:

You have requested our advice regarding whether California public entities (referred to herein as **"Employers"**), including but not limited to California public school districts, community college districts and municipalities, may: (i) fulfill their fiduciary obligations with respect to the investment of public funds for retiree health benefits and other purposes, by their adoption of the Futuris Public Entity Investment Trust Program (the **"Program"**) and (ii) reduce their potential liability for investment decisions made with respect to these funds by using the procedures for monitoring of investments provided by the Program. This advice is intended to assist Employers and their legal counsel in conducting their own review to determine that the Program complies with California legal requirements for the investment of public funds in California.

Our advice is based on the description of the Program described in the following form documents (collectively, the **"Program Documents"**) which you have provided to us: (i) a Trust Agreement (the **"Trust Agreement"**) that provides for a fund (the **"Benefit Fund"**) irrevocably designated for the payment of retiree health and welfare benefits to participating employees of the Employer and a separate fund that may be used for any lawful purpose determined by the Employer (the **"General Fund"**); (ii) a Futuris Public Entity Investment Program Services Agreement (the **"Program Agreement"**) between Keenan & Associates (**"Keenan"**) and an adopting Employer; (iii) a Futuris Trust Administrative Services Agreement between an adopting Employer and Benefit Trust Company, a Kansas corporation and a non-depository Kansas chartered trust company, as trustee of the Trust (the **"Trustee"**); and (iv) an Investment Management Agreement between the Trustee and the independent investment manager appointed by the Trustee to manage the assets held in the Trust.

Legal Analysis

I. California Government Code Requirements

Investments made by an Employer must comply with the requirements of California Government Code Title 5, Chapter 4, Article 1, entitled "Investment of Surplus " and Article 1.5, entitled "Health Fund Investments." (Unless otherwise specified, all references to Section numbers in this section apply to provisions of the California Government Code.) The provisions of these Articles apply to investments of surplus funds, meaning funds not required for immediate use, and investments to fund employee retiree health benefits of "local agencies." The term **"local agency"** is defined in California Government Section 53600 as a "county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation."

A. General Investment Requirements for Local Agencies.

Sections 53601 through 53609 of the Government Code provide the general statutory requirements for investment of all public funds by local agencies of California government, including school districts. The provisions most relevant to the Trust structure established by the Program are as follows:

1. Legal Investments. Section 53601 states the types of legal investments that may be made by local agencies with excess funds. These investments are generally restricted to government issued or government backed fixed income investments. The provisions of Section 53601 are applicable to all general investments of surplus funds by a local agency, with certain statutory exemptions. The limitations of Section 53601 would be applicable to the Benefit Fund portion of the Trust established by an Employer in the Program.

2. Securities Delivery Requirements. Section 53601 requires that a local agency purchasing securities in a negotiable, bearer, registered or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery or by third -party custodial agreement.

3. Investment Objectives. Section 53600.5 requires that when investing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds; the secondary objective shall be to meet the liquidity needs of the agency; the third objective shall be to achieve a return on the funds.

4. Delegation of Authority to Designated Officers. Section 53607 states that the authority of a legislative body to invest funds of a local agency may be delegated to the treasurer of the agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires.

5. Deposit of Assets with Bank or Trust Company. Section 53608 states that the legislative body of a local agency may deposit securities with a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within California, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System. Section 53635.2 further states that all money belonging to, or in the custody of, a local agency, shall be deposited for safekeeping in state or national banks, savings associations, federal associations, credit unions or federally insured industrial loan companies in California selected by the treasurer or other official having legal custody of the money, or may be invested in the investments set forth in Section 53601.[1]

6. Standards of Prudence. Section 53600.3 states that persons authorized to make investment decisions on behalf of a local agency are fiduciaries subject to the prudent investor standard.

B. Health Fund Investments

Sections 53620 through 53622 were added to the California Government Code in 1998, for the express purpose of providing an expansion of the types of investments that could be made by the governing body of a local agency with the funds designated for the payment of employee retiree health benefits. According to the official Legislative History for the addition of Sections 53620 through 53622, the California legislature added these sections in order to allow local agencies to invest their retiree health benefit plan assets in higher yielding investments and thereby reduce their unfunded liabilities.

There are three provisions of Sections 53620 through 53622 applicable to the Trust structure established through the Program:

1. Expanded Permitted Investments. Section 53620 provides that, notwithstanding the restrictions on investments in Section 53601, a local agency may invest funds designated for the payment of employee retiree health benefits in any form or type of investment deemed prudent by the governing body of the local agency. In order to qualify for the broader permitted investments allowed under Section 53620, funds invested under this Section must be held solely for the purpose of providing retiree health benefits and related expenses.

[1] California Government Code Title 5, Division, Article 2, entitled "Deposit of Funds," contains additional requirements that apply to depository institutions that hold funds of local agencies. These requirements are not addressed in this opinion.

2. Delegation of Authority to Designated Officers. Section 53621 permits the governing body of a local agency to delegate its authority to invest or reinvest funds intended for payment of employee retiree health benefits to designated officers of the local agency.[2]

3. Limited Purpose of Funds; Standards of Prudence. Section 53622 requires that funds intended for payment of employee retiree health benefits may only be held for that purpose and for payment of reasonable administrative expenses. Section 53622 further requires that the governing body or designated officers invest funds: (a) solely in the interest of and for the exclusive purpose of providing benefits to participants in a retiree health benefit plan, minimizing employer contributions thereto and defraying reasonable expenses of administering the plan; (b) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and (c) with a diversity of investments so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

C. Application of Government Code Sections to Trust.

All of the provisions of Sections 53600 through 53609 of the Government Code regarding investment of surplus apply to the General Fund portion of the Trust. In addition, it appears that all of those provisions also apply to the Benefit Fund portion of the Trust. The California Attorney General has not addressed the specific application of these Sections to funds invested under Government Code Section 53620 through 53622. However, in Opinion 00-204, the California Attorney General concluded that California Government Code Sections 53635 and 53652 did apply to funds held in trust to fund deferred compensation plans for employees of a local agency under California Government Code Section 53213, because the funds were still public funds. Using the same rationale as in Opinion 00-204, we believe that the assets held in the Benefit Fund of the Trust would likely also be deemed public funds, and that therefore all of the requirements of the California Government Code with respect to the investment of public funds would be applicable to all assets and funds held in the Trust.

II. Fulfillment of Prudent Investor Standards Through Appointment of Outside Investment Managers.

A. Implied Authority to Appoint Outside Investment Manager

There is no express statutory authority in Government Code Sections 53600 through 53622 for the appointment of outside investment managers to assist local agencies with the investment of public funds. However, we believe that California Attorney General Opinion 95-807 (1996) provides support for the view that governing bodies of local agencies have implied authority to designate outside investment managers for investment of funds held in the

[2] The term "designated officers" is not defined in Article 1.5 or elsewhere in the Government Code.

Trust. According to the views expressed in Opinion 95-807, the appointment of qualified investment managers may even be required to fulfill the prudent investor standards of Sections 53600.3 and 53622, to the extent that the governing body or treasurer of a local agency does not have sufficient expertise to prudently invest the agency's funds.

In Opinion 95-807, the California Attorney General concluded that under Government Code Section 27000.1, the treasurer of a county could legally grant to an outside investment manager discretionary authority to invest funds on deposit with the treasurer, provided that the treasurer exercised prudence in the selection of the manager and imposed suitable safeguards to prevent abuse in the exercise of discretion by the investment manager. Section 53600.3 of the Government Code, which applies with respect to the investment of surplus funds by a local agency, is nearly identical to the provisions of Section 27000.3 of the Government Code. Section 53622(b) contains similar, though not identical language, with respect to the standards of prudent investment of funds designated for the payment of retiree health benefits. Given the similarity of the language used in describing the standards of prudent investment in Sections 27000.3, 53600.3 and 53622, we believe it is reasonable to conclude that the same rationale employed by the California Attorney General in Opinion 95-807 should be applicable to governing bodies of local agencies under Section 53600.3 and 53622. Therefore, we believe that a local agency has the authority to appoint one or more outside investment managers to manage the investment assets of the local agency on a discretionary basis.

B. Selection and Monitoring of Outside Investment Managers

There are no statutory standards that define the process for selection and monitoring of outside investment managers. However, there are sources of recommendations for due diligence in the selection and monitoring process for investment managers of public agency funds, including the California Public Investment Primer published in December 2004 by the California Debt and Investment Advisory Commission. Our advice does not address the standards that should be followed by an Employer in connection with the selection of the Program, and we have not conducted any examination of the qualifications of the Trustee or the Investment Manager. Each Employer, together with its legal counsel and financial advisors, should determine for itself what additional information it requires to complete its due diligence in connection with the selection of the Program and the Trustee.

Once the Program has been selected by an Employer, the structure and operating procedures of the Program are designed to assist the Employer to properly monitor the activities of the Trustee and the Investment Manager. The Program Documents establish the responsibilities of each of the Trustee and Investment Manager, and assign the management and fiduciary responsibilities of each of them. Under the Program Documents, the Trustee is responsible for monitoring the performance of the Investment Manager to assure that investments are in compliance with the investment policy statement ("IPS") and that the investment performance goals are met, and the Trustee is required to report periodically, or more frequently if necessary, to persons designated by the Employer. The IPS requires that the amounts in the Benefit Fund be invested in accordance with the standards of Section 53622, and that the amounts in the General Fund be invested in accordance with the standards and limitations of Section 53601.

We have not reviewed, and this letter does not address, the particular investment options selected by the Trustee and Investment Manager or whether those investment selections meet the investment requirements of the California Government Code. In addition, we note that the IPS contains an authorization for funds to be invested in common trust funds with the assets of trusts created by others. Our advice does not address whether investment in common trust funds would be authorized under the investment requirements of the California Government Code. Each Employer, together with its legal counsel and financial advisors, should determine for itself whether the investment options recommended by the Investment Manager and approved by the Trustee, including the investment in common trust funds, meet the investment requirements of the California Government Code. Our advice is based on the assumption that all investment options recommended and selected by the Investment Manager meet these requirements.

The Trustee is required to provide notice to the Employer's designated persons of any actions taken by the Investment Manager that are inconsistent with the IPS, including any investments made in the General Fund that are not qualified investments under Section 53601, or of any other developments that may require the Trustee to terminate or replace the Investment Manager. The Trustee is also required to provide complete periodic account statements for the Trust. The Program Documents also contemplate that the Trust will be audited by an outside accounting firm. These and other procedures provided in the Program Documents provide the Employer with multiple layers of controls on the investment activities of the Trust.

C. Separation of Benefit Fund and General Fund

An important feature of the Program is the separation of the Benefit Fund from the General Fund. Assets held in the Benefit Fund are irrevocably designated solely for retiree health benefits, making these funds eligible for investment in higher yielding assets as permitted by Section 53620. Assets held in the General Fund may be used by the Employer for any government purpose, and are therefore subject to the strictly limited investments permitted under Section 53601. By separating the Benefit Fund from the General Fund, the Employer is able to clearly designate the funds held for retiree health benefits, thereby avoiding the potential liability for investment of funds not properly designated for retiree health benefits in categories not permitted under Section 53601.

III. Liability for Actions of Trustee and Investment Manager

The Government Code does not specifically address whether the governing body of an Employer is liable for the decisions or actions of an outside investment manager prudently selected and monitored by the governing body. However, based upon the principles of the prudent investor rule required in Government Code Sections 53600.3 and 53622, we believe that it is reasonable to expect that, if an Employer prudently selects the Program and the Trustee, and the Employer properly monitors the activities of the Trustee and Investment Manager using the procedures established in the Program (as summarized in Part II.B. of this letter), an Employer should meet the prudent investor standards.

IV. Governmental Immunities and Indemnity.

The potential liability of an Employer and its designated officers for participating in the Trust and investing assets of the Employer in accordance with its provisions is further mitigated by statutory immunities and indemnities provided under California law. Section 820.2 of the California Government Code provides that a public employee is not liable for an injury resulting from his act or omission where the act or omission was the result of the exercise of the discretion vested in him, whether or not the discretion be abused. California Government Code Section 815.2(b) provides immunity to the public entity for the acts or omissions of a public official or employee where the public official or employee is immune. However, failure to correctly implement policies or other restrictions may result in loss of immunity. For example, an investment official who does not follow the restrictions of the California Government Code in investing public funds may lose the immunity protection.[3]

Further immunity protection is provided in California Government Code 820.8 for injuries caused by others. This statute would provide protection to the Employer's governing body or designated officers for the acts of the Trustee or the Investment Manager, provided that the governing body or designated officers were not negligent and did not commit a wrongful act in the appointment and monitoring of the Trustee or the Investment Manager.

In addition to the above described immunity statutes, California Government Code Section 825(a) requires a public entity to indemnify employees if a claim arises out of an action or omission within the scope of employment and the employee acted reasonably and cooperates in good faith in the defense of such action. Investing in a manner that violates the prudent investor standard or provisions of the California Government Code may still be within the scope of employment. Therefore, even if the designated officers cannot claim immunity, they may still be entitled to indemnity.

Conclusion

For the reasons described in this letter, we believe that an Employer may adopt the Program in compliance with its fiduciary obligations with respect to the investment of public

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[3] The California Public Fund Investment Primer cites the example of *Whitmore Union Elementary School District v. County of Shasta*, 87 Cal. App. 4th 574 (2001), in which a county treasurer was sued by a school district because the treasurer failed to invest the surplus funds of the school district in accordance with the restrictions of the California Government Code. The failure to legally invest the funds resulted in civil liability that was not subject to immunity.

funds under applicable provisions of the California Government Code. We further believe that if an Employer prudently selects the Trustee and properly monitors the performance of the Trustee and Investment Manager using the procedures provided for in the Program, the Employer and its designated officers may mitigate their potential liability for investment of public funds.

This advisory letter may not be relied upon by any other person without our express written permission. We assume that each Employer will provide this letter to its own independent counsel and that such counsel will independently verify the advice provided in this letter to you, as our client. This advisory letter is written only with respect to the laws, rules, regulations and orders that are in effect as of the date hereof, and we disclaim any obligation to update this letter for events occurring after the date hereof. We assume no responsibility to advise you or any other person or entity of changes which may hereafter be brought to our attention or circumstances which may affect any aspect of the advice provided in this letter.

Very truly yours,

Cath DeBono Holmes

CATHERINE DEBONO HOLMES of
Jeffer, Mangels, Butler & Marmaro LLP

CJD:cjd

Fiduciary Protocols & Processes

Fiduciary Protocols and Processes

- State Legal List Standards for Fiduciary Investments
- California Constitution Article 16, Section 17
- California Government Code Sections 53215, et seq.
- California Government Code Sections 53620-53622
- Delivery vs. Payment Standard
- Qualified Custodial Standards
- Custodian's Nominee Name Standard
- Selected California Statutes

California Legal Standards for the Investment of Retiree Health Benefit Plan Assets:

1. State "Legal List" Standards for Public Funds Investments:

The investment of public funds is restricted by State protective mandates. The State's investment standards are called the "legal list" of investments within which fiduciaries can invest.

California Government Code Section 53601 provides an investment "legal list" profiling the types of investments that may legally be invested in by the governing body of a local agency when investing public funds.

Section 53601 is restrictive in the types of investments it allows, allowing only government bonds, high-grade commercial paper, bank certificates of deposit and other similar types of securities for "the legislative body of a local agency having money in its treasury not required for the immediate needs of the local agency". The California Government Code continues by saying that a local agency "may invest any portion of the money that it deems wise or expedient in those investments set forth in Code Section 53601."

2. Article 16, Section 17 of the California Constitution and several sections of the Government Code free Retirement Boards from the strictures of the "legal list" and allow a Retirement Board to make investments that are "prudent."

Article 16, Section 17 of the California Constitution which generally provides that the State shall not own stock in any public company. However, in recognition of the needs of state and local retirement systems, Article 16, Section 17 contains an exception. It states, "Notwithstanding any other provision of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system." This section of the Constitution further subjects the retirement board of a pension or retirement system to certain fiduciary duties, including:
To hold funds for the purpose of providing benefits to participants and defraying reasonable expenses of administrating the system,
To discharge their duties with the care, skill, prudence and diligence of a prudent person acting in a like capacity,
To diversify the investments of the system so as to minimize the risk of loss and maximize the rate of return, unless it is clearly not prudent to do so, and
To provide for actuarial services to assure the competency of the assets of the retirement system.

Government Code sections 53216.1, 53216.5 and 53215.6 allow the board of any retirement system to invest the funds in a pension or retirement trust "in any form or type of investment deemed prudent by the board" provided that the assets of the

trust are held for the exclusive purposes of providing benefits to the participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Government Code section 53216.6 subjects the members of the retirement board to the same fiduciary duties outlined in Article 16, section 17. Additional legal duties, such as the requirement to employ investment counsel and to report annually to beneficiaries of the trust, are contained in Government Code sections 53216.3 and 53216.4.

Furthermore, Government Code sections 53620-53622 give guidance to public entities that seek to invest funds designated for the payment of employee retiree health benefits. These sections, which authorize the investment of such funds "in any form or type of investment deemed prudent," also subject the retirement board to the same fiduciary duties set forth in Article 16, section 17.

Futuris is designed to enable public entities to meet all of the legal and fiduciary duties set forth in the California Constitution and Government Code sections set forth above.

5. Delivery vs. Payment Standard of California Government Code Section 53601:

Futuris is also designed to meet several other legal standards set forth in the California Government Code. Section 53601 requires that a local district receive delivery of all investments purchased. The relevant provisions of Section 53601 provides as follows:

"A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement"

This provision requires that a local agency receive delivery of securities for every purchase transaction. This seems to require the method of purchase referred to as "delivery versus payment" (DVP).

In a delivery-versus-payment (DVP) transaction, the buyer's funds are released when delivery of the seller's securities is received. Both parties send their respective cash and securities to a third-party custodian who will send a written confirmation of the transaction to the investor when the transaction is successfully completed. This payment arrangement protects the buyer from any fraudulent activities on the part of the seller and from any credit risk on the seller's part.

6. Qualified Custodial Standards of California Government Code Section 53608.

Once a local agency has received delivery of securities, California Government Code Section 53608 allows the local agency to deposit the securities with a custodian, provided that it is a federal or state bank, savings association or trust company.

Relative to Qualified Custodial Requirements, Section 53608 states that:

The legislative body of a local agency may deposit for safekeeping with a federal or state association, a trust company or a state or national bank within this state or with a Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System.

7. Custodian's Nominee Name Standard:

A nominee is the name the bank selects to reflect that it is holding the securities on behalf of the beneficial owner (the local agency). It is normal or a custodian to hold the local agency's securities in the custodian's 'Nominee Name".

It is also common business practice for the securities to be held, not in an account in the custodian's office, but rather at a central depository, such as the Depository Trust Company (DTC), which is the world's largest securities depository.

Selected California Statutes

Below is a selection of sections of California laws to which reference is sometimes made in the course of administration of the Futuris program. This should not be read as a comprehensive list of all of the laws that apply to the Futuris program. This is meant as a reference tool only.

CALIFORNIA CONSTITUTION ARTICLE 16 PUBLIC FINANCE

SEC. 17. The State shall not in any manner loan its credit, nor shall it subscribe to, or be interested in the stock of any company, association, or corporation, except that the State and each political subdivision, district, municipality, and public agency thereof is hereby authorized to acquire and hold shares of the capital stock of any mutual water company or corporation when the stock is so acquired or held for the purpose of furnishing a supply of water for public, municipal or governmental purposes; and the holding of the stock shall entitle the holder thereof to all of the rights, powers and privileges, and shall subject the holder to the obligations and liabilities conferred or imposed by law upon other holders of stock in the mutual water company or corporation in which the stock is so held.

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

(a) The retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary responsibility over the assets of the public pension or retirement system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

(c) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(d) The members of the retirement board of a public pension or retirement system shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(e) The retirement board of a public pension or retirement system, consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.

(f) With regard to the retirement board of a public pension or retirement system which includes in its composition elected employee members, the number, terms, and method of selection or removal of members of the retirement board which were required by law or otherwise in effect on July 1, 1991, shall not be changed, amended, or modified by the Legislature unless the change, amendment, or modification enacted by the Legislature is ratified by a majority vote of the electors of the jurisdiction in which the participants of the system are or were, prior to retirement, employed.

(g) The Legislature may by statute continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board pursuant to this section.

(h) As used in this section, the term "retirement board" shall mean the board of administration, board of trustees, board of directors, or other governing body or board of a public employees' pension or retirement system; provided, however, that the term "retirement board" shall not be interpreted to mean or include a governing body or board created after July 1, 1991 which does not administer pension or retirement benefits, or the elected legislative body of a jurisdiction which employs participants in a public employees' pension or retirement system.

CALIFORNIA GOVERNMENT CODE, SELECTED SECTIONS

53215. "Local agency" as used in this article means a city, city and county, district, school district, municipal or public corporation, political subdivision, or other public agency of the State, or any instrumentality of one or more of any such agencies.

53216. The legislative body of a local agency may establish a pension trust funded by individual life insurance contracts, individual annuities, group policies of life insurance, or group annuities, or any one or combination of them, or by any other investment authorized by this article for the benefit of its officers and employees.

The legislative body of a local agency may make participation in any plan under such pension trust optional with the officers and employees of the local agency or it may make participation in such pension trust plan compulsory for the officers and employees of such agency.

Officers and employees who participate in such pension trust plan, whether it is optional or compulsory, shall have their plan contributions deducted from their compensation.

53216.1. It is the intent of the Legislature, consistent with the mandate of the voters in passing Proposition 21 at the June 5, 1984, Primary Election, to allow the board of any retirement system governed by this article to invest in any form or type of investment deemed prudent by the board pursuant to the requirements of Sections 53216.5 and 53216.6. It is also the intent of the Legislature to repeal, or amend as appropriate, certain statutory provisions, whether substantive or procedural in nature, that restrict the form, type, or amount of investments that would otherwise be considered prudent under the terms of those sections. This will increase the flexibility and range of investment choice available to these retirement systems, while ensuring protection of the interests of their beneficiaries.

53216.3. The legislative body shall employ investment counsel or trust companies or trust departments of banks to render service in connection with its investment program.

53216.4. The legislative body of the local agency shall report annually to the beneficiaries and potential beneficiaries of the pension trust on the status of the trust. The report shall include a description of securities held and a comprehensive report of transactions involving the investment of the assets similar to that required of a life insurance company licensed to do business in California.

The annual report shall also include a detailed statement of the expenses of operating the pension trust, including compensation paid, fees paid, operating ratios, and net profit and loss statements, including the acquisition cost, the book value, and market value of the total assets as of the date of the report.

In the matter of commission fees and other fees paid to persons not employed by the local agency for services in connection with investments under this article, the names of those persons to whom such fees are paid and the amounts paid shall be clearly identified in the report.

53216.5. Notwithstanding any other provisions of this article and except as otherwise expressly restricted by the California Constitution and by law, the legislative body, trust, or other body, authorized to make investments for a pension trust, may invest, or delegate the authority to invest, the assets of the pension trust, through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of that body pursuant to Section 53216.6.

53216.6. The assets of the pension trust are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

The legislative body, trust, or other body authorized to make investments for a pension trust, shall discharge its duties with respect to investing the assets of the pension trust.

(a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the trust.

(b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(c) Shall diversify the investments of the trust so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

53217. From funds under its jurisdiction the legislative body may authorize payment to the trust of amounts equaling all or any portion of the moneys necessary to fund any pension trust established pursuant to this article. The legislative body may also authorize payment of amounts to cover the reasonable expenses of the administration of the trust. Such expenditures are charges against the funds of the agency making them.

53219. A pension trust established pursuant to this article shall have trustees, agents or officers who shall carry on the business of the pension trust. The by-laws or declaration of trust shall prescribe the manner in which and the officers or agents by whom the pension trust may be conducted and the manner in which its funds shall be collected and disbursed. The funds and investments of a pension trust shall be held separately and independently of the funds and investments of the employer and of any other person.

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having money in a sinking fund or money in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money which may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision-making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold on reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty by way of a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the governing body of the local agency and shall only be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's money that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

53620. Notwithstanding Section 53601 or 53635, the governing body of a local agency may invest funds designated for the payment of employee retiree health benefits in any form or type of investment deemed prudent by the governing body pursuant to Section 53622.

53621. The authority of the governing body to invest or to reinvest funds intended for the payment of employee retiree health benefits, or to sell or exchange securities purchased for that purpose, may be delegated by the governing body to designated officers.

53622. (a) Funds intended for the payment of employee retiree health benefits shall only be held for the purpose of providing benefits to participants in the retiree health benefit plan and defraying reasonable expenses of administering that plan.

(b) The governing body or designated officer, when making investments of the funds, shall discharge its duties with respect to the investment of the funds.

(1) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants in the retiree health benefit plan, minimizing employer contributions thereto, and defraying reasonable expenses of administering the plan.

(2) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(3) Shall diversify the investments of the funds so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

53635. (a) This section shall apply to a local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (g) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.

Trust Structure Overview

Trust Structure

- **Trust Structure Overview**
  - Plan Sponsor Employer/ Governing Board
  - Retirement Board of Authority
  - Discretionary Trustee
  - Registered Investment Advisor (RIA)

Program Structure

Futuris
A Keenan Solution

Keenan Financial Services
Program Coordinator

Agency Governing Board
Plan Sponsor

Retirement Board of Authority
Retirement System

Benefit Trust Company
Discretionary Trustee

Morgan Stanley Smith Barney
Registered Investment Advisor

Financial Structure & Specifications

Financial Structure & Specifications

- **Actuarially Determined Contributions (ADC)**
- **Risk Tolerance Questionnaire**
- **Investment Policy Statement (IPS)**
- **Annual Statement**

SUMMARY - STATEMENT NO. 75

SUMMARIES / STATUS

SUMMARY OF STATEMENT NO. 75
ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

(ISSUED 06/15)

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

DEFINED BENEFIT OPEB

Defined Benefit OPEB That Is Provided through OPEB Plans That Are Administered through Trusts That Meet the Specified Criteria

For OPEB that is administered through a trust that meets the specified criteria, requirements differ based on the number of employers whose employees are provided with OPEB through the OPEB plan and whether OPEB obligations and OPEB plan assets are shared by the employers. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit OPEB through single-employer OPEB plans—OPEB plans in which OPEB is provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit OPEB through agent multiple-employer OPEB plans—OPEB plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

Measurement of the OPEB Liability to Employees for Benefits

This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

The total OPEB liability generally is required to be determined through an actuarial valuation. However, if fewer than 100 employees (active and inactive) are provided with OPEB through the plan, use of a specified alternative measurement method in place of an actuarial valuation is permitted. An actuarial valuation or a calculation using the specified alternative measurement method of the total OPEB liability is required to be performed at least every two years, with more frequent valuations or calculations encouraged. If an actuarial valuation or a calculation using the alternative measurement method is not performed as of the measurement date, the total OPEB liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation or alternative measurement method calculation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent fiscal year-end). Unless otherwise specified by this Statement, all assumptions underlying the determination of the total OPEB liability and related measures set forth by this Statement are required to be made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Projections of benefit payments are required to be based on claims costs, or age-adjusted premiums approximating claims costs, and the benefit terms and legal agreements existing at the measurement date. For purposes of evaluating the benefit terms, consideration is required to be given to the written plan document, as well as other information, including other communications between the employer and employees and an established pattern of practice with regard to the sharing of benefit-related costs with inactive employees. Certain legal or contractual caps on benefit payments to be provided are required to be considered in projections of benefit payments.

This Statement requires that projections of benefit payments incorporate the effects of projected salary changes (if the OPEB formula incorporates future compensation levels) and service credits (if the OPEB formula incorporates periods of service), as well as projected automatic postemployment benefit changes, including automatic cost-of-living-adjustments (COLAs). The effects of ad hoc postemployment benefit changes (including ad hoc COLAs), if they are considered to be substantively automatic, also are required to be included in the projections. This Statement also requires that projections of benefit payments include certain taxes or other assessments expected to be imposed on the benefit payments.

Projected benefit payments are required to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on OPEB plan investments to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions for use of the long-term expected rate of return are not met.

This Statement requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the first period in which the employee provides service under the benefit terms, through the period in which the employee exits active service.

Alternative measurement method

This Statement includes an option for the use of a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through an OPEB plan in which fewer than 100 employees (active and inactive) are provided with OPEB through the plan. The alternative measurement method is an approach that includes the same broad measurement steps as an actuarial valuation (projecting benefit payments, discounting projected benefit payments to a present value, and attributing the present value of projected benefit payments to periods using an actuarial cost method). However, it permits simplification of certain assumptions.

Single and Agent Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a single or agent employer that does not have a special funding situation is required to recognize a liability equal to the net OPEB liability. The net OPEB liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year (the measurement date), consistently applied from period to period.

The OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB that are required to be reported by an employer primarily result from changes in the components of the net OPEB liability—that is, changes in the total OPEB liability and in the OPEB plan's fiduciary net position.

This Statement requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. For example, changes in the total OPEB liability resulting from current-period service cost, interest on the total OPEB liability, and changes of benefit terms are required to be included in OPEB expense immediately. Projected earnings on the OPEB plan's investments also are required to be included in the determination of OPEB expense immediately.

In circumstances in which the net OPEB liability is determined based on the results of an actuarial valuation, the effects of certain other changes in the net OPEB liability are required to be included in OPEB expense over the current and future periods. The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period.

Under all means of determining the net OPEB liability, the effect on the net OPEB liability of differences between the projected earnings on OPEB plan investments and actual experience with regard to those earnings is required to be included in OPEB expense in a systematic and rational manner over a closed period of five years, beginning in the current period.

Changes in the net OPEB liability that have not been included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB.

Employer contributions subsequent to the measurement date of the net OPEB liability are required to be reported as deferred outflows of resources.

In governmental fund financial statements, a net OPEB liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. OPEB expenditures are required to be recognized equal to the total of (1) amounts paid by the employer to the OPEB plan, including amounts paid for OPEB as the benefits come due, and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.

Notes to financial statements

This Statement requires that notes to financial statements of single and agent employers include descriptive information, such as the types of benefits provided and the number and classes of employees covered by the benefit terms. Single and agent employers also are required to disclose information that includes the following, as applicable:

- For the current year, sources of changes in the net OPEB liability
- Significant assumptions and other inputs used to calculate the total OPEB liability, including those about inflation, the healthcare cost trend rate, salary changes, ad hoc postemployment benefit changes (including ad hoc COLAs), and inputs to the discount rate, as well as certain information about mortality assumptions and the dates of experience studies
- The date of the actuarial valuation or calculation using the alternative measurement method used to determine the total OPEB liability, information about changes of assumptions or other inputs and benefit terms, the basis for determining employer contributions to the OPEB plan, and information about the purchase of allocated insurance contracts, if any.

Required supplementary information

This Statement requires single and agent employers to present in required supplementary information the following information, determined as of the measurement date, for each of the 10 most recent fiscal years:

- Sources of changes in the net OPEB liability
- The components of the net OPEB liability and related ratios, including the OPEB plan’s fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

If an actuarially determined contribution is calculated for a single or agent employer, the employer is required to present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes information about the actuarially determined contribution, contributions to the OPEB plan, and related ratios. If a single or agent employer does not have information about an actuarially determined contribution but has a contribution requirement that is established by statute or contract, the employer is required to present a schedule covering each of the 10 most recent fiscal years that includes information about the statutorily or contractually required contribution rates, contributions to the OPEB plan, and related ratios.

Significant methods and assumptions used in calculating the actuarially determined contributions, if applicable, are required to be presented as notes to required supplementary information. In addition, the employer is required to explain certain factors that significantly affect trends in the amounts reported in the schedules.

Cost-Sharing Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net OPEB liability (of all employers for benefits provided through the OPEB plan)—the collective net OPEB liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the OPEB plan are determined. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB.

In addition, the effects of (1) a change in the employer's proportion of the collective net OPEB liability and (2) differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. These effects are required to be recognized in the employer's OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees). The portions of the effects not recognized in the employer's OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Employer contributions to the OPEB plan subsequent to the measurement date of the collective net OPEB liability also are required to be reported as deferred outflows of resources related to OPEB.

In governmental fund financial statements, the cost-sharing employer's proportionate share of the collective net OPEB liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. OPEB expenditures are required to be recognized equal to the total of (1) amounts paid by the employer to the OPEB plan, including amounts paid for OPEB as the benefits come due, and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.

This Statement requires that notes to financial statements of cost-sharing employers include descriptive information about the OPEB plans through which the OPEB is provided. Cost-sharing employers are required to identify the discount rate and assumptions made in the measurement of their proportionate shares of net OPEB liabilities, similar to the disclosures about those items that should be made by single and agent employers. Cost-sharing employers, like single and agent employers, also are required to disclose information about how their contributions to the OPEB plan are determined.

This Statement requires cost-sharing employers to present in required supplementary information 10-year schedules containing (1) the net OPEB liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the OPEB plan, and related ratios.

Defined Benefit OPEB That Is Provided through OPEB Plans That Are Not Administered through Trusts That Meet the Specified Criteria

For employers that provide insured benefits—defined benefit OPEB through an arrangement whereby premiums are paid or other payments are made to an insurance company while employees are in active service, in return for which the insurance company unconditionally undertakes an obligation to pay the OPEB of those employees—this Statement requires recognition of OPEB expense/expenditures equal to the amount of premiums or other payments required in accordance with their agreement with the insurance company. In addition to the amount of OPEB expense/expenditures recognized in the current period, a brief description of the benefits provided through the arrangement is required to be disclosed.

For defined benefit OPEB, other than insured benefits, that are provided through OPEB plans that are not administered through trusts that meet the specified criteria, this Statement requires an approach to measurement of OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB parallel to that which is required for OPEB provided through OPEB plans that are administered through trusts that meet the specified criteria. Similar note disclosures and required supplementary information are required to be presented. However, the requirements incorporate modifications to reflect the absence of OPEB plan assets for financial reporting purposes.

DEFINED CONTRIBUTION OPEB

This Statement requires an employer whose employees are provided with defined contribution OPEB to recognize OPEB expense for the amount of contributions or credits to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. A change in the OPEB liability is required to be recognized for the difference between amounts recognized in expense and amounts paid by the employer to (or benefit payments through) a defined contribution OPEB plan. In governmental fund financial statements, OPEB expenditures are required to be recognized equal to the total of (1) amounts paid by the employer to (or benefit payments through) an OPEB plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. An OPEB liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Notes to financial statements of an employer with a defined contribution plan are required to include descriptive information about the OPEB plan and benefit terms, contribution rates and how they are determined, and amounts attributed to employee service and forfeitures in the current period.

SPECIAL FUNDING SITUATIONS

In this Statement, special funding situations are defined as circumstances in which a nonemployer entity is legally responsible for providing certain forms of financial support for OPEB of the employees of another entity. Relevant forms of financial support are contributions directly to an OPEB plan that is administered through a trust that meets the specified criteria, including benefit payments as OPEB comes due for OPEB provided through such a plan, or making benefit payments directly as the OPEB comes due in circumstances in which OPEB is provided through an OPEB plan that is not administered through a trust that meets the specified criteria. Such support is a special funding situation if either (1) the amount of contributions or benefit payments, as applicable, for which the nonemployer entity legally is responsible is not dependent upon one or more events unrelated to the OPEB or (2) the nonemployer entity is the only entity with a legal obligation to make contributions directly to an OPEB plan or to make benefit payments as OPEB comes due, as applicable.

This Statement requires an employer that has a special funding situation for defined benefit OPEB to recognize an OPEB liability and deferred outflows of resources and deferred inflows of resources related to OPEB with adjustments for the involvement of nonemployer contributing entities. The employer is required to recognize its proportionate share of the collective OPEB expense, as well as additional OPEB expense and revenue for the OPEB support of the nonemployer contributing entities. This Statement requires that the employer disclose in notes to financial statements information about the amount of support provided by nonemployer contributing entities and present similar information about the involvement of those entities in 10-year schedules of required supplementary information.

The approach that is required by this Statement for measurement and recognition of liabilities, deferred outflows of resources and deferred inflows of resources, and expense by a governmental nonemployer contributing entity in a special funding situation for defined benefit OPEB is similar to the approach required for cost-sharing employers.

The information that is required to be disclosed in notes to financial statements and presented in required supplementary information of a governmental nonemployer contributing entity in a special funding situation depends on the proportion of the collective net OPEB liability that it recognizes. In circumstances in which a governmental nonemployer contributing entity recognizes a substantial proportion of the collective net OPEB liability, requirements for note disclosures and required supplementary information are similar to those for cost-sharing employers. Reduced note disclosures and required supplementary information are required for governmental nonemployer contributing entities that recognize a less-than-substantial portion of the collective net OPEB liability.

This Statement also establishes requirements related to special funding situations for defined contribution OPEB.

EFFECTIVE DATE

This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting
The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of OPEB measurements.
- Explanations of how and why the OPEB liability changed from year to year will improve transparency.
- The summary OPEB liability information, including ratios, will offer an indication of the extent to which the total OPEB liability is covered by resources held by the OPEB plan, if any.
- For employers that provide benefits through OPEB plans that are administered through trusts that meet the specified criteria, the contribution schedules will provide measures to evaluate decisions related to contributions.

The consistency, comparability, and transparency of the information reported by employers and governmental nonemployer contributing entities about OPEB transactions will be improved by requiring:

- The use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return
- A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations
- Immediate recognition in OPEB expense, rather than a choice of recognition periods, of the effects of changes of benefit terms
- Recognition of OPEB expense that incorporates deferred outflows of resources and deferred inflows of resources related to OPEB over a defined, closed period, rather than a choice between an open or closed period.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 6 discusses the applicability of this Statement.

Question	Answer #1	Answer #2	Answer #3	Answer #4		Dunn	Snell	Nichols	Thompson	Hornbuckle	Moreno
A6	0	8	16			8	8	8	8	8	8
A7	0	8	16			8	8	0	8	8	8
A8	0	6	12	18		0	6	0	0	6	6
A9	0	6	12	18		6	6	6	6	6	6
A10	16	8	0			8	8	8	8	8	8
A11	0	5	10	16		10	10	10	5	10	5
					Totals	40	46	32	35	46	41
					Average	40.00					

Score	GIC Models	Futuris Models
0-20	Model 2	Fixed Income
21-29	Model 3	Moderate
30-39	Model 4	Moderate Growth
40-59	Model 5	Growth
60-79	Model 6	Ag Growth
80+	Model 7/8	Ag Growth

MorganStanley
SmithBarney

INSTITUTIONAL QUESTIONNAIRE

DATE ______________ NAME ______________________________

ADDRESS ____

The purpose of this questionnaire is to help us understand your plan's investment needs and preferences so that we can better assist you in developing and implementing an appropriate investment strategy.

SECTION A—Investment Overview

This section will help us determine your plan's primary purpose for investing, its investment timeline, its cash needs during that period, and its tolerance for risk.

A1. What is your purpose for establishing this account?

- ☐ Defined Benefit Pension Plan
- ☐ Profit Sharing Plan
- ☐ 401(k) Plan
- ☐ Endowment
- ☐ Operating Fund
- ☐ Foundation
- ☐ Money Purchase Pension Plan
- ☐ Long-Term Reserve Account (10 years or greater)
- ☐ Short-Term Reserve Account (fewer than 10 years)
- ☐ Other (Please describe.) ______________________________

A2. The following questions are intended to help us understand the nature of your plan's outgoing cash flows (i.e., liabilities). Do you know the average duration of the outgoing cash flows (average age of liabilities) for this plan?

☐ Yes ☐ No

If "Yes," what is the average duration of the outgoing cash flows (average age of liabilities) for this plan?

☐ Fewer than 10 years ☐ Greater than 10 years

For Defined Benefit Pension Plans only: Answer either A3 or A4, **and** *A5. Otherwise, proceed to A6.*

A3. What is the average age of the plan participants?

☐ Less than 50 years old ☐ 50 years old or older

OR

A4. What percentage of the participants is expected to retire in the next 5 years?

☐ Less than 75% ☐ More than 75%

AND

A5. This plan/fund is

☐ Underfunded ☐ Sufficiently funded ☐ Overfunded

A6. Which one of the following statements best describes your attitude toward the trade-off between risk and return?

☐ I am primarily concerned with limiting risk. I am willing to accept lower expected returns to limit the Plan's chance of loss.

☐ Limiting risk and maximizing return are of equal importance to me. I am willing to accept moderate risk and a moderate chance of loss to achieve moderate returns.

☐ I am primarily concerned with maximizing the returns of the Plan's investments. I am willing to accept high risk and a high chance of loss to maximize the Plan's investment return potential.

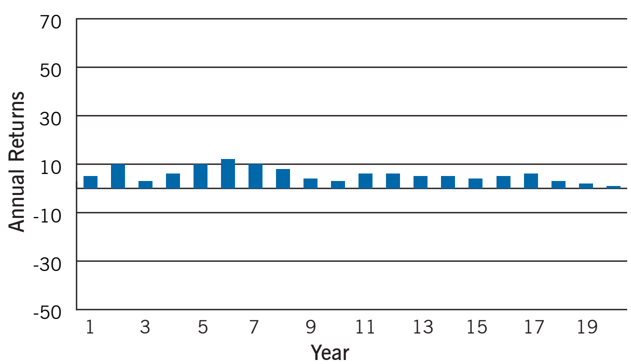
A7. The following graphs show the historical year-by-year returns for three hypothetical portfolios over a 20-year period. The average annual return over the 20-year period is also indicated. Please note that these are hypothetical examples only, for the purpose of gauging your tolerance for risk. Actual results of any particular investment will vary and may be negative.

Also note that the risk of Investment Y is substantially greater than that of Investment X, and the risk of Investment Z is substantially greater than that of Investment Y.

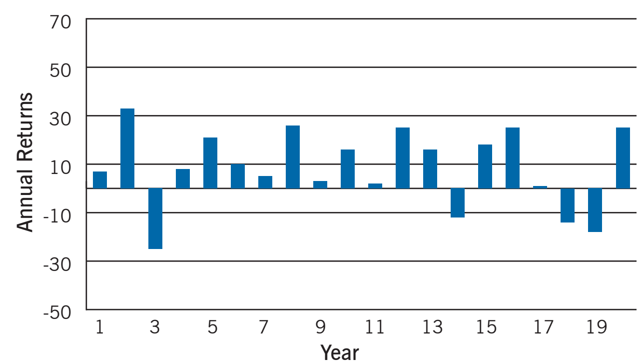
Given your investment goals for this account, which portfolio would you choose?

☐ Portfolio X ☐ Portfolio Y ☐ Portfolio Z

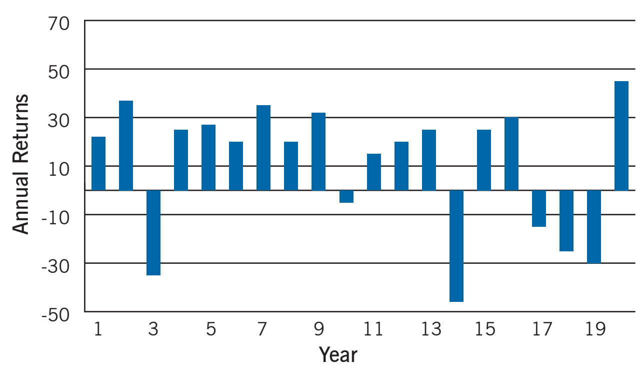
Portfolio X Average Annual Return=6%



Portfolio Y Average Annual Return=9%



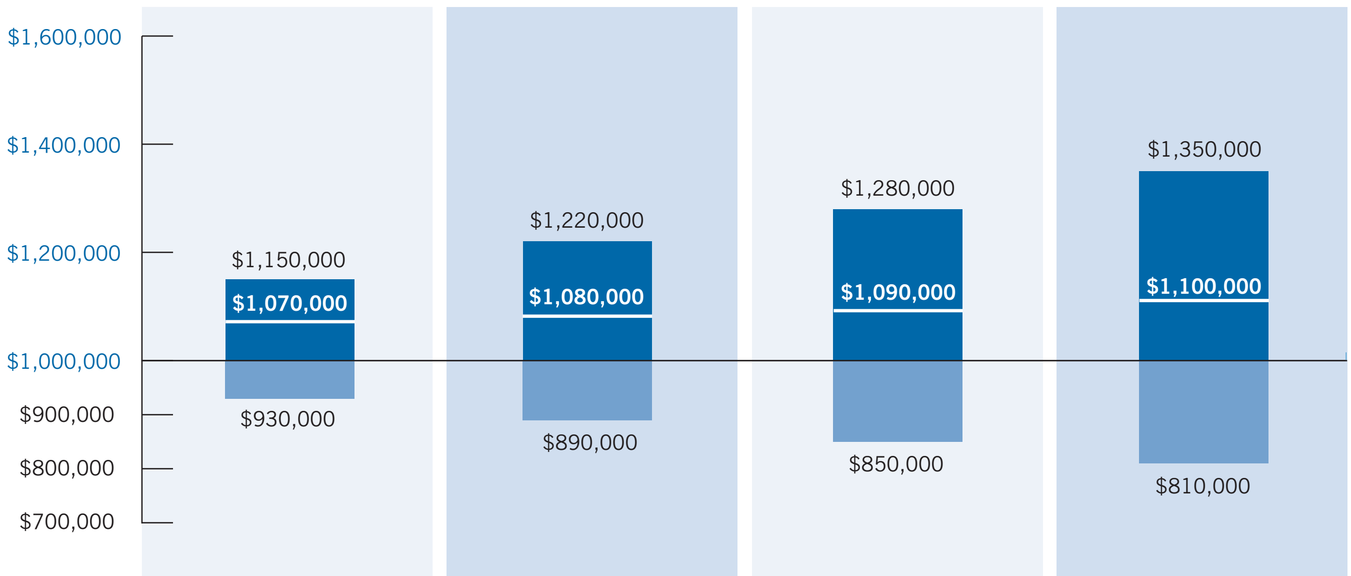
Portfolio Z Average Annual Return=11%



A8. The risk of a portfolio suffering a decrease in value (having a negative return) is often a primary concern for investors. In seeking to achieve potentially higher returns, however, an investor must be willing to accept greater risk. The following table portrays four different hypothetical $1,000,000 portfolios. For each portfolio, the assumed value at the end of one year is shown, along with the probability of suffering a decline (rather than a gain) that year. Given your Plan's investment objectives, in which of the four hypothetical portfolios would you be most comfortable investing?

PORTFOLIO	EXPECTED VALUE OF $1,000,000 AFTER 1 YEAR	CHANCE OF LOSING MONEY AFTER 1 YEAR	INVESTMENT CHOICE (CHOOSE ONE)
PORTFOLIO A	$1,070,000	19%	☐
PORTFOLIO B	$1,080,000	23%	☐
PORTFOLIO C	$1,090,000	26%	☐
PORTFOLIO D	$1,100,000	28%	☐

A9. Each bar below shows a range of possible one-year ending values for a $1,000,000 initial investment in one of four hypothetical portfolios. The assumed value of the average return for that portfolio is shown in the center of the bar. For example, it is assumed that, at the end of a given year, Portfolio A could have an ending value anywhere between $1,150,000 (15% return) and $930,000 (–7% return). The assumed average ending value is approximately $1,070,000 (7% return). It is important to remember that the hypothetical portfolios are more likely to achieve the average return over long-term holding periods. The four bars represent the four hypothetical portfolios. (Please note that these are only examples — actual results will vary.) Given the assumed possible average and best and worst outcomes for each portfolio, please indicate which of the four options you would consider most suitable for your plan.



☐ Portfolio A ☐ Portfolio B ☐ Portfolio C ☐ Portfolio D

A10. Inflation can greatly erode the return on your investments, especially over time. For example, in a year with a 3.5% inflation rate, an investment with a 6% return before inflation would have a real return of only 2.5% (6% – 3.5% = 2.5%). Please specify which of the following examples best summarizes your attitude regarding investing and inflation.

☐ I prefer a portfolio that has the potential to return substantially more than inflation over the long run and am willing to accept large short-term fluctuations in value (and a greater potential for loss) to achieve this goal.

☐ I prefer a portfolio that has the potential to exceed inflation moderately over the long run and am willing to accept moderate short-term fluctuations in value (and a moderate potential for loss) to achieve this goal.

☐ I prefer to minimize short-term fluctuations in portfolio value (and the potential for loss) as much as possible, even if it means that my Plan's portfolio has the potential to only keep pace with or slightly exceed inflation.

A11. Sometimes investment losses are permanent, sometimes they are prolonged, and sometimes they are short-lived. How might you respond when you experience investment losses?

☐ I would sell the Plan's investments immediately if they suffered substantial declines.

☐ Although declines in investment value make me uncomfortable, I would wait one to two quarters before adjusting the Plan's portfolio.

☐ I can endure significant declines in the value of the Plan's investments and would wait at least one year before adjusting the Plan's portfolio.

☐ Even if the Plan's investments suffered a significant decline over several years, I would continue to follow my long-term investment strategy and not adjust the Plan's portfolio.

SECTION B—Investment Overview and Preferences (optional)

This set of questions helps us understand your preferences for certain asset classes. Please note that your final investment selection may or may not include the asset classes selected below.

B1. Would you consider allocating a portion of your Plan's portfolio to international investments? ☐ Yes ☐ No

B2. Would you consider allocating a portion of your Plan's portfolio to emerging markets investments? ☐ Yes ☐ No

B3. Would you consider allocating a portion of your Plan's portfolio to real estate investments? ☐ Yes ☐ No

B4. Would you prefer your Plan's fixed income investments to be in tax-exempt municipal bond investments rather than taxable government or corporate bond investments? ☐ Yes ☐ No

B5. Would you consider allocating a portion of your Plan's portfolio to high-yield fixed income investments? ☐ Yes ☐ No

NOTES ON RISK:
International/Emerging Markets: Foreign investing involves certain risks, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, and the potential for political instability. In addition, the securities markets of many of the emerging markets are substantially smaller, less developed, less liquid and more volatile than the securities of the U.S. and other more developed countries.

High Yield: High-yield fixed income securities, also known as "junk bonds," are considered speculative, involve greater risk of default and tend to be more volatile than investment-grade fixed income securities.

Real Estate: Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and local economic conditions.

SECTION C—Current Investments

To help you structure a portfolio to meet your plan's investment objectives, please tell us how your plan's investments are currently allocated among equity investments (stocks or equity mutual funds), fixed income investments (bonds or fixed income mutual funds), and cash and equivalents (checking accounts, certificates of deposit, Treasury bills and money market funds). To help you calculate this amount, a worksheet has been provided on the next page.

C1. Please specify your plan's current investment allocation.

Equity Investments: $________________________

Fixed Income Investments: $________________________

Cash and Equivalents: $________________________

SECTION D—Investment Considerations

This final section helps us determine the services and programs that may best suit your plan's investment needs.

D1. How much do you plan to invest?

$________________________

D2. Will there be any restrictions placed on the management of your portfolio (that is, are there any individual securities or industry groups that should not be purchased for this account)?

☐ Yes ☐ No

If "Yes," please specify:

INSTITUTIONAL FINANCIAL DATA WORKSHEET (OPTIONAL)

Please describe your total investment portfolio in the spaces below.

EQUITY	ASSETS (IN DOLLARS)
Domestic Stocks/Stock Mutual Funds	$ ______
International Stocks/International Mutual Funds	$ ______
Real Estate Investments/REITs/Funds	$ ______
Commodities/Managed Futures Funds	$ ______
Other Equity	$ ______
Total Equity	$ ______

FIXED INCOME	
Government Bonds/Mutual Funds	$ ______
Corporate Bonds/Mutual Funds	$ ______
Municipal Bonds/Mutual Funds	$ ______
International Bonds/Mutual Funds	$ ______
Convertible Bonds/Mutual Funds	$ ______
Preferred Stock	$ ______
Other Fixed Income	$ ______
Total Fixed Income	$ ______

CASH AND EQUIVALENTS	
Checking Accounts	$ ______
Certificates of Deposit	$ ______
Money Market Funds	$ ______
Treasury Bills	$ ______
Other Cash Equivalents	$ ______
Total Cash and Equivalents	$ ______

COMBINED TOTAL $ ______

FORM W-9

Important Tax Notice

Morgan Stanley & Co. Incorporated is required by law to withhold 28% of dividends, interest, gross proceeds of sales of securities and certain other payments made by Morgan Stanley Smith Barney LLC to a client's account if the client has not filed a signed Form W-9 with Morgan Stanley Smith Barney LLC.

Complete and sign to avoid backup withholding.

NAME

BUSINESS NAME, IF DIFFERENT FROM ABOVE

Check appropriate box: ☐ Individual/Sole Proprietor ☐ Corporation ☐ Partnership ☐ Other

ADDRESS (NUMBER, STREET, AND APT. OR SUITE NO.)

CITY, STATE AND ZIP CODE

Please fill in your Taxpayer Identification Number (TIN), which is your Social Security Number (for individuals) or your Federal Employer Identification Number (for entities). If you have applied for but have not yet received your TIN, please fill in the words "Applied For."

TAXPAYER IDENTIFICATION NUMBER (TIN)

I certify, under penalties of perjury, that:

1. The TIN shown on this form is my correct TIN (or I am waiting for a TIN to be issued to me).
2. I am not subject to backup withholding because (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding. *(Cross out this item 2 if the IRS has notified you that you are subject to backup withholding.)*
3. I am a U.S. person (or I am a U.S. resident alien).

CLIENT NAME (PLEASE PRINT)	CLIENT SIGNATURE (AND TITLE IF AN ENTITY)	DATE

NY CS 6223302 03/10-SBD

INVESTMENT POLICY STATEMENT

Coast Community College District

The purpose of this Investment Policy Statement is to establish a comprehensive strategy for the acceptance and accumulation of invested assets under the **Futuris Public Entity Investment Trust** (the "**Trust**"), which has been adopted for use by **Coast Community College District** (the "**Employer**") for, among other things, to assist the Employer in meeting applicable funding requirements for the payment of future retiree health and welfare obligations and other post-employment benefit obligations (generally referred to as "**OPEB Liability**"), but may also be used to fund other purposes related to excess funds of the Employer as allowable under applicable law.

This Investment Policy Statement shall be consistent with, and in conformity with, applicable law, including the governing law, including the Internal Revenue Code of 1986 as amended from time to time (the "**Code**"), applicable provisions of Governmental Accounting Standards Board Statement Nos. 43, 45, 74 and 75, and California laws, including applicable provisions of the California Government Code.

TRUST FUNDING STATEMENT

The purpose of the Trust is to provide a uniform method of investing contributions and earnings of all contributed amounts between funds deposited within the Trust Fund, as such term is defined within the Trust. The Trust shall be funded primarily by irrevocable contributions made by the Employer, but may also include other contributions made by any Participant as determined necessary and appropriate under applicable circumstances and in compliance with underlying legal requirements. These contributions shall be remitted to the Trust on a discretionary basis, as determined by and through the direction of the Employer, or such delegated Trust.

RETIREMENT BOARD

The Retirement Board (the "**Retirement Board**") is directly responsible for the implementation and oversight of this Investment Policy Statement. This responsibility includes the selection and ongoing evaluation of investments and/or investment managers in accordance with applicable laws and regulations. However, these investment responsibilities may be delegated to an authorized third-party trustee. In this case, the Retirement Board has appointed Benefit Trust Company ("**BTC**") as Discretionary Trustee and Trust Fund custodian, who may further designate and delegate any corresponding Investment Manager responsibilities as set forth below. On behalf of the Trust, and as approved by the Retirement Board, BTC shall administer the assets of the Trust in such a manner that the investments are:

- Prudent; in consideration of the stated purpose of the Trust, any underlying Plan and in accordance with Article 16, Section 17 of the California Constitution creating a Retirement System, and California Government Code Sections 53620 through 53622, as applicable;
- Diversified; among a broad range of investment alternatives;
- Permitted; in accordance with the terms of the Trust, any applicable Plan document and

in accordance with California Government Code Sections 53620 through 53622 and other applicable requirements;

- Selected; for the exclusive benefit of the Plan participants as it relates to the funding of retiree health and welfare benefits, or as otherwise deemed appropriate for the purposes set forth by the Trust.

The above notwithstanding, the Retirement Board retains the responsibility to oversee the management of the Trust, including BTC's, or any successor trustee's, requirement that investments and assets held within the Trust continually adhere to the requirements of California Government Code.

INVESTMENT OBJECTIVES

The Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics. In general, assets held in the Trust Fund will be for the primary purpose of meeting present and future OPEB Liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that subject to applicable legal requirements may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

Though investment responsibilities are delegated to the Trustee, the Retirement Board determines the target return that is applicable for this Trust as it relates to those assets held in the Trust Fund. Attachment A of this Investment Policy details the target return selected by the Retirement Board. The target return may be modified from time to time by amending the Appendix. Related to the investments and the holding of investments themselves, the Trustee may cause any or all of the assets of the Trust to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

PERIODIC ANALYSIS AND EVALUATION

The Retirement Board and/or its designees shall periodically meet with the Trustee to review investment performance reports that analyze the performance of the managers selected in each market sector that take into consideration:

- adherence to applicable legal constraints on investment prudence;
- consistency and adherence to stated investment management style and discipline;
- risk adjusted performance relative to managers with similar style;
- long-term investment performance relative to appropriate benchmarks; and
- changes in investment personnel managing the portfolio

ETHICS AND CONFLICT OF INTEREST

Officers, employees, and agents involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers, employees, and agents involved in the investment process shall abide by the California Government Code Sections 1090 et seq. and the California Political Reform Act (California Government Code Sections 81000 et seq.)

AMENDMENT

The Retirement Board shall have the right to amend this Policy, in whole or in part, at any time and from time to time.

ADOPTION

The Retirement Board hereby adopts the provisions of this Investment Policy Statement as of this 26th day of April, 2017.

By: Mary Hornbuckle
Mary Hornbuckle, Member – Board of Trustees

By: Jim Moreno
Jim Moreno, Member – Board of Trustees

By: ______________________
Andy Dunn, Vice Chancellor of Finance and Administrative Services

By: D Thompson
Daniela Thompson, Administrative Director of Fiscal Affairs

By: ______________________
Rachel Snell, Director of Internal Audits

By: ______________________
Rob Schneidermann, Coast Federation of Educators Representative

By: ______________________
Ann Nicholson, Coast Federation of Classified Employees Representative

APPENDIX A: Target Return

Subject to the ability of the Retirement Board and Trustee to deviate from these guidelines as set forth under the heading "Investment Objectives" in the Statement, the Retirement Board has determined after due consideration to the time horizon of the trust, trust liquidity needs, and the District's risk tolerance and capacity for risk, that the Trust Fund shall be invested with the objective of achieving an annualized target net rate of return of 7 % as well as an additional 0.5 % to cover the costs of trust administration, GASB Statement Nos. 43, 45, 74 and 75 compliance.

In accordance with Article 16 Section 17 of the California Constitution creating a retirement system and California Government Code sections 53620 through 53622, the Retirement Board has the authority to invest or reinvest funds intended for the payment of employee retiree health benefits under a prudent investor standard and shall diversify investments so as to minimize the risk of loss and to maximize the rate of return. The Trustee shall establish investment portfolios on a discretionary basis to meet the diverse needs of the Trust and its applicable purposes. Applicable provisions and requirements of, in particular, the California Government Code (specifically provisions under Sections 53216.1, 53216.5 and 53216.6, as applicable) shall be examined before selecting the investment portfolios to achieve the targets stated above.

The Trustee shall manage the Trust investments on a discretionary basis such that the total allocation among various investment styles, capitalizations, fund managers and securities is established and re-balanced from time-to-time so as to meet the Trust's overall target return objectives with the least amount of risk. The Trust assets shall not be invested in any proprietary investment vehicles of the Trustee or any of its affiliates or advisors.

Equity Investments

The purpose of the aggregate equity allocation within the Trust is to provide a total return consisting primarily of appreciation, with dividend income a secondary consideration. In order to maximize return opportunity while minimizing risk, the Trustee shall, in its discretion, allocate the Trust's equity allocation among a diverse group of equity fund managers, taking into consideration such factors as investment style (value, growth, international, etc.) as well as the capitalization (large, mid, small, etc.) of the investment.

Permitted equity investments shall include:

- D Publicly traded common stocks, preferred stocks, securities convertible into common stocks, and securities which carry the right to buy common stocks, listed on a major United States stock exchange, including stocks traded through the NASDAQ Stock Market;
- D American Depository Receipts ("ADRs");
- D SEC-registered open-end mutual funds and Bank, Insurance Company or Trust Company commingled funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives;

- D Closed-end SEC-registered mutual funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives; and

- D Exchange Traded Funds ("ETFs") which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives.

In managing the equity portfolio, the Trustee shall not do any of the following:

- buy equity securities on margin;
- short-sell equity securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on stocks, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded.

However, all of the above restrictions shall be permitted in open-end or closed-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives and prudent management, and the investments provide for daily liquidity.

Additionally, certain securities may not be held directly, but only in open-end or closed-end mutual funds, comingled funds, or ETFs. These include common stocks, preferred stocks, and securities convertible into common stocks and securities that carry the right to purchase common stocks of non-U.S. companies traded on global exchanges, traded in any currency, as well as restricted securities of U.S. and non-U.S. companies, including securities issued through private offerings, and forward currency contracts or currency futures contracts to hedge foreign currency exposure.

Not more than 5% of the Trust assets shall be invested in any single equity security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund.

Both an investment fund manager's performance and the performance of individual securities, if purchased, will be compared to the following benchmarks based upon the particular investment style and capitalization range:

Domestic Equities:	S&P 500
International Equities:	MSCI EAFE and ACWI ex.U.S.

The Trustee shall pay particular attention to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's equity portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

Fixed Income Investments

The purpose of the aggregate fixed income allocation within the Trust is to provide a total return consisting of income and appreciation, while preserving capital by investing in a diversified portfolio of high quality fixed income securities. The investment objective of the fixed income portfolio is to achieve a total return commensurate with the overall bond market as measured by the Barclay's Aggregate Bond Index for domestic securities, and the Barclay's Global Bond Index for international securities, with attention given to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's fixed income portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

Permitted securities shall include:

D Obligations of the U.S. Government and its agencies;

D Bonds issued by U.S. Corporations or U.S. subsidiaries of foreign companies that are incorporated within the U.S. and carry a minimum BBB rating;

D Certificates of Deposit issued by banks or savings and loans of sound financial condition under FDIC management, with never more than the FDIC coverage amount (including interest) deposited to any single institution;

D Money market funds and money market instruments of an investment grade commonly held in money market funds such as repurchase agreements, banker's acceptances, commercial paper, etc.

D SEC-registered open-end mutual funds and Bank, Insurance Company and Trust Company commingled funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;

D Closed-end SEC registered mutual funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;

D Exchange Traded Funds ("ETFs") which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;

D Investment grade foreign government or corporate bonds carrying a minimum BBB rating, whether or not denominated in U.S currency, and whether or not hedged for foreign currency risk.

D Securities backed by pools of consumer or corporate receivables other than mortgages ("Asset-backed Securities"), provided that these securities have been registered with the SEC for public offering and that they meet the requirements of these policies and objectives and carry a minimum BBB rating; and

D U.S. Agency mortgage-backed pass-through securities.

In managing the fixed income portion of the Trust assets, the Trustee shall not do any of the following:

- buy fixed income securities on margin;
- short-sell fixed income securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on bonds, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded except U.S. Government or agency-backed mortgages.

However, all of the above restrictions shall be permitted only in open-end or closed-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives, prudent management, risk mitigation, and the investments provide for daily liquidity. In addition, investment in non-investment grade bonds or loans by such funds shall be permitted so long as the average aggregate rating of the funds are investment grade, and in the opinion of the Trustee the proportion of non-investment grade bonds to investment grade bonds in the portfolio is prudent.

Not more than 5% of the Trust assets shall be invested in any single debt security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund, nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities.

Use of Mutual Funds

The Retirement Board envisions that the Trustee will invest predominantly in open and closed-end mutual funds. The Board recognizes that the limitations and restrictions set forth in this Statement cannot be imposed on the managers of such mutual funds and that mutual funds held by the Trust may be managed outside of the requirements of this Statement. Nonetheless, the Trustee shall seek to identify mutual funds that comply as closely as possible to these guidelines and shall diligently monitor for prompt removal and replacement of those that do not.

Performance Review

In the execution of its fiduciary responsibilities, the Trustee shall review, on a regular basis, the performance of the various investments and fund managers employed by the Trust to determine if assets are being properly managed according to the stated objectives and policies set forth in the Trust Agreement and in this Statement. The Trustee shall view performance and investment risk on the basis of a full 3 to 5-year market cycle, though the stated objectives and policies of the Trustee may result in the prompt sale of a security or dismissal of a fund manager based upon shorter term results. In addition, any deviation or change in the structure, management or investment style of any fund manager employed shall precipitate a review by the Trustee to determine whether or not that manager should be retained.

Change of Target Return

The Retirement Board may, from time to time, discuss with Trustee the need to change target investment returns for the trust as conditions or characteristics of the Trust, or applicable Fund requirements change. In the event a change is made, a new Appendix A will be adopted by the Retirement Board to reflect the change.

ANNUAL REPORT FOR THE
COAST COMMUNITY COLLEGE DISTRICT
FUTURIS TRUST
JULY 2020

The Coast Community College District has established the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees and former employees of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as "other post-employment benefits," or "OPEB.") This Trust was established and is managed in compliance with the applicable Governmental Accounting Standards Board (GASB) standards for OPEB. GASB Statements 74 and 75 set the accounting standard for public sector employers to identify and report their (OPEB) liabilities.

The District has created a Retirement Board of Authority consisting of District Personnel to oversee and run the Futuris Trust. Benefit Trust Company is the qualified Discretionary Trustee for asset and fiduciary management and investment policy development. Keenan & Associates is the Program Coordinator for the Futuris Trust providing oversight of the Futuris program and guidance to the District.

Attached to this notice is the most recent annual statement for the Trust. This statement shows (as of the date of the statement); the total assets in the Trust, the market value, the book value, all contribution and distribution activity (including all fees and expenses associated with the Trust), income activity, purchase activity, sale activity, and realized gains and losses. Please note that the Trust is not itself an employee benefit plan. Rather, the assets in the Trust are irrevocably designated for the funding of employee benefit plans. You are being provided this information pursuant to California Government Code Section 53216.4.

For more information regarding the Futuris Public Entity Investment Trust, please contact Dr. Andy Dunn, Vice Chancellor of Administrative Services at (714) 438-4612 with the Coast Community College District.

AD/rt

Enclosure:
Independent Contractor Agreement

Cc: Dr. John Weispfenning
Dr. Jack Lipton

Benefit Trust
Fiduciary Passport Services

RBOA FUTURIS

KS 66211

ACCOUNT NUMBER 115150007400

FOR THE PERIOD FROM 07/01/2019 TO 06/30/2020

TRUST EB FORMAT

Benefit Trust
Fiduciary Passport Services

Statement Period	07/01/2019 through 06/30/2020
Account Number	115150007400
	BENEFIT TRUST COMPANY
	AS TRUSTEE FOR COAST
	COMMUNITY COLLEGE DISTRICT

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Benefit Trust
Fiduciary Passport Services

TRUST EB FORMAT

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Summary Of Fund

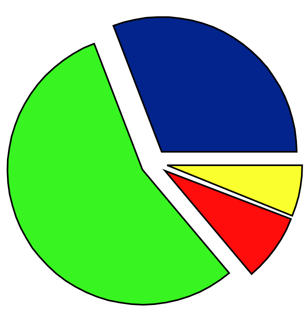
MARKET VALUE AS OF 07/01/2019			**38,734,430.65**
EARNINGS			
NET INCOME CASH RECEIPTS	1,547,846.76		
FEES AND OTHER EXPENSES	167,847.13-		
REALIZED GAIN OR LOSS	114,592.63		
UNREALIZED GAIN OR LOSS	203,644.65		
TOTAL EARNINGS		1,698,236.91	
TOTAL MARKET VALUE AS OF 06/30/2020			**40,432,667.56**

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Asset Summary As Of 06/30/2020

DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
MUTUAL FUND - FIXED INCOME	22,354,846.54	21,722,613.35	55
MUTUAL FUND - DOMESTIC EQUITY	12,446,036.33	11,646,182.54	31
MUTUAL FUND - INTERNATIONAL EQUITY	3,214,532.43	3,395,633.60	8
MUTUAL FUND - REAL ESTATE	2,417,252.26	2,744,558.07	6
TOTAL INVESTMENTS	**40,432,667.56**	**39,508,987.56**	
CASH	**100,868.29**		
DUE FROM BROKER	**0.00**		
DUE TO BROKER	**100,868.29**		
TOTAL MARKET VALUE	**40,432,667.56**		

Ending Asset Allocation



30.8%	**MUTUAL FUND - DOMESTIC EQUITY**	12,446,036.33
55.3%	**MUTUAL FUND - FIXED INCOME**	22,354,846.54
7.9%	**MUTUAL FUND - INTERNATIONAL EQUI**	3,214,532.43
6.0%	**MUTUAL FUND - REAL ESTATE**	2,417,252.26
100.0%	**Total**	40,432,667.56

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Asset Detail As Of 06/30/2020

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
	MUTUAL FUND - FIXED INCOME			
388,810.075	BLACKROCK TOTAL RETURN - K	4,817,356.83	4,585,937.26	12
245,297.123	GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND	4,932,925.14	4,556,176.02	12
299,342.294	PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6	2,053,488.14	2,107,899.55	5
321,120.951	PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q	4,726,900.40	4,687,420.96	12
55,950.607	THORNBURG INVESTMENT INCOME BUILDER R6	1,052,430.92	1,181,069.76	3
388,578.592	WESTERN ASSET CORE PLUS BOND IS	4,771,745.11	4,604,109.80	12
		22,354,846.54	**21,722,613.35**	**55**
	MUTUAL FUND - DOMESTIC EQUITY			
72,073.122	ALGER FUNDS SMALL CAP FOCUS Z	1,871,738.98	1,090,771.71	5
57,391.51	ALGER FUNDS FOCUS EQUITY FUND CL Y	2,701,418.38	2,105,207.36	7
58,305.79	COLUMBIA CONTRARIAN CORE	1,577,171.62	1,476,796.97	4
46,212.023	OAKMARK SELECT FUND-INSTITUTIONAL	1,668,254.03	2,018,137.03	4
34,279.816	OAKMARK INTERNATIONAL INST.	658,172.47	950,746.51	2
31,875.451	HARTFORD FUNDS MIDCAP CLASS Y	1,143,691.18	1,059,277.00	3
40,591.208	JOHN HANCOCK INTERNATIONAL GROWTH R6	1,195,005.16	1,154,122.37	3

Statement Period	07/01/2019 through 06/30/2020
Account Number	115150007400
	BENEFIT TRUST COMPANY
	AS TRUSTEE FOR COAST
	COMMUNITY COLLEGE DISTRICT

Asset Detail As Of 06/30/2020

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
21,065.902	PRUDENTIAL JENNISON GLOBAL OPPS Q	722,139.12	477,795.42	2
20,205.636	UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6	908,445.39	1,313,328.17	2
		12,446,036.33	**11,646,182.54**	**31**
	MUTUAL FUND - INTERNATIONAL EQUITY			
52,027.406	GOLDMAN SACHS TR II GQG PARTNRS R6	813,708.63	753,559.25	2
85,541.75	HARTFORD INTERNATIONAL VALUE - Y	996,561.39	1,403,664.16	2
16,949.694	AMERICAN FUNDS NEW PERSPECTIVE F2	807,822.42	703,109.00	2
8,749.303	AMERICAN FUNDS NEW WORLD F2	596,439.99	535,301.19	1
		3,214,532.43	**3,395,633.60**	**8**
	MUTUAL FUND - REAL ESTATE			
119,162.567	COHEN AND STEERS REAL ESTATE SECURITIES - Z	1,738,581.85	1,943,739.23	4
33,382.706	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q	678,670.41	800,818.84	2
		2,417,252.26	**2,744,558.07**	**6**

Statement Period	07/01/2019 through 06/30/2020
Account Number	115150007400
	BENEFIT TRUST COMPANY
	AS TRUSTEE FOR COAST
	COMMUNITY COLLEGE DISTRICT

Asset Detail As Of 06/30/2020

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
	TOTAL INVESTMENTS	40,432,667.56		
	CASH	100,868.29		
	DUE FROM BROKER	0.00		
	DUE TO BROKER	100,868.29		
	NET ASSETS	40,432,667.56		
	TOTAL MARKET VALUE	40,432,667.56		

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

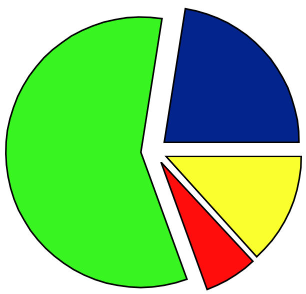
Summary Of Cash Receipts And Disbursements

	R E C E I P T S		
CASH BALANCE AS OF 07/01/2019			**99,522.05**
INCOME RECEIVED			
DIVIDENDS	1,547,846.76		
TOTAL INCOME RECEIPTS		1,547,846.76	
PROCEEDS FROM THE DISPOSITION OF ASSETS		11,207,726.27	
TOTAL RECEIPTS			12,755,573.03
	D I S B U R S E M E N T S		
FEES AND OTHER EXPENSES			
ADMINISTRATIVE FEES AND EXPENSES	167,847.13		
TOTAL FEES AND OTHER EXPENSES		167,847.13	
COST OF ACQUISITION OF ASSETS		12,586,379.66	
TOTAL DISBURSEMENTS			12,754,226.79
CASH BALANCE AS OF 06/30/2020			**100,868.29**

Statement Period	07/01/2019 through 06/30/2020
Account Number	115150007400
	BENEFIT TRUST COMPANY
	AS TRUSTEE FOR COAST
	COMMUNITY COLLEGE DISTRICT

Schedule Of Income

Income Allocation



22.5%	**MUTUAL FUND - DOMESTIC EQUITY**	347,717.91
58.0%	**MUTUAL FUND - FIXED INCOME**	897,711.16
6.2%	**MUTUAL FUND - INTERNATIONAL EQUI**	96,920.75
13.3%	**MUTUAL FUND - REAL ESTATE**	205,496.94
100.0%	**Total**	1,547,846.76

Income Schedule

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
DIVIDENDS				
	MUTUAL FUND - FIXED INCOME BLACKROCK TOTAL RETURN - K			
08/01/2019	DIVIDEND ON 271,422.878 SHS BLACKROCK TOTAL RETURN - K AT .033669 PER SHARE EFFECTIVE 07/31/2019	9,138.47		
09/03/2019	DIVIDEND ON 272,103.666 SHS BLACKROCK TOTAL RETURN - K AT .030494 PER SHARE EFFECTIVE 08/30/2019	8,297.56		
10/01/2019	DIVIDEND ON 272,699.711 SHS BLACKROCK TOTAL RETURN - K AT .030882 PER SHARE EFFECTIVE 09/30/2019	8,421.55		

Benefit Trust
Fiduciary Passport Services

TRUST EB FORMAT

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
11/04/2019	DIVIDEND ON 259,901.443 SHS BLACKROCK TOTAL RETURN - K AT .029374 PER SHARE EFFECTIVE 10/31/2019	7,634.27		
12/02/2019	DIVIDEND ON 374,019.153 SHS BLACKROCK TOTAL RETURN - K AT .027358 PER SHARE EFFECTIVE 11/29/2019	10,232.49		
01/02/2020	DIVIDEND ON 374,750.456 SHS BLACKROCK TOTAL RETURN - K AT .03118 PER SHARE EFFECTIVE 12/31/2019	11,684.56		
02/03/2020	DIVIDEND ON 375,594.315 SHS BLACKROCK TOTAL RETURN - K AT .026772 PER SHARE EFFECTIVE 01/31/2020	10,055.42		
03/02/2020	DIVIDEND ON 384,949.114 SHS BLACKROCK TOTAL RETURN - K AT .024796 PER SHARE EFFECTIVE 02/28/2020	9,545.18		
04/01/2020	DIVIDEND ON 385,726.409 SHS BLACKROCK TOTAL RETURN - K AT .031279 PER SHARE EFFECTIVE 03/31/2020	12,064.99		
05/01/2020	DIVIDEND ON 386,749.733 SHS BLACKROCK TOTAL RETURN - K AT .028838 PER SHARE EFFECTIVE 04/30/2020	11,153.25		
06/01/2020	DIVIDEND ON 387,671.489 SHS BLACKROCK TOTAL RETURN - K AT .020547 PER SHARE EFFECTIVE 05/29/2020	7,965.40		
07/01/2020	DIVIDEND ON 388,321.195 SHS BLACKROCK TOTAL RETURN - K AT .015598 PER SHARE EFFECTIVE 06/30/2020	6,057.22		
	SECURITY TOTAL	**112,250.36**	**112,250.36**	

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.			
08/01/2019	DIVIDEND ON 116,104.132 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .080467 PER SHARE EFFECTIVE 07/31/2019	9,342.59		
09/03/2019	DIVIDEND ON 116,421.776 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .069731 PER SHARE EFFECTIVE 08/30/2019	8,118.15		
10/02/2019	DIVIDEND ON 119,774.696 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .064498 PER SHARE EFFECTIVE 09/30/2019	7,725.26		
11/04/2019	DIVIDEND ON 120,030.428 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .083379 PER SHARE EFFECTIVE 10/31/2019	10,007.99		
12/03/2019	DIVIDEND ON GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. EFFECTIVE 11/29/2019	870.76		
	SECURITY TOTAL	**36,064.75**	**36,064.75**	
	GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND			
08/01/2019	DIVIDEND ON 165,430.428 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .042213 PER SHARE EFFECTIVE 07/31/2019	6,983.36		
09/03/2019	DIVIDEND ON 165,745.168 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .043033 PER SHARE EFFECTIVE 08/30/2019	7,132.51		
10/02/2019	DIVIDEND ON 163,767.802 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .039792 PER SHARE EFFECTIVE 09/30/2019	6,516.62		

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
11/04/2019	DIVIDEND ON 164,053.781 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .037824 PER SHARE EFFECTIVE 10/31/2019	6,205.19		
12/02/2019	DIVIDEND ON 237,134.745 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .030777 PER SHARE EFFECTIVE 11/29/2019	7,298.41		
01/02/2020	DIVIDEND ON 237,442.288 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .030562 PER SHARE EFFECTIVE 12/31/2019	7,256.78		
02/03/2020	DIVIDEND ON 237,744.137 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .034071 PER SHARE EFFECTIVE 01/31/2020	8,100.27		
03/02/2020	DIVIDEND ON 245,630.288 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .030276 PER SHARE EFFECTIVE 02/28/2020	7,436.62		
04/01/2020	DIVIDEND ON 245,286.889 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .038609 PER SHARE EFFECTIVE 03/31/2020	9,470.30		
05/01/2020	DIVIDEND ON 245,099.073 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .039077 PER SHARE EFFECTIVE 04/30/2020	9,577.66		
06/01/2020	DIVIDEND ON 244,884.596 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .046023 PER SHARE EFFECTIVE 05/29/2020	11,270.42		

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
07/01/2020	DIVIDEND ON 244,744.617 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .045398 PER SHARE EFFECTIVE 06/30/2020	11,110.90		
	SECURITY TOTAL	**98,359.04**	**98,359.04**	
	HARTFORD WORLD BOND - Y			
10/01/2019	DIVIDEND ON 145,423.186 SHS HARTFORD WORLD BOND - Y AT .029893 PER SHARE EFFECTIVE 09/27/2019	4,347.14		
12/19/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 91,298.541 SHS HARTFORD WORLD BOND - Y AT .048666 PER SHARE EFFECTIVE 12/17/2019	4,443.13		
12/31/2019	DIVIDEND ON 91,711.471 SHS HARTFORD WORLD BOND - Y AT .177438 PER SHARE EFFECTIVE 12/27/2019	16,273.10		
	SECURITY TOTAL	**25,063.37**	**25,063.37**	
	LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS			
10/01/2019	DIVIDEND ON 110,303.583 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS AT .03587 PER SHARE EFFECTIVE 09/30/2019	3,956.59		
	SECURITY TOTAL	**3,956.59**	**3,956.59**	
	LEGG MASON BW ALTERNATIVE CREDIT			
10/01/2019	DIVIDEND ON 110,658.188 SHS LEGG MASON BW ALTERNATIVE CREDIT AT .044754 PER SHARE EFFECTIVE 09/30/2019	4,952.40		

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	SECURITY TOTAL	**4,952.40**	**4,952.40**	
	PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6			
12/02/2019	DIVIDEND ON 139,794.956 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .017849 PER SHARE EFFECTIVE 11/29/2019	2,495.19		
12/19/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 140,100.244 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .05659 PER SHARE EFFECTIVE 12/18/2019	7,928.27		
12/19/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 140,100.244 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .11555 PER SHARE EFFECTIVE 12/18/2019	16,188.59		
01/02/2020	DIVIDEND ON 143,585.339 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .020683 PER SHARE EFFECTIVE 12/31/2019	2,969.74		
02/03/2020	DIVIDEND ON 143,960.734 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .022701 PER SHARE EFFECTIVE 01/31/2020	3,268.05		
03/02/2020	DIVIDEND ON 294,808.492 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .01343 PER SHARE EFFECTIVE 02/28/2020	3,959.40		
04/01/2020	DIVIDEND ON 295,368.52 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .022768 PER SHARE EFFECTIVE 03/31/2020	6,724.95		
05/01/2020	DIVIDEND ON 296,419.293 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .021429 PER SHARE EFFECTIVE 04/30/2020	6,352.03		

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06/01/2020	DIVIDEND ON 297,384.647 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .023033 PER SHARE EFFECTIVE 05/29/2020	6,849.80		
07/01/2020	DIVIDEND ON 298,397.931 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .02171 PER SHARE EFFECTIVE 06/30/2020	6,478.33		
	SECURITY TOTAL	**63,214.35**	**63,214.35**	
	PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q			
08/01/2019	DIVIDEND ON 219,419.159 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .042839 PER SHARE EFFECTIVE 07/31/2019	9,399.63		
09/03/2019	DIVIDEND ON 219,981.282 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .044636 PER SHARE EFFECTIVE 08/30/2019	9,819.05		
10/01/2019	DIVIDEND ON 220,557.402 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .037636 PER SHARE EFFECTIVE 09/30/2019	8,300.97		
11/04/2019	DIVIDEND ON 206,780.226 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .040074 PER SHARE EFFECTIVE 10/31/2019	8,286.51		
12/02/2019	DIVIDEND ON 298,075.624 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .039019 PER SHARE EFFECTIVE 11/29/2019	11,630.47		
12/19/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 298,750.737 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .25719 PER SHARE EFFECTIVE 12/18/2019	76,835.70		

Benefit Trust
Fiduciary Passport Services

TRUST EB FORMAT

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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
12/19/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 298,750.737 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .24644 PER SHARE EFFECTIVE 12/18/2019	73,624.13		
12/24/2019	DIVIDEND ON 309,177.614 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .03765 PER SHARE EFFECTIVE 12/23/2019	11,640.54		
01/02/2020	DIVIDEND ON 309,985.985 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .037802 PER SHARE EFFECTIVE 12/31/2019	11,718.18		
02/03/2020	DIVIDEND ON 310,686.523 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .038122 PER SHARE EFFECTIVE 01/31/2020	11,844.03		
03/02/2020	DIVIDEND ON 316,785.862 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .035664 PER SHARE EFFECTIVE 02/28/2020	11,297.77		
04/01/2020	DIVIDEND ON 317,543.593 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .040892 PER SHARE EFFECTIVE 03/31/2020	12,985.13		
05/01/2020	DIVIDEND ON 318,477.775 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .039694 PER SHARE EFFECTIVE 04/30/2020	12,641.78		
06/01/2020	DIVIDEND ON 319,364.295 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .041105 PER SHARE EFFECTIVE 05/29/2020	13,127.31		
07/01/2020	DIVIDEND ON 320,269.003 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .039157 PER SHARE EFFECTIVE 06/30/2020	12,540.68		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	SECURITY TOTAL	**295,691.88**	**295,691.88**	
	THORNBURG INVESTMENT INCOME BUILDER R6			
09/24/2019	DIVIDEND ON 72,462.542 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .26782 PER SHARE EFFECTIVE 09/20/2019	19,406.93		
12/31/2019	DIVIDEND ON 52,846.129 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .363678 PER SHARE EFFECTIVE 12/27/2019	19,219.00		
03/23/2020	DIVIDEND ON 54,618.059 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .203375 PER SHARE EFFECTIVE 03/19/2020	11,107.95		
06/22/2020	DIVIDEND ON 55,345.972 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .208114 PER SHARE EFFECTIVE 06/18/2020	11,518.29		
	SECURITY TOTAL	**61,252.17**	**61,252.17**	
	WESTERN ASSET CORE PLUS BOND IS			
08/01/2019	DIVIDEND ON 272,160.663 SHS WESTERN ASSET CORE PLUS BOND IS AT .035888 PER SHARE EFFECTIVE 07/31/2019	9,767.28		
09/03/2019	DIVIDEND ON 272,889.671 SHS WESTERN ASSET CORE PLUS BOND IS AT .036434 PER SHARE EFFECTIVE 08/30/2019	9,942.48		
10/01/2019	DIVIDEND ON 273,617.847 SHS WESTERN ASSET CORE PLUS BOND IS AT .031656 PER SHARE EFFECTIVE 09/30/2019	8,661.58		
11/04/2019	DIVIDEND ON 256,911.907 SHS WESTERN ASSET CORE PLUS BOND IS AT .032216 PER SHARE EFFECTIVE 10/31/2019	8,276.80		

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12/02/2019	DIVIDEND ON 367,927.338 SHS WESTERN ASSET CORE PLUS BOND IS AT .056088 PER SHARE EFFECTIVE 11/29/2019	20,636.46		
12/19/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 369,512.334 SHS WESTERN ASSET CORE PLUS BOND IS AT .10915 PER SHARE EFFECTIVE 12/18/2019	40,332.27		
12/19/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 369,512.334 SHS WESTERN ASSET CORE PLUS BOND IS AT .04782 PER SHARE EFFECTIVE 12/18/2019	17,670.08		
01/02/2020	DIVIDEND ON 374,382.389 SHS WESTERN ASSET CORE PLUS BOND IS AT .035494 PER SHARE EFFECTIVE 12/31/2019	13,288.45		
02/03/2020	DIVIDEND ON 375,358.009 SHS WESTERN ASSET CORE PLUS BOND IS AT .033931 PER SHARE EFFECTIVE 01/31/2020	12,736.35		
03/02/2020	DIVIDEND ON 383,953.575 SHS WESTERN ASSET CORE PLUS BOND IS AT .029902 PER SHARE EFFECTIVE 02/28/2020	11,481.11		
04/01/2020	DIVIDEND ON 384,894.65 SHS WESTERN ASSET CORE PLUS BOND IS AT .030838 PER SHARE EFFECTIVE 03/31/2020	11,869.35		
05/01/2020	DIVIDEND ON 385,917.87 SHS WESTERN ASSET CORE PLUS BOND IS AT .029903 PER SHARE EFFECTIVE 04/30/2020	11,540.08		
06/01/2020	DIVIDEND ON 386,884.376 SHS WESTERN ASSET CORE PLUS BOND IS AT .028886 PER SHARE EFFECTIVE 05/29/2020	11,175.59		

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07/01/2020	DIVIDEND ON 387,802.666 SHS WESTERN ASSET CORE PLUS BOND IS AT .02457 PER SHARE EFFECTIVE 06/30/2020	9,528.37		
	SECURITY TOTAL	**196,906.25**	**196,906.25**	
	TOTAL MUTUAL FUND - FIXED INCOME	**897,711.16**	**897,711.16**	
	MUTUAL FUND - DOMESTIC EQUITY			
	ALGER FUNDS SMALL CAP FOCUS Z			
12/19/2019	DIVIDEND ON 75,704.109 SHS ALGER FUNDS SMALL CAP FOCUS Z AT .2582 PER SHARE EFFECTIVE 12/18/2019	19,546.80		
12/19/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 75,704.109 SHS ALGER FUNDS SMALL CAP FOCUS Z AT .3048 PER SHARE EFFECTIVE 12/18/2019	23,074.61		
	SECURITY TOTAL	**42,621.41**	**42,621.41**	
	ALGER FUNDS FOCUS EQUITY FUND CL Y			
12/19/2019	DIVIDEND ON 61,644.051 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y AT 0.13 PER SHARE EFFECTIVE 12/18/2019	8,013.73		
12/19/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 61,644.051 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y AT .1144 PER SHARE EFFECTIVE 12/18/2019	7,052.08		
12/19/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 61,644.051 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y AT .6453 PER SHARE EFFECTIVE 12/18/2019	39,778.91		
	SECURITY TOTAL	**54,844.72**	**54,844.72**	

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	BRANDES FUNDS INTERNATIONAL SMALL CAP R6			
10/02/2019	DIVIDEND ON .5 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 AT .04535 PER SHARE EFFECTIVE 09/30/2019	2,799.08		
	SECURITY TOTAL	**2,799.08**	**2,799.08**	
	COLUMBIA CONTRARIAN CORE			
12/12/2019	DIVIDEND ON 57,396.465 SHS COLUMBIA CONTRARIAN CORE AT .32477 PER SHARE EFFECTIVE 12/10/2019	18,640.65		
12/12/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 57,396.465 SHS COLUMBIA CONTRARIAN CORE AT .06214 PER SHARE EFFECTIVE 12/10/2019	3,566.62		
12/12/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 57,396.465 SHS COLUMBIA CONTRARIAN CORE AT 1.22639 PER SHARE EFFECTIVE 12/10/2019	70,390.45		
	SECURITY TOTAL	**92,597.72**	**92,597.72**	
	OAKMARK SELECT FUND-INSTITUTIONAL			
12/16/2019	DIVIDEND ON 47,307.552 SHS OAKMARK SELECT FUND-INSTITUTIONAL AT .3684 PER SHARE EFFECTIVE 12/12/2019	17,434.26		
	SECURITY TOTAL	**17,434.26**	**17,434.26**	
	OAKMARK INTERNATIONAL INST.			
12/16/2019	DIVIDEND ON 31,940.728 SHS OAKMARK INTERNATIONAL INST. AT .5004 PER SHARE EFFECTIVE 12/12/2019	15,983.14		

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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	SECURITY TOTAL	**15,983.14**	**15,983.14**	
	HARTFORD FUNDS MIDCAP CLASS Y			
12/12/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 31,545.908 SHS HARTFORD FUNDS MIDCAP CLASS Y AT 1.627601 PER SHARE EFFECTIVE 12/10/2019	51,344.15		
	SECURITY TOTAL	**51,344.15**	**51,344.15**	
	JOHN HANCOCK INTERNATIONAL GROWTH R6			
12/17/2019	DIVIDEND ON 41,194.447 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 AT .22841 PER SHARE EFFECTIVE 12/13/2019	9,409.22		
	SECURITY TOTAL	**9,409.22**	**9,409.22**	
	UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6			
12/16/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 18,542.186 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT .16014 PER SHARE EFFECTIVE 12/12/2019	2,970.44		
12/16/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 18,542.186 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT 2.46423 PER SHARE EFFECTIVE 12/12/2019	45,709.00		
12/23/2019	DIVIDEND ON 19,318.449 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT .56244 PER SHARE EFFECTIVE 12/19/2019	10,865.47		
06/30/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 20,178.942 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT .05646 PER SHARE EFFECTIVE 06/25/2020	1,139.30		

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	SECURITY TOTAL	**60,684.21**	**60,684.21**	
	TOTAL MUTUAL FUND - DOMESTIC EQUITY	**347,717.91**	**347,717.91**	
	MUTUAL FUND - INTERNATIONAL EQUITY			
	GOLDMAN SACHS TR II GQG PARTNRS R6			
12/20/2019	DIVIDEND ON 53,010.492 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 AT .1034 PER SHARE EFFECTIVE 12/18/2019	5,481.28		
	SECURITY TOTAL	**5,481.28**	**5,481.28**	
	HARTFORD INTERNATIONAL VALUE - Y			
12/31/2019	DIVIDEND ON 77,768.865 SHS HARTFORD INTERNATIONAL VALUE - Y AT .47015 PER SHARE EFFECTIVE 12/27/2019	36,563.03		
	SECURITY TOTAL	**36,563.03**	**36,563.03**	
	AMERICAN FUNDS NEW PERSPECTIVE F2			
12/24/2019	DIVIDEND ON 17,083.707 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 AT .5766 PER SHARE EFFECTIVE 12/20/2019	9,850.47		
12/24/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 17,083.707 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 AT 1.2582 PER SHARE EFFECTIVE 12/20/2019	21,494.72		
	SECURITY TOTAL	**31,345.19**	**31,345.19**	
	AMERICAN FUNDS NEW WORLD F2			
12/24/2019	DIVIDEND ON 8,463.564 SHS AMERICAN FUNDS NEW WORLD F2 AT .942 PER SHARE EFFECTIVE 12/20/2019	7,972.68		

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12/24/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 8,463.564 SHS AMERICAN FUNDS NEW WORLD F2 AT 1.8383 PER SHARE EFFECTIVE 12/20/2019	15,558.57		
	SECURITY TOTAL	**23,531.25**	**23,531.25**	
	TOTAL MUTUAL FUND - INTERNATIONAL EQUITY	**96,920.75**	**96,920.75**	
	MUTUAL FUND - REAL ESTATE			
	COHEN AND STEERS REAL ESTATE SECURITIES - Z			
10/02/2019	DIVIDEND ON 53,913.844 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT 0.11 PER SHARE EFFECTIVE 09/30/2019	6,863.50		
11/07/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 111,782.011 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT 0.28 PER SHARE EFFECTIVE 11/05/2019	15,197.73		
11/07/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 111,782.011 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .105 PER SHARE EFFECTIVE 11/05/2019	5,699.15		
12/20/2019	DIVIDEND ON 112,905.7 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .114 PER SHARE EFFECTIVE 12/18/2019	12,871.25		
04/02/2020	DIVIDEND ON 114,422.384 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .111 PER SHARE EFFECTIVE 03/31/2020	12,700.88		
07/02/2020	DIVIDEND ON 115,382.39 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .103 PER SHARE EFFECTIVE 06/29/2020	11,884.39		

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07/02/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 115,382.39 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .375 PER SHARE EFFECTIVE 06/29/2020	43,268.40		
	SECURITY TOTAL	**108,485.30**	**108,485.30**	
	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q			
07/22/2019	DIVIDEND ON 31,707.096 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .17947 PER SHARE EFFECTIVE 07/19/2019	5,690.47		
10/21/2019	DIVIDEND ON 29,053.902 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .0918 PER SHARE EFFECTIVE 10/18/2019	2,667.15		
12/20/2019	DIVIDEND ON 28,968.994 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .9626 PER SHARE EFFECTIVE 12/19/2019	27,885.55		
12/20/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 28,968.994 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .5119 PER SHARE EFFECTIVE 12/19/2019	14,829.23		
12/20/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 28,968.994 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT 1.47787 PER SHARE EFFECTIVE 12/19/2019	42,812.41		
04/20/2020	DIVIDEND ON 33,221.778 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .09412 PER SHARE EFFECTIVE 04/16/2020	3,126.83		
	SECURITY TOTAL	**97,011.64**	**97,011.64**	
	TOTAL MUTUAL FUND - REAL ESTATE	**205,496.94**	**205,496.94**	

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TOTAL DIVIDENDS		1,547,846.76	1,547,846.76	
TOTAL INCOME		1,547,846.76	1,547,846.76	

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Schedule Of Fees And Other Expenses

DATE	DESCRIPTION	CASH
	ADMINISTRATIVE FEES AND EXPENSES	
07/10/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY JUNE 2019	4,602.61
07/10/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES JUNE 2019	4,848.96
07/10/2019	MONTHLY FEE TO MORGAN STANLEY JUNE 2019	4,451.50
08/13/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY JULY 2019	4,611.47
08/13/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES JULY 2019	4,854.87
08/13/2019	MONTHLY FEE TO MORGAN STANLEY JULY 2019	4,460.73
09/09/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY AUGUST 2019	4,603.49
09/09/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST 2019	4,849.55
09/09/2019	MONTHLY FEE TO MORGAN STANLEY AUGUST 2019	4,452.42
10/08/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY September 2019	4,613.53
10/08/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES SEPTEMBER 2019	4,856.24
10/08/2019	MONTHLY FEE TO MORGAN STANLEY SEPTEMBER 2019	4,462.88
11/12/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY OCTOBER 2019	4,665.35
11/12/2019	MONTHLY FEE TO MORGAN STANLEY OCTOBER 2019	4,516.86
11/12/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES OCTOBER 2019	4,890.79

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DATE	DESCRIPTION	CASH
12/13/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY NOVEMBER 2019	4,726.35
12/13/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES NOVEMBER 2019	4,931.46
12/13/2019	MONTHLY FEE TO MORGAN STANLEY NOVEMBER 2019	4,580.40
01/09/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY DECEMBER 2019	4,781.76
01/09/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES DECEMBER 2019	4,968.40
01/09/2020	MONTHLY FEE TO MORGAN STANLEY DECEMBER 2019	4,638.12
02/12/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY JANUARY 2020	4,810.93
02/12/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES JANUARY 2020	4,987.84
02/12/2020	MONTHLY FEE TO MORGAN STANLEY JANUARY 2020	4,668.51
03/17/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY FEBRUARY 2020	4,692.63
03/17/2020	MONTHLY FEE TO MORGAN STANLEY FEBRUARY 2020	4,545.27
03/17/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES FEBRUARY 2020	4,908.97
04/08/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY MARCH 2020	4,291.64
04/08/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES MARCH 2020	4,641.65
04/08/2020	MONTHLY FEE TO MORGAN STANLEY MARCH 2020	4,127.57
05/14/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY APRIL 2020	4,532.33

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COMMUNITY COLLEGE DISTRICT

Schedule Of Fees And Other Expenses

DATE	DESCRIPTION	CASH
05/14/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES APRIL 2020	4,802.11
05/14/2020	MONTHLY FEE TO MORGAN STANLEY APRIL 2020	4,378.29
06/09/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY MAY 2020	4,672.24
06/09/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES MAY 2020	4,895.38
06/09/2020	MONTHLY FEE TO MORGAN STANLEY MAY 2020	4,524.03
TOTAL ADMINISTRATIVE FEES AND EXPENSES		**167,847.13**
TOTAL FEES AND OTHER EXPENSES		**167,847.13**

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Account Number	115150007400
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	AS TRUSTEE FOR COAST
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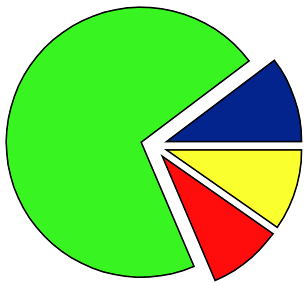
Schedule Of Purchases

Purchase Allocation



10.1%	MUTUAL FUND - DOMESTIC EQUITY	1,277,071.04
71.2%	MUTUAL FUND - FIXED INCOME	8,951,909.43
8.9%	MUTUAL FUND - INTERNATIONAL EQUI	1,124,017.62
9.8%	MUTUAL FUND - REAL ESTATE	1,234,727.81
100.0%	**Total**	12,587,725.90

Purchase Schedule

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
MUTUAL FUND - FIXED INCOME				
		BLACKROCK TOTAL RETURN - K		
07/31/2019	08/01/2019	PURCHASED 773.791 SHS BLACKROCK TOTAL RETURN - K ON 07/31/2019 AT 11.81 FOR REINVESTMENT	773.791	9,138.47
08/30/2019	09/03/2019	PURCHASED 688.594 SHS BLACKROCK TOTAL RETURN - K ON 08/30/2019 AT 12.05 FOR REINVESTMENT	688.594	8,297.56
09/30/2019	10/01/2019	PURCHASED 704.732 SHS BLACKROCK TOTAL RETURN - K ON 09/30/2019 AT 11.95 FOR REINVESTMENT	704.732	8,421.55
10/31/2019	11/04/2019	PURCHASED 638.317 SHS BLACKROCK TOTAL RETURN - K ON 10/31/2019 AT 11.96 FOR REINVESTMENT	638.317	7,634.27

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Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
11/05/2019	11/06/2019	PURCHASED 113,612.997 SHS BLACKROCK TOTAL RETURN - K ON 11/05/2019 AT 11.88	113,612.997	1,349,722.40
11/29/2019	12/02/2019	PURCHASED 857.711 SHS BLACKROCK TOTAL RETURN - K ON 11/29/2019 AT 11.93 FOR REINVESTMENT	857.711	10,232.49
12/03/2019	12/04/2019	PURCHASED 8.197 SHS BLACKROCK TOTAL RETURN - K ON 12/03/2019 AT 11.95	8.197	97.96
12/31/2019	01/02/2020	PURCHASED 979.427 SHS BLACKROCK TOTAL RETURN - K ON 12/31/2019 AT 11.93 FOR REINVESTMENT	979.427	11,684.56
01/31/2020	02/03/2020	PURCHASED 829.655 SHS BLACKROCK TOTAL RETURN - K ON 01/31/2020 AT 12.12 FOR REINVESTMENT	829.655	10,055.42
02/06/2020	02/07/2020	PURCHASED 8,800.988 SHS BLACKROCK TOTAL RETURN - K ON 02/06/2020 AT 12.08	8,800.988	106,315.94
02/28/2020	03/02/2020	PURCHASED 777.295 SHS BLACKROCK TOTAL RETURN - K ON 02/28/2020 AT 12.28 FOR REINVESTMENT	777.295	9,545.18
03/31/2020	04/01/2020	PURCHASED 1,023.324 SHS BLACKROCK TOTAL RETURN - K ON 03/31/2020 AT 11.79 FOR REINVESTMENT	1,023.324	12,064.99
04/30/2020	05/01/2020	PURCHASED 921.756 SHS BLACKROCK TOTAL RETURN - K ON 04/30/2020 AT 12.10 FOR REINVESTMENT	921.756	11,153.25
05/29/2020	06/01/2020	PURCHASED 649.706 SHS BLACKROCK TOTAL RETURN - K ON 05/29/2020 AT 12.26 FOR REINVESTMENT	649.706	7,965.40
06/30/2020	07/01/2020	PURCHASED 488.88 SHS BLACKROCK TOTAL RETURN - K ON 06/30/2020 AT 12.39 FOR REINVESTMENT	488.88	6,057.22
TOTAL			131,755.37	1,568,386.66

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
		GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.		
07/31/2019	08/01/2019	PURCHASED 360.579 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 07/31/2019 AT 25.91 FOR REINVESTMENT	360.579	9,342.59
08/30/2019	09/03/2019	PURCHASED 313.2 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 08/30/2019 AT 25.92 FOR REINVESTMENT	313.2	8,118.15
09/30/2019	10/01/2019	PURCHASED 3,082.688 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 09/30/2019 AT 25.85	3,082.688	79,687.49
09/30/2019	10/02/2019	PURCHASED 298.85 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 09/30/2019 AT 25.85 FOR REINVESTMENT	298.85	7,725.26
10/31/2019	11/04/2019	PURCHASED 388.057 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 10/31/2019 AT 25.79 FOR REINVESTMENT	388.057	10,007.99
		TOTAL	4,443.374	114,881.48
		GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND		
07/31/2019	08/01/2019	PURCHASED 373.442 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/31/2019 AT 18.70 FOR REINVESTMENT	373.442	6,983.36
08/30/2019	09/03/2019	PURCHASED 374.607 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 08/30/2019 AT 19.04 FOR REINVESTMENT	374.607	7,132.51
09/30/2019	10/02/2019	PURCHASED 344.612 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 09/30/2019 AT 18.91 FOR REINVESTMENT	344.612	6,516.62

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
10/31/2019	11/04/2019	PURCHASED 328.491 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 10/31/2019 AT 18.89 FOR REINVESTMENT	328.491	6,205.19
11/05/2019	11/06/2019	PURCHASED 72,837.227 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 11/05/2019 AT 18.74	72,837.227	1,364,969.63
11/29/2019	12/02/2019	PURCHASED 388.007 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 11/29/2019 AT 18.81 FOR REINVESTMENT	388.007	7,298.41
12/03/2019	12/04/2019	PURCHASED 5.194 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/03/2019 AT 18.86	5.194	97.96
12/31/2019	01/02/2020	PURCHASED 388.271 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/31/2019 AT 18.69 FOR REINVESTMENT	388.271	7,256.78
01/31/2020	02/03/2020	PURCHASED 425.211 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 01/31/2020 AT 19.05 FOR REINVESTMENT	425.211	8,100.27
02/06/2020	02/07/2020	PURCHASED 7,585.272 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 02/06/2020 AT 18.93	7,585.272	143,589.20
02/28/2020	03/02/2020	PURCHASED 384.321 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 02/28/2020 AT 19.35 FOR REINVESTMENT	384.321	7,436.62
03/31/2020	04/01/2020	PURCHASED 493.502 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 03/31/2020 AT 19.19 FOR REINVESTMENT	493.502	9,470.30
04/30/2020	05/01/2020	PURCHASED 490.91 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 04/30/2020 AT 19.51 FOR REINVESTMENT	490.91	9,577.66

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Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
05/29/2020	06/01/2020	PURCHASED 569.213 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 05/29/2020 AT 19.80 FOR REINVESTMENT	569.213	11,270.42
06/30/2020	07/01/2020	PURCHASED 552.506 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/30/2020 AT 20.11 FOR REINVESTMENT	552.506	11,110.90
TOTAL			85,540.786	1,607,015.83
HARTFORD WORLD BOND - Y				
09/27/2019	10/01/2019	PURCHASED 399.553 SHS HARTFORD WORLD BOND - Y ON 09/27/2019 AT 10.88 FOR REINVESTMENT	399.553	4,347.14
12/03/2019	12/04/2019	PURCHASED 2.014 SHS HARTFORD WORLD BOND - Y ON 12/03/2019 AT 10.81	2.014	21.77
12/17/2019	12/19/2019	PURCHASED 412.93 SHS HARTFORD WORLD BOND - Y ON 12/17/2019 AT 10.76 FOR REINVESTMENT	412.93	4,443.13
12/27/2019	12/31/2019	PURCHASED 1,536.648 SHS HARTFORD WORLD BOND - Y ON 12/27/2019 AT 10.59 FOR REINVESTMENT	1,536.648	16,273.10
02/06/2020	02/07/2020	PURCHASED 4,638.552 SHS HARTFORD WORLD BOND - Y ON 02/06/2020 AT 10.55	4,638.552	48,936.72
TOTAL			6,989.697	74,021.86
LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS				
09/30/2019	10/01/2019	PURCHASED 2,849.643 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 09/30/2019 AT 10.22	2,849.643	29,123.35
09/30/2019	10/01/2019	PURCHASED 387.142 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 09/30/2019 AT 10.22 FOR REINVESTMENT	387.142	3,956.59

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		TOTAL	3,236.785	33,079.94
		LEGG MASON BW ALTERNATIVE CREDIT		
09/30/2019	10/01/2019	PURCHASED 469.867 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 09/30/2019 AT 10.54 FOR REINVESTMENT	469.867	4,952.40
		TOTAL	469.867	4,952.40
		PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6		
11/05/2019	11/06/2019	PURCHASED 139,841.692 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 11/05/2019 AT 7.08	139,841.692	990,079.18
11/12/2019	11/13/2019	PURCHASED 1.832 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 11/12/2019 AT 7.03	1.832	12.88
11/21/2019	11/22/2019	PURCHASED .729 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 11/21/2019 AT 7.08	.729	5.16
11/25/2019	11/26/2019	PURCHASED .749 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 11/25/2019 AT 7.08	.749	5.30
11/29/2019	12/02/2019	PURCHASED 352.428 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 11/29/2019 AT 7.08 FOR REINVESTMENT	352.428	2,495.19
12/03/2019	12/04/2019	PURCHASED 3.066 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 12/03/2019 AT 7.10	3.066	21.77
12/18/2019	12/19/2019	PURCHASED 1,145.704 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 12/18/2019 AT 6.92 FOR REINVESTMENT	1,145.704	7,928.27

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
12/18/2019	12/19/2019	PURCHASED 2,339.391 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 12/18/2019 AT 6.92 FOR REINVESTMENT	2,339.391	16,188.59
12/31/2019	01/02/2020	PURCHASED 427.301 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 12/31/2019 AT 6.95 FOR REINVESTMENT	427.301	2,969.74
01/31/2020	02/03/2020	PURCHASED 462.897 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 01/31/2020 AT 7.06 FOR REINVESTMENT	462.897	3,268.05
02/06/2020	02/07/2020	PURCHASED 3,187.584 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 02/06/2020 AT 7.00	3,187.584	22,313.09
02/07/2020	02/10/2020	PURCHASED 147,196.526 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 02/07/2020 AT 7.02	147,196.526	1,033,319.61
02/18/2020	02/19/2020	PURCHASED .751 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 02/18/2020 AT 7.02	.751	5.27
02/28/2020	03/02/2020	PURCHASED 560.028 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 02/28/2020 AT 7.07 FOR REINVESTMENT	560.028	3,959.40
03/31/2020	04/01/2020	PURCHASED 1,050.773 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 03/31/2020 AT 6.40 FOR REINVESTMENT	1,050.773	6,724.95
04/30/2020	05/01/2020	PURCHASED 965.354 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 04/30/2020 AT 6.58 FOR REINVESTMENT	965.354	6,352.03
05/29/2020	06/01/2020	PURCHASED 1,013.284 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 05/29/2020 AT 6.76 FOR REINVESTMENT	1,013.284	6,849.80

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06/30/2020	07/01/2020	PURCHASED 944.363 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 06/30/2020 AT 6.86 FOR REINVESTMENT	944.363	6,478.33
	TOTAL		299,494.452	2,108,976.61
	PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q			
07/31/2019	08/01/2019	PURCHASED 636.4 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 07/31/2019 AT 14.77 FOR REINVESTMENT	636.4	9,399.63
08/30/2019	09/03/2019	PURCHASED 649.838 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 08/30/2019 AT 15.11 FOR REINVESTMENT	649.838	9,819.05
09/30/2019	10/01/2019	PURCHASED 552.293 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 09/30/2019 AT 15.03 FOR REINVESTMENT	552.293	8,300.97
10/31/2019	11/04/2019	PURCHASED 551.698 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 10/31/2019 AT 15.02 FOR REINVESTMENT	551.698	8,286.51
11/05/2019	11/06/2019	PURCHASED 90,850.387 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 11/05/2019 AT 14.90	90,850.387	1,353,670.76
11/29/2019	12/02/2019	PURCHASED 775.882 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 11/29/2019 AT 14.99 FOR REINVESTMENT	775.882	11,630.47
12/03/2019	12/04/2019	PURCHASED 6.518 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/03/2019 AT 15.03	6.518	97.96
12/18/2019	12/19/2019	PURCHASED 5,324.719 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/18/2019 AT 14.43 FOR REINVESTMENT	5,324.719	76,835.70

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12/18/2019	12/19/2019	PURCHASED 5,102.158 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/18/2019 AT 14.43 FOR REINVESTMENT	5,102.158	73,624.13
12/23/2019	12/24/2019	PURCHASED 808.371 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/23/2019 AT 14.40 FOR REINVESTMENT	808.371	11,640.54
12/31/2019	01/02/2020	PURCHASED 812.634 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/31/2019 AT 14.42 FOR REINVESTMENT	812.634	11,718.18
01/31/2020	02/03/2020	PURCHASED 803.53 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 01/31/2020 AT 14.74 FOR REINVESTMENT	803.53	11,844.03
02/06/2020	02/07/2020	PURCHASED 5,891.205 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 02/06/2020 AT 14.67	5,891.205	86,423.98
02/28/2020	03/02/2020	PURCHASED 757.731 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 02/28/2020 AT 14.91 FOR REINVESTMENT	757.731	11,297.77
03/31/2020	04/01/2020	PURCHASED 934.182 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 03/31/2020 AT 13.90 FOR REINVESTMENT	934.182	12,985.13
04/30/2020	05/01/2020	PURCHASED 886.52 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 04/30/2020 AT 14.26 FOR REINVESTMENT	886.52	12,641.78
05/29/2020	06/01/2020	PURCHASED 904.708 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 05/29/2020 AT 14.51 FOR REINVESTMENT	904.708	13,127.31
06/30/2020	07/01/2020	PURCHASED 851.948 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 06/30/2020 AT 14.72 FOR REINVESTMENT	851.948	12,540.68

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		TOTAL	117,100.722	1,735,884.58
		THORNBURG INVESTMENT INCOME BUILDER R6		
09/20/2019	09/24/2019	PURCHASED 888.189 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 09/20/2019 AT 21.85 FOR REINVESTMENT	888.189	19,406.93
12/03/2019	12/04/2019	PURCHASED 1.191 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 12/03/2019 AT 21.93	1.191	26.12
12/27/2019	12/31/2019	PURCHASED 842.939 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 12/27/2019 AT 22.80 FOR REINVESTMENT	842.939	19,219.00
02/06/2020	02/07/2020	PURCHASED 947.981 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 02/06/2020 AT 22.81	947.981	21,623.45
03/19/2020	03/23/2020	PURCHASED 727.913 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 03/19/2020 AT 15.26 FOR REINVESTMENT	727.913	11,107.95
06/18/2020	06/22/2020	PURCHASED 604.635 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 06/18/2020 AT 19.05 FOR REINVESTMENT	604.635	11,518.29
		TOTAL	4,012.848	82,901.74
		WESTERN ASSET CORE PLUS BOND IS		
07/31/2019	08/01/2019	PURCHASED 821.47 SHS WESTERN ASSET CORE PLUS BOND IS ON 07/31/2019 AT 11.89 FOR REINVESTMENT	821.47	9,767.28
08/30/2019	09/03/2019	PURCHASED 819.66 SHS WESTERN ASSET CORE PLUS BOND IS ON 08/30/2019 AT 12.13 FOR REINVESTMENT	819.66	9,942.48

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
09/30/2019	10/01/2019	PURCHASED 716.425 SHS WESTERN ASSET CORE PLUS BOND IS ON 09/30/2019 AT 12.09 FOR REINVESTMENT	716.425	8,661.58
10/31/2019	11/04/2019	PURCHASED 680.099 SHS WESTERN ASSET CORE PLUS BOND IS ON 10/31/2019 AT 12.17 FOR REINVESTMENT	680.099	8,276.80
11/05/2019	11/06/2019	PURCHASED 110,467.376 SHS WESTERN ASSET CORE PLUS BOND IS ON 11/05/2019 AT 12.07	110,467.376	1,333,341.23
11/29/2019	12/02/2019	PURCHASED 1,709.732 SHS WESTERN ASSET CORE PLUS BOND IS ON 11/29/2019 AT 12.07 FOR REINVESTMENT	1,709.732	20,636.46
12/03/2019	12/04/2019	PURCHASED 8.083 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/03/2019 AT 12.12	8.083	97.96
12/18/2019	12/19/2019	PURCHASED 3,386.421 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/18/2019 AT 11.91 FOR REINVESTMENT	3,386.421	40,332.27
12/18/2019	12/19/2019	PURCHASED 1,483.634 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/18/2019 AT 11.91 FOR REINVESTMENT	1,483.634	17,670.08
12/31/2019	01/02/2020	PURCHASED 1,111.074 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/31/2019 AT 11.96 FOR REINVESTMENT	1,111.074	13,288.45
01/31/2020	02/03/2020	PURCHASED 1,049.123 SHS WESTERN ASSET CORE PLUS BOND IS ON 01/31/2020 AT 12.14 FOR REINVESTMENT	1,049.123	12,736.35
02/06/2020	02/07/2020	PURCHASED 7,546.443 SHS WESTERN ASSET CORE PLUS BOND IS ON 02/06/2020 AT 12.12	7,546.443	91,462.89

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
02/28/2020	03/02/2020	PURCHASED 941.075 SHS WESTERN ASSET CORE PLUS BOND IS ON 02/28/2020 AT 12.20 FOR REINVESTMENT	941.075	11,481.11
03/31/2020	04/01/2020	PURCHASED 1,023.22 SHS WESTERN ASSET CORE PLUS BOND IS ON 03/31/2020 AT 11.60 FOR REINVESTMENT	1,023.22	11,869.35
04/30/2020	05/01/2020	PURCHASED 966.506 SHS WESTERN ASSET CORE PLUS BOND IS ON 04/30/2020 AT 11.94 FOR REINVESTMENT	966.506	11,540.08
05/29/2020	06/01/2020	PURCHASED 918.29 SHS WESTERN ASSET CORE PLUS BOND IS ON 05/29/2020 AT 12.17 FOR REINVESTMENT	918.29	11,175.59
06/30/2020	07/01/2020	PURCHASED 775.926 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/30/2020 AT 12.28 FOR REINVESTMENT	775.926	9,528.37
TOTAL			134,424.557	1,621,808.33
TOTAL MUTUAL FUND - FIXED INCOME			**787,468.458**	**8,951,909.43**
MUTUAL FUND - DOMESTIC EQUITY				
ALGER FUNDS SMALL CAP FOCUS Z				
11/05/2019	11/06/2019	PURCHASED 1,042.933 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 11/05/2019 AT 20.99	1,042.933	21,891.17
12/03/2019	12/04/2019	PURCHASED 1.594 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 12/03/2019 AT 21.85	1.594	34.83
12/18/2019	12/19/2019	PURCHASED 910.848 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 12/18/2019 AT 21.46 FOR REINVESTMENT	910.848	19,546.80

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12/18/2019	12/19/2019	PURCHASED 1,075.238 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 12/18/2019 AT 21.46 FOR REINVESTMENT	1,075.238	23,074.61
	TOTAL		3,030.613	64,547.41
	ALGER FUNDS FOCUS EQUITY FUND CL Y			
12/03/2019	12/04/2019	PURCHASED 1.327 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/03/2019 AT 39.37	1.327	52.25
12/18/2019	12/19/2019	PURCHASED 202.061 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/18/2019 AT 39.66 FOR REINVESTMENT	202.061	8,013.73
12/18/2019	12/19/2019	PURCHASED 177.813 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/18/2019 AT 39.66 FOR REINVESTMENT	177.813	7,052.08
12/18/2019	12/19/2019	PURCHASED 1,002.998 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/18/2019 AT 39.66 FOR REINVESTMENT	1,002.998	39,778.91
	TOTAL		1,384.199	54,896.97
	BRANDES FUNDS INTERNATIONAL SMALL CAP R6			
09/30/2019	10/02/2019	PURCHASED 272.284 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 09/30/2019 AT 10.28 FOR REINVESTMENT	272.284	2,799.08
	TOTAL		272.284	2,799.08

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		COLUMBIA CONTRARIAN CORE		
12/03/2019	12/04/2019	PURCHASED 1.26 SHS COLUMBIA CONTRARIAN CORE ON 12/03/2019 AT 27.65	1.26	34.83
12/10/2019	12/12/2019	PURCHASED 705.818 SHS COLUMBIA CONTRARIAN CORE ON 12/10/2019 AT 26.41 FOR REINVESTMENT	705.818	18,640.65
12/10/2019	12/12/2019	PURCHASED 135.048 SHS COLUMBIA CONTRARIAN CORE ON 12/10/2019 AT 26.41 FOR REINVESTMENT	135.048	3,566.62
12/10/2019	12/12/2019	PURCHASED 2,665.295 SHS COLUMBIA CONTRARIAN CORE ON 12/10/2019 AT 26.41 FOR REINVESTMENT	2,665.295	70,390.45
		TOTAL	3,507.421	92,632.55
		OAKMARK SELECT FUND-INSTITUTIONAL		
09/30/2019	10/01/2019	PURCHASED 7,628.852 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 09/30/2019 AT 39.23	7,628.852	299,279.88
12/03/2019	12/04/2019	PURCHASED 1.051 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 12/03/2019 AT 41.42	1.051	43.54
12/12/2019	12/16/2019	PURCHASED 409.64 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 12/12/2019 AT 42.56 FOR REINVESTMENT	409.64	17,434.26
		TOTAL	8,039.543	316,757.68
		OAKMARK INTERNATIONAL INST.		
09/30/2019	10/01/2019	PURCHASED 6,183.429 SHS OAKMARK INTERNATIONAL INST. ON 09/30/2019 AT 22.89	6,183.429	141,538.70
12/03/2019	12/04/2019	PURCHASED .723 SHS OAKMARK INTERNATIONAL INST. ON 12/03/2019 AT 24.10	.723	17.42

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12/12/2019	12/16/2019	PURCHASED 656.931 SHS OAKMARK INTERNATIONAL INST. ON 12/12/2019 AT 24.33 FOR REINVESTMENT	656.931	15,983.14
02/06/2020	02/07/2020	PURCHASED 1,705.451 SHS OAKMARK INTERNATIONAL INST. ON 02/06/2020 AT 24.19	1,705.451	41,254.85
TOTAL			8,546.534	198,794.11
HARTFORD FUNDS MIDCAP CLASS Y				
09/30/2019	10/01/2019	PURCHASED 138.194 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 09/30/2019 AT 36.98	138.194	5,110.40
12/03/2019	12/04/2019	PURCHASED .684 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 12/03/2019 AT 38.16	.684	26.12
12/10/2019	12/12/2019	PURCHASED 1,394.085 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 12/10/2019 AT 36.83 FOR REINVESTMENT	1,394.085	51,344.15
TOTAL			1,532.963	56,480.67
JOHN HANCOCK INTERNATIONAL GROWTH R6				
09/30/2019	10/01/2019	PURCHASED 958.553 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 09/30/2019 AT 27.85	958.553	26,695.71
11/05/2019	11/06/2019	PURCHASED 6,396.924 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 11/05/2019 AT 28.72	6,396.924	183,719.67
12/03/2019	12/04/2019	PURCHASED .907 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/03/2019 AT 28.81	.907	26.12
12/13/2019	12/17/2019	PURCHASED 319.498 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/13/2019 AT 29.45 FOR REINVESTMENT	319.498	9,409.22

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		TOTAL	7,675.882	219,850.72
		PRUDENTIAL JENNISON GLOBAL OPPS Q		
09/30/2019	10/01/2019	PURCHASED 1,035.302 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 09/30/2019 AT 24.47	1,035.302	25,333.83
12/03/2019	12/04/2019	PURCHASED .496 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 12/03/2019 AT 26.31	.496	13.06
		TOTAL	1,035.798	25,346.89
		UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6		
09/30/2019	10/01/2019	PURCHASED 2,307.861 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 09/30/2019 AT 61.54	2,307.861	142,025.76
12/03/2019	12/04/2019	PURCHASED .415 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/03/2019 AT 62.97	.415	26.12
12/12/2019	12/16/2019	PURCHASED 47.368 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/12/2019 AT 62.71 FOR REINVESTMENT	47.368	2,970.44
12/12/2019	12/16/2019	PURCHASED 728.895 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/12/2019 AT 62.71 FOR REINVESTMENT	728.895	45,709.00
12/19/2019	12/23/2019	PURCHASED 172.907 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/19/2019 AT 62.84 FOR REINVESTMENT	172.907	10,865.47
02/06/2020	02/07/2020	PURCHASED 694.554 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 02/06/2020 AT 60.80	694.554	42,228.87

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06/26/2020	06/30/2020	PURCHASED 26.694 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 06/26/2020 AT 42.68 FOR REINVESTMENT	26.694	1,139.30
	TOTAL		3,978.694	244,964.96
TOTAL MUTUAL FUND - DOMESTIC EQUITY			**39,003.931**	**1,277,071.04**
MUTUAL FUND - INTERNATIONAL EQUITY				
	GOLDMAN SACHS TR II GQG PARTNRS R6			
09/30/2019	10/01/2019	PURCHASED 53,517.769 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 09/30/2019 AT 14.48	53,517.769	774,937.29
10/02/2019	10/03/2019	PURCHASED 195.701 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 10/02/2019 AT 14.12	195.701	2,763.30
12/03/2019	12/04/2019	PURCHASED 1.175 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 12/03/2019 AT 14.83	1.175	17.42
12/18/2019	12/20/2019	PURCHASED 359.428 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 12/18/2019 AT 15.25 FOR REINVESTMENT	359.428	5,481.28
	TOTAL		54,074.073	783,199.29
	HARTFORD INTERNATIONAL VALUE - Y			
09/30/2019	10/01/2019	PURCHASED 11,870.933 SHS HARTFORD INTERNATIONAL VALUE - Y ON 09/30/2019 AT 14.34	11,870.933	170,229.18
12/03/2019	12/04/2019	PURCHASED 1.728 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/03/2019 AT 15.12	1.728	26.12
12/27/2019	12/31/2019	PURCHASED 2,372.682 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/27/2019 AT 15.41 FOR REINVESTMENT	2,372.682	36,563.03

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02/06/2020	02/07/2020	PURCHASED 5,428.489 SHS HARTFORD INTERNATIONAL VALUE - Y ON 02/06/2020 AT 14.57	5,428.489	79,093.08
TOTAL			19,673.832	285,911.41
		AMERICAN FUNDS NEW PERSPECTIVE F2		
12/03/2019	12/04/2019	PURCHASED .374 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/03/2019 AT 46.59	.374	17.42
12/20/2019	12/24/2019	PURCHASED 210.211 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/20/2019 AT 46.86 FOR REINVESTMENT	210.211	9,850.47
12/20/2019	12/24/2019	PURCHASED 458.701 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/20/2019 AT 46.86 FOR REINVESTMENT	458.701	21,494.72
TOTAL			669.286	31,362.61
		AMERICAN FUNDS NEW WORLD F2		
12/03/2019	12/04/2019	PURCHASED .188 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/03/2019 AT 69.62	.188	13.06
12/20/2019	12/24/2019	PURCHASED 113.847 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/20/2019 AT 70.03 FOR REINVESTMENT	113.847	7,972.68
12/20/2019	12/24/2019	PURCHASED 222.17 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/20/2019 AT 70.03 FOR REINVESTMENT	222.17	15,558.57
TOTAL			336.205	23,544.31
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY			**74,753.396**	**1,124,017.62**

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MUTUAL FUND - REAL ESTATE				
		COHEN AND STEERS REAL ESTATE SECURITIES - Z		
09/30/2019	10/02/2019	PURCHASED 383.222 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 09/30/2019 AT 17.91 FOR REINVESTMENT	383.222	6,863.50
11/05/2019	11/06/2019	PURCHASED 57,504.4 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 11/05/2019 AT 17.36	57,504.4	998,276.38
11/05/2019	11/07/2019	PURCHASED 875.445 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 11/05/2019 AT 17.36 FOR REINVESTMENT	875.445	15,197.73
11/05/2019	11/07/2019	PURCHASED 328.292 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 11/05/2019 AT 17.36 FOR REINVESTMENT	328.292	5,699.15
12/03/2019	12/04/2019	PURCHASED 2.497 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 12/03/2019 AT 17.44	2.497	43.54
12/18/2019	12/20/2019	PURCHASED 751.386 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 12/18/2019 AT 17.13 FOR REINVESTMENT	751.386	12,871.25
02/06/2020	02/07/2020	PURCHASED 806.667 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 02/06/2020 AT 18.17	806.667	14,657.14
03/31/2020	04/02/2020	PURCHASED 960.006 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 03/31/2020 AT 13.23 FOR REINVESTMENT	960.006	12,700.88
06/30/2020	07/02/2020	PURCHASED 814.557 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/30/2020 AT 14.59 FOR REINVESTMENT	814.557	11,884.39

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06/30/2020	07/02/2020	PURCHASED 2,965.62 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/30/2020 AT 14.59 FOR REINVESTMENT	2,965.62	43,268.40
TOTAL			65,392.092	1,121,462.36
PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q				
07/19/2019	07/22/2019	PURCHASED 219.879 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 07/19/2019 AT 25.88 FOR REINVESTMENT	219.879	5,690.47
10/18/2019	10/21/2019	PURCHASED 98.274 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 10/18/2019 AT 27.14 FOR REINVESTMENT	98.274	2,667.15
12/03/2019	12/04/2019	PURCHASED .646 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/03/2019 AT 26.98	.646	17.42
12/19/2019	12/20/2019	PURCHASED 1,178.595 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/19/2019 AT 23.66 FOR REINVESTMENT	1,178.595	27,885.55
12/19/2019	12/20/2019	PURCHASED 626.764 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/19/2019 AT 23.66 FOR REINVESTMENT	626.764	14,829.23
12/19/2019	12/20/2019	PURCHASED 1,809.485 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/19/2019 AT 23.66 FOR REINVESTMENT	1,809.485	42,812.41
02/06/2020	02/07/2020	PURCHASED 649.976 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 02/06/2020 AT 24.98	649.976	16,236.39
04/17/2020	04/20/2020	PURCHASED 160.928 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 04/17/2020 AT 19.43 FOR REINVESTMENT	160.928	3,126.83

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
TOTAL			4,744.547	113,265.45
TOTAL MUTUAL FUND - REAL ESTATE			**70,136.639**	**1,234,727.81**
		TOTAL PURCHASES	**971,362.424**	**12,587,725.90**

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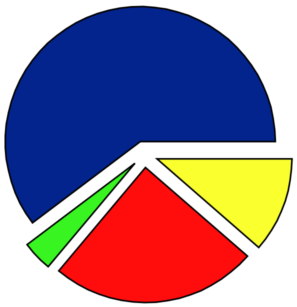
Schedule Of Sales

Realized Gains & Losses Allocation



65.0%	**MUTUAL FUND - DOMESTIC EQUITY**	74,503.88
4.0-%	**MUTUAL FUND - FIXED INCOME**	4,543.66-
26.8%	**MUTUAL FUND - INTERNATIONAL EQUI**	30,652.73
12.2%	**MUTUAL FUND - REAL ESTATE**	13,979.68
100.0%	**Total**	114,592.63

Realized Gains & Losses Schedule

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
MUTUAL FUND - FIXED INCOME					
		BLACKROCK TOTAL RETURN - K			
07/09/2019	07/10/2019	SOLD 94.499 SHS BLACKROCK TOTAL RETURN - K ON 07/09/2019 AT 11.77	1,112.25	1,115.09 1,109.34	2.84- 2.91
08/12/2019	08/13/2019	SOLD 93.003 SHS BLACKROCK TOTAL RETURN - K ON 08/12/2019 AT 11.98	1,114.17	1,097.44 1,091.79	16.73 22.38
09/06/2019	09/09/2019	SOLD 92.549 SHS BLACKROCK TOTAL RETURN - K ON 09/06/2019 AT 12.02	1,112.44	1,092.14 1,086.54	20.30 25.90

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
09/30/2019	10/01/2019	SOLD 13,410.193 SHS BLACKROCK TOTAL RETURN - K ON 09/30/2019 AT 11.95	160,251.81	158,249.12 157,437.11	2,002.69 2,814.70
10/07/2019	10/08/2019	SOLD 92.807 SHS BLACKROCK TOTAL RETURN - K ON 10/07/2019 AT 12.01	1,114.61	1,095.22 1,089.62	19.39 24.99
11/11/2019	11/12/2019	SOLD 133.604 SHS BLACKROCK TOTAL RETURN - K ON 11/11/2019 AT 11.85	1,583.21	1,579.91 1,574.30	3.30 8.91
12/12/2019	12/13/2019	SOLD 134.605 SHS BLACKROCK TOTAL RETURN - K ON 12/12/2019 AT 11.90	1,601.80	1,591.78 1,586.14	10.02 15.66
01/08/2020	01/09/2020	SOLD 135.568 SHS BLACKROCK TOTAL RETURN - K ON 01/08/2020 AT 11.94	1,618.68	1,603.20 1,597.54	15.48 21.14
02/11/2020	02/12/2020	SOLD 275.844 SHS BLACKROCK TOTAL RETURN - K ON 02/11/2020 AT 12.12	3,343.23	3,263.86 3,252.63	79.37 90.60
	TOTAL 14,462.672 SHS		172,852.20	170,687.76 169,825.01	2,164.44 3,027.19
	GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.				
07/09/2019	07/10/2019	SOLD 42.894 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 07/09/2019 AT 25.93	1,112.25	1,112.67 1,141.68	0.42- 29.43-
08/12/2019	08/13/2019	SOLD 42.935 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 08/12/2019 AT 25.95	1,114.17	1,113.73 1,142.68	0.44 28.51-
09/06/2019	09/09/2019	SOLD 42.968 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 09/06/2019 AT 25.89	1,112.44	1,114.58 1,143.48	2.14- 31.04-

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10/07/2019	10/08/2019	SOLD 43.118 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 10/07/2019 AT 25.85	1,114.61	1,118.37 1,146.54	3.76- 31.93-
11/05/2019	11/06/2019	SOLD 120,417.985 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 11/05/2019 AT 25.76	3,101,967.29	3,123,263.01 3,201,703.06	21,295.72- 99,735.77-
11/12/2019	11/13/2019	SOLD .5 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 11/12/2019 AT 25.75	12.88	12.97 13.29	0.09- 0.41-
		TOTAL 120,590.4 SHS	3,106,433.64	3,127,735.33 3,206,290.73	21,301.69- 99,857.09-
		GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND			
07/09/2019	07/10/2019	SOLD 59.51 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/09/2019 AT 18.69	1,112.25	1,114.62 1,098.70	2.37- 13.55
08/12/2019	08/13/2019	SOLD 58.702 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 08/12/2019 AT 18.98	1,114.17	1,099.48 1,083.82	14.69 30.35
09/06/2019	09/09/2019	SOLD 58.58 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 09/06/2019 AT 18.99	1,112.44	1,097.24 1,081.64	15.20 30.80
09/30/2019	10/01/2019	SOLD 2,293.393 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 09/30/2019 AT 18.91	43,368.07	42,956.70 42,345.90	411.37 1,022.17
10/07/2019	10/08/2019	SOLD 58.633 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 10/07/2019 AT 19.01	1,114.61	1,098.26 1,082.67	16.35 31.94
11/11/2019	11/12/2019	SOLD 84.754 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 11/11/2019 AT 18.68	1,583.21	1,587.78 1,572.20	4.57- 11.01

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12/12/2019	12/13/2019	SOLD 85.658 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/12/2019 AT 18.70	1,601.80	1,604.73 1,589.01	2.93- 12.79
01/08/2020	01/09/2020	SOLD 86.422 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 01/08/2020 AT 18.73	1,618.68	1,619.03 1,603.20	0.35- 15.48
02/11/2020	02/12/2020	SOLD 124.332 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 02/11/2020 AT 18.98	2,359.82	2,330.06 2,308.03	29.76 51.79
03/16/2020	03/17/2020	SOLD 727.72 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 03/16/2020 AT 19.44	14,146.87	13,638.63 13,509.86	508.24 637.01
04/07/2020	04/08/2020	SOLD 681.318 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 04/07/2020 AT 19.17	13,060.86	12,769.60 12,649.28	291.26 411.58
05/13/2020	05/14/2020	SOLD 705.387 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 05/13/2020 AT 19.44	13,712.73	13,221.79 13,097.48	490.94 615.25
06/08/2020	06/09/2020	SOLD 709.192 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/08/2020 AT 19.87	14,091.65	13,294.85 13,170.15	796.80 921.50
	TOTAL 5,733.601 SHS		109,997.16	107,432.77 106,191.94	2,564.39 3,805.22
	HARTFORD WORLD BOND - Y				
07/09/2019	07/10/2019	SOLD 51.636 SHS HARTFORD WORLD BOND - Y ON 07/09/2019 AT 10.77	556.12	559.22 538.22	3.10- 17.90
08/12/2019	08/13/2019	SOLD 50.968 SHS HARTFORD WORLD BOND - Y ON 08/12/2019 AT 10.93	557.08	551.98 531.26	5.10 25.82
09/06/2019	09/09/2019	SOLD 50.889 SHS HARTFORD WORLD BOND - Y ON 09/06/2019 AT 10.93	556.22	551.13 530.44	5.09 25.78

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09/30/2019	10/01/2019	SOLD 3,031.224 SHS HARTFORD WORLD BOND - Y ON 09/30/2019 AT 10.87	32,949.40	32,828.57 31,595.66	120.83 1,353.74
10/07/2019	10/08/2019	SOLD 50.989 SHS HARTFORD WORLD BOND - Y ON 10/07/2019 AT 10.93	557.31	552.22 531.54	5.09 25.77
11/05/2019	11/06/2019	SOLD 51,378.434 SHS HARTFORD WORLD BOND - Y ON 11/05/2019 AT 10.79	554,373.30	556,435.48 535,603.67	2,062.18- 18,769.63
11/11/2019	11/12/2019	SOLD 32.636 SHS HARTFORD WORLD BOND - Y ON 11/11/2019 AT 10.78	351.82	353.45 340.22	1.63- 11.60
12/12/2019	12/13/2019	SOLD 32.929 SHS HARTFORD WORLD BOND - Y ON 12/12/2019 AT 10.81	355.96	356.63 343.27	0.67- 12.69
01/08/2020	01/09/2020	SOLD 33.935 SHS HARTFORD WORLD BOND - Y ON 01/08/2020 AT 10.60	359.71	367.38 353.90	7.67- 5.81
02/07/2020	02/10/2020	SOLD 97,852.236 SHS HARTFORD WORLD BOND - Y ON 02/07/2020 AT 10.56	1,033,319.61	1,058,055.82 1,021,052.57	24,736.21- 12,267.04
02/18/2020	02/19/2020	SOLD .5 SHS HARTFORD WORLD BOND - Y ON 02/18/2020 AT 10.54	5.27	5.41 5.22	0.14- 0.05
	TOTAL 152,566.376 SHS		1,623,941.80	1,650,617.29 1,591,425.97	26,675.49- 32,515.83
	LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS				
07/09/2019	07/10/2019	SOLD 40.299 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 07/09/2019 AT 10.35	417.09	420.32 439.48	3.23- 22.39-
08/12/2019	08/13/2019	SOLD 40.683 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 08/12/2019 AT 10.27	417.81	424.32 443.67	6.51- 25.86-
09/06/2019	09/09/2019	SOLD 40.15 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 09/06/2019 AT 10.39	417.16	418.76 437.86	1.60- 20.70-

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10/07/2019	10/08/2019	SOLD 40.541 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 10/07/2019 AT 10.31	417.98	422.60 441.33	4.62- 23.35-
11/05/2019	11/06/2019	SOLD 113,499.327 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 11/05/2019 AT 10.46	1,187,202.96	1,183,118.51 1,235,558.29	4,084.45 48,355.33-
11/21/2019	11/22/2019	SOLD .5 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 11/21/2019 AT 10.31	5.16	5.21 5.44	0.05- 0.28-
		TOTAL 113,661.5 SHS	1,188,878.16	1,184,809.72 1,237,326.07	4,068.44 48,447.91-
		LEGG MASON BW ALTERNATIVE CREDIT			
07/09/2019	07/10/2019	SOLD 39.951 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 07/09/2019 AT 10.44	417.09	417.09 412.83	 4.26
08/12/2019	08/13/2019	SOLD 39.603 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 08/12/2019 AT 10.55	417.81	413.46 409.23	4.35 8.58
09/06/2019	09/09/2019	SOLD 39.429 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 09/06/2019 AT 10.58	417.16	411.64 407.43	5.52 9.73
09/30/2019	10/01/2019	SOLD 942.036 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 09/30/2019 AT 10.54	9,929.06	9,834.86 9,734.33	94.20 194.73
10/07/2019	10/08/2019	SOLD 39.469 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 10/07/2019 AT 10.59	417.98	412.07 407.88	5.91 10.10
11/05/2019	11/06/2019	SOLD 110,146.05 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 11/05/2019 AT 10.55	1,162,040.83	1,149,971.73 1,138,267.74	12,069.10 23,773.09

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11/25/2019	11/26/2019	SOLD .5 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 11/25/2019 AT 10.60	5.30	5.22 5.17	0.08 0.13
		TOTAL 111,247.038 SHS	1,173,645.23	1,161,466.07 1,149,644.61	12,179.16 24,000.62
		PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6			
11/11/2019	11/12/2019	SOLD 50.046 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 11/11/2019 AT 7.03	351.82	354.33 354.33	2.51- 2.51-
12/12/2019	12/13/2019	SOLD 50.206 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 12/12/2019 AT 7.09	355.96	355.46 355.46	0.50 0.50
01/08/2020	01/09/2020	SOLD 51.906 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 01/08/2020 AT 6.93	359.71	367.27 367.27	7.56- 7.56-
		TOTAL 152.158 SHS	1,067.49	1,077.06 1,077.06	9.57- 9.57-
		PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q			
07/09/2019	07/10/2019	SOLD 75.508 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 07/09/2019 AT 14.73	1,112.24	1,114.50 1,092.43	2.26- 19.81
08/12/2019	08/13/2019	SOLD 74.277 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 08/12/2019 AT 15.00	1,114.16	1,096.33 1,074.68	17.83 39.48
09/06/2019	09/09/2019	SOLD 73.718 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 09/06/2019 AT 15.09	1,112.41	1,088.16 1,066.73	24.25 45.68
09/30/2019	10/01/2019	SOLD 14,255.652 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 09/30/2019 AT 15.03	214,262.45	210,428.53 206,285.54	3,833.92 7,976.91

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10/07/2019	10/08/2019	SOLD 73.817 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 10/07/2019 AT 15.10	1,114.64	1,089.67 1,068.27	24.97 46.37
11/11/2019	11/12/2019	SOLD 106.687 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 11/11/2019 AT 14.84	1,583.24	1,579.43 1,557.99	3.81 25.25
12/12/2019	12/13/2019	SOLD 107.287 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/12/2019 AT 14.93	1,601.79	1,588.37 1,566.86	13.42 34.93
01/08/2020	01/09/2020	SOLD 112.096 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 01/08/2020 AT 14.44	1,618.67	1,657.92 1,636.32	39.25- 17.65-
02/11/2020	02/12/2020	SOLD 595.396 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 02/11/2020 AT 14.72	8,764.23	8,804.63 8,692.32	40.40- 71.91
		TOTAL 15,474.438 SHS	232,283.83	228,447.54 224,041.14	3,836.29 8,242.69
		THORNBURG INVESTMENT INCOME BUILDER R6			
07/09/2019	07/10/2019	SOLD 25.601 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 07/09/2019 AT 21.72	556.06	554.52 541.39	1.54 14.67
08/12/2019	08/13/2019	SOLD 26.664 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 08/12/2019 AT 20.89	557.02	577.54 563.87	20.52- 6.85-
09/06/2019	09/09/2019	SOLD 25.856 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 09/06/2019 AT 21.51	556.16	560.04 546.78	3.88- 9.38
09/30/2019	10/01/2019	SOLD 2,190.043 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 09/30/2019 AT 21.81	47,764.83	47,441.37 46,332.12	323.46 1,432.71

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10/07/2019	10/08/2019	SOLD 25.93 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 10/07/2019 AT 21.49	557.24	561.70 548.57	4.46- 8.67
11/05/2019	11/06/2019	SOLD 18,251.911 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 11/05/2019 AT 22.48	410,302.97	395,378.38 386,133.87	14,924.59 24,169.10
11/11/2019	11/12/2019	SOLD 18.806 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 11/11/2019 AT 22.45	422.19	407.38 397.86	14.81 24.33
12/12/2019	12/13/2019	SOLD 19.103 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 12/12/2019 AT 22.36	427.15	413.82 404.14	13.33 23.01
01/08/2020	01/09/2020	SOLD 18.99 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 01/08/2020 AT 22.73	431.65	411.71 402.24	19.94 29.41
	TOTAL 20,602.904 SHS		461,575.27	446,306.46 435,870.84	15,268.81 25,704.43
	WESTERN ASSET CORE PLUS BOND IS				
07/09/2019	07/10/2019	SOLD 93.624 SHS WESTERN ASSET CORE PLUS BOND IS ON 07/09/2019 AT 11.88	1,112.25	1,114.13 1,098.63	1.88- 13.62
08/12/2019	08/13/2019	SOLD 92.462 SHS WESTERN ASSET CORE PLUS BOND IS ON 08/12/2019 AT 12.05	1,114.17	1,100.30 1,085.04	13.87 29.13
09/06/2019	09/09/2019	SOLD 91.484 SHS WESTERN ASSET CORE PLUS BOND IS ON 09/06/2019 AT 12.16	1,112.44	1,088.72 1,073.67	23.72 38.77
09/30/2019	10/01/2019	SOLD 17,330.854 SHS WESTERN ASSET CORE PLUS BOND IS ON 09/30/2019 AT 12.09	209,530.03	206,248.58 203,397.64	3,281.45 6,132.39
10/07/2019	10/08/2019	SOLD 91.511 SHS WESTERN ASSET CORE PLUS BOND IS ON 10/07/2019 AT 12.18	1,114.61	1,089.09 1,074.08	25.52 40.53

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11/11/2019	11/12/2019	SOLD 132.044 SHS WESTERN ASSET CORE PLUS BOND IS ON 11/11/2019 AT 11.99	1,583.21	1,578.24 1,563.12	4.97 20.09
12/12/2019	12/13/2019	SOLD 132.819 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/12/2019 AT 12.06	1,601.80	1,587.57 1,572.43	14.23 29.37
01/08/2020	01/09/2020	SOLD 135.454 SHS WESTERN ASSET CORE PLUS BOND IS ON 01/08/2020 AT 11.95	1,618.68	1,619.00 1,603.80	0.32- 14.88
	TOTAL 18,100.252 SHS		218,787.19	215,425.63 212,468.41	3,361.56 6,318.78
TOTAL MUTUAL FUND - FIXED INCOME			**8,289,461.97**	**8,294,005.63** **8,334,161.78**	**4,543.66-** **44,699.81-**
MUTUAL FUND - DOMESTIC EQUITY					
	ALGER FUNDS SMALL CAP FOCUS Z				
07/09/2019	07/10/2019	SOLD 24.265 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 07/09/2019 AT 22.92	556.15	549.60 361.16	6.55 194.99
08/12/2019	08/13/2019	SOLD 24.76 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 08/12/2019 AT 22.50	557.11	560.81 368.53	3.70- 188.58
09/06/2019	09/09/2019	SOLD 24.81 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 09/06/2019 AT 22.42	556.25	561.95 369.27	5.70- 186.98
09/30/2019	10/01/2019	SOLD 35.362 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 09/30/2019 AT 20.95	740.84	800.95 526.33	60.11- 214.51
10/07/2019	10/08/2019	SOLD 26.667 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 10/07/2019 AT 20.90	557.33	604.01 396.91	46.68- 160.42

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11/11/2019	11/12/2019	SOLD 26.717 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 11/11/2019 AT 21.07	562.92	604.53 399.90	41.61- 163.02
12/12/2019	12/13/2019	SOLD 26.065 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 12/12/2019 AT 21.85	569.53	589.78 390.15	20.25- 179.38
01/08/2020	01/09/2020	SOLD 26.316 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 01/08/2020 AT 21.87	575.53	594.67 398.27	19.14- 177.26
02/06/2020	02/07/2020	SOLD 5,590.757 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 02/06/2020 AT 22.96	128,363.77	126,335.98 84,611.84	2,027.79 43,751.93
		TOTAL 5,805.719 SHS	133,039.43	131,202.28 87,822.36	1,837.15 45,217.07
		ALGER FUNDS FOCUS EQUITY FUND CL Y			
07/09/2019	07/10/2019	SOLD 21.879 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 07/09/2019 AT 38.13	834.23	819.15 801.09	15.08 33.14
08/12/2019	08/13/2019	SOLD 22.598 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 08/12/2019 AT 36.98	835.67	846.07 827.42	10.40- 8.25
09/06/2019	09/09/2019	SOLD 21.888 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 09/06/2019 AT 38.12	834.37	819.49 801.42	14.88 32.95
09/30/2019	10/01/2019	SOLD 670.648 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 09/30/2019 AT 37.13	24,901.16	25,109.06 24,555.53	207.90- 345.63
10/07/2019	10/08/2019	SOLD 22.588 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 10/07/2019 AT 37.01	836.00	845.69 827.05	9.69- 8.95

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11/05/2019	11/06/2019	SOLD 1,294.004 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 11/05/2019 AT 38.48	49,793.27	48,447.51 47,379.48	1,345.76 2,413.79
11/11/2019	11/12/2019	SOLD 21.757 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 11/11/2019 AT 38.81	844.38	814.58 796.62	29.80 47.76
12/12/2019	12/13/2019	SOLD 21.352 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/12/2019 AT 40.01	854.29	799.42 781.80	54.87 72.49
01/08/2020	01/09/2020	SOLD 20.883 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 01/08/2020 AT 41.34	863.30	782.88 766.02	80.42 97.28
02/06/2020	02/07/2020	SOLD 5,614.53 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 02/06/2020 AT 43.55	244,512.76	210,481.71 205,949.45	34,031.05 38,563.31
	TOTAL 7,732.127 SHS		325,109.43	289,765.56 283,485.88	35,343.87 41,623.55
	BRANDES FUNDS INTERNATIONAL SMALL CAP R6				
07/09/2019	07/10/2019	SOLD 26.046 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 07/09/2019 AT 10.68	278.17	280.78 364.61	2.61- 86.44-
08/12/2019	08/13/2019	SOLD 28.061 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 08/12/2019 AT 9.93	278.65	302.50 392.81	23.85- 114.16-
09/06/2019	09/09/2019	SOLD 27.684 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 09/06/2019 AT 10.05	278.22	298.43 387.54	20.21- 109.32-
09/30/2019	10/01/2019	SOLD 61,721.904 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 09/30/2019 AT 10.28	634,501.17	665,362.12 864,015.86	30,860.95- 229,514.69-

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10/02/2019	10/03/2019	SOLD 272.784 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 10/02/2019 AT 10.13	2,763.30	2,804.47 2,806.08	41.17- 42.78-
	TOTAL 62,076.479 SHS		638,099.51	669,048.30 867,966.90	30,948.79- 229,867.39-
	COLUMBIA CONTRARIAN CORE				
07/09/2019	07/10/2019	SOLD 21.005 SHS COLUMBIA CONTRARIAN CORE ON 07/09/2019 AT 26.48	556.22	549.28 530.64	6.94 25.58
08/12/2019	08/13/2019	SOLD 21.554 SHS COLUMBIA CONTRARIAN CORE ON 08/12/2019 AT 25.85	557.18	563.64 544.50	6.46- 12.68
09/06/2019	09/09/2019	SOLD 20.875 SHS COLUMBIA CONTRARIAN CORE ON 09/06/2019 AT 26.65	556.32	545.88 527.35	10.44 28.97
09/30/2019	10/01/2019	SOLD 2,719.599 SHS COLUMBIA CONTRARIAN CORE ON 09/30/2019 AT 26.65	72,477.31	71,117.51 68,703.49	1,359.80 3,773.82
10/07/2019	10/08/2019	SOLD 21.154 SHS COLUMBIA CONTRARIAN CORE ON 10/07/2019 AT 26.35	557.40	553.18 534.40	4.22 23.00
11/05/2019	11/06/2019	SOLD 1,097.643 SHS COLUMBIA CONTRARIAN CORE ON 11/05/2019 AT 27.56	30,251.03	28,703.36 27,729.05	1,547.67 2,521.98
11/11/2019	11/12/2019	SOLD 20.3 SHS COLUMBIA CONTRARIAN CORE ON 11/11/2019 AT 27.73	562.92	530.85 512.83	32.07 50.09
12/12/2019	12/13/2019	SOLD 21.267 SHS COLUMBIA CONTRARIAN CORE ON 12/12/2019 AT 26.78	569.53	556.45 538.66	13.08 30.87
01/08/2020	01/09/2020	SOLD 20.762 SHS COLUMBIA CONTRARIAN CORE ON 01/08/2020 AT 27.72	575.53	543.24 525.87	32.29 49.66

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02/06/2020	02/07/2020	SOLD 2,554.807 SHS COLUMBIA CONTRARIAN CORE ON 02/06/2020 AT 28.48	72,760.91	66,846.52 64,709.38	5,914.39 8,051.53
		TOTAL 6,518.966 SHS	179,424.35	170,509.91 164,856.17	8,914.44 14,568.18
		OAKMARK SELECT FUND-INSTITUTIONAL			
07/09/2019	07/10/2019	SOLD 16.971 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 07/09/2019 AT 40.96	695.12	689.02 755.12	6.10 60.00-
08/12/2019	08/13/2019	SOLD 18.086 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 08/12/2019 AT 39.21	696.32	734.29 804.73	37.97- 108.41-
09/06/2019	09/09/2019	SOLD 17.673 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 09/06/2019 AT 39.34	695.24	717.52 786.35	22.28- 91.11-
10/07/2019	10/08/2019	SOLD 18.317 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 10/07/2019 AT 38.03	696.60	739.79 800.10	43.19- 103.50-
11/05/2019	11/06/2019	SOLD 2,003.844 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 11/05/2019 AT 42.11	84,381.85	80,931.79 87,529.76	3,450.06 3,147.91-
11/11/2019	11/12/2019	SOLD 16.623 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 11/11/2019 AT 42.33	703.65	671.37 726.11	32.28 22.46-
12/12/2019	12/13/2019	SOLD 16.727 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 12/12/2019 AT 42.56	711.91	675.57 730.65	36.34 18.74-
01/08/2020	01/09/2020	SOLD 16.321 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 01/08/2020 AT 44.08	719.41	659.48 712.76	59.93 6.65

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02/06/2020	02/07/2020	SOLD 1,488.848 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 02/06/2020 AT 44.75	66,625.97	60,159.78 65,019.86	6,466.19 1,606.11
		TOTAL 3,613.41 SHS	155,926.07	145,978.61 157,865.44	9,947.46 1,939.37-
		OAKMARK INTERNATIONAL INST.			
07/09/2019	07/10/2019	SOLD 18.32 SHS OAKMARK INTERNATIONAL INST. ON 07/09/2019 AT 22.76	416.97	422.64 525.85	5.67- 108.88-
08/12/2019	08/13/2019	SOLD 19.436 SHS OAKMARK INTERNATIONAL INST. ON 08/12/2019 AT 21.65	417.69	448.39 557.88	30.70- 140.19-
09/06/2019	09/09/2019	SOLD 18.388 SHS OAKMARK INTERNATIONAL INST. ON 09/06/2019 AT 22.68	417.05	424.21 527.80	7.16- 110.75-
10/07/2019	10/08/2019	SOLD 18.78 SHS OAKMARK INTERNATIONAL INST. ON 10/07/2019 AT 22.25	417.86	432.84 525.74	14.98- 107.88-
11/05/2019	11/06/2019	SOLD 18,719.149 SHS OAKMARK INTERNATIONAL INST. ON 11/05/2019 AT 24.98	467,604.35	431,439.74 524,031.98	36,164.61 56,427.63-
11/11/2019	11/12/2019	SOLD 11.308 SHS OAKMARK INTERNATIONAL INST. ON 11/11/2019 AT 24.89	281.46	260.63 316.56	20.83 35.10-
12/12/2019	12/13/2019	SOLD 11.704 SHS OAKMARK INTERNATIONAL INST. ON 12/12/2019 AT 24.33	284.76	269.75 327.65	15.01 42.89-
01/08/2020	01/09/2020	SOLD 11.59 SHS OAKMARK INTERNATIONAL INST. ON 01/08/2020 AT 24.83	287.77	267.43 323.60	20.34 35.83-
		TOTAL 18,828.675 SHS	470,127.91	433,965.63 527,137.06	36,162.28 57,009.15-

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		HARTFORD FUNDS MIDCAP CLASS Y			
07/09/2019	07/10/2019	SOLD 10.979 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 07/09/2019 AT 37.99	417.11	411.60 362.92	5.51 54.19
08/12/2019	08/13/2019	SOLD 11.223 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 08/12/2019 AT 37.23	417.83	420.75 370.98	2.92- 46.85
09/06/2019	09/09/2019	SOLD 11.069 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 09/06/2019 AT 37.69	417.18	414.98 365.89	2.20 51.29
10/07/2019	10/08/2019	SOLD 11.512 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 10/07/2019 AT 36.31	418.00	431.56 380.73	13.56- 37.27
11/05/2019	11/06/2019	SOLD 93.107 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 11/05/2019 AT 37.70	3,510.12	3,490.37 3,079.29	19.75 430.83
11/11/2019	11/12/2019	SOLD 11.208 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 11/11/2019 AT 37.67	422.19	420.16 370.68	2.03 51.51
12/12/2019	12/13/2019	SOLD 11.452 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 12/12/2019 AT 37.30	427.15	428.99 380.57	1.84- 46.58
01/08/2020	01/09/2020	SOLD 11.353 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 01/08/2020 AT 38.02	431.65	425.28 377.28	6.37 54.37
02/06/2020	02/07/2020	SOLD 1,041.737 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 02/06/2020 AT 38.92	40,544.41	39,023.42 34,618.74	1,520.99 5,925.67
	TOTAL 1,213.64 SHS		47,005.64	45,467.11 40,307.08	1,538.53 6,698.56

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		JOHN HANCOCK INTERNATIONAL GROWTH R6			
07/09/2019	07/10/2019	SOLD 12.439 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 07/09/2019 AT 27.93	347.43	348.67 353.09	1.24- 5.66-
08/12/2019	08/13/2019	SOLD 12.744 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 08/12/2019 AT 27.30	348.03	357.21 361.74	9.18- 13.71-
09/06/2019	09/09/2019	SOLD 12.201 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 09/06/2019 AT 28.48	347.49	341.99 346.33	5.50 1.16
10/07/2019	10/08/2019	SOLD 12.615 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 10/07/2019 AT 27.60	348.17	353.54 357.90	5.37- 9.73-
11/11/2019	11/12/2019	SOLD 14.705 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 11/11/2019 AT 28.71	422.19	413.69 417.99	8.50 4.20
12/12/2019	12/13/2019	SOLD 14.455 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/12/2019 AT 29.55	427.15	406.66 410.88	20.49 16.27
01/08/2020	01/09/2020	SOLD 14.298 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 01/08/2020 AT 30.19	431.65	402.39 406.53	29.26 25.12
02/06/2020	02/07/2020	SOLD 908.439 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 02/06/2020 AT 30.69	27,879.99	25,566.24 25,829.48	2,313.75 2,050.51
		TOTAL 1,001.896 SHS	30,552.10	28,190.39 28,483.94	2,361.71 2,068.16
		PRUDENTIAL JENNISON GLOBAL OPPS Q			
07/09/2019	07/10/2019	SOLD 7.945 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 07/09/2019 AT 26.26	208.63	205.14 179.56	3.49 29.07

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08/12/2019	08/13/2019	SOLD 8.383 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 08/12/2019 AT 24.93	208.99	216.45 189.46	7.46- 19.53
09/06/2019	09/09/2019	SOLD 8.151 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 09/06/2019 AT 25.60	208.67	210.46 184.21	1.79- 24.46
10/07/2019	10/08/2019	SOLD 8.547 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 10/07/2019 AT 24.46	209.07	220.18 193.85	11.11- 15.22
11/05/2019	11/06/2019	SOLD 464.045 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 11/05/2019 AT 25.06	11,628.96	11,954.54 10,524.96	325.58- 1,104.00
11/11/2019	11/12/2019	SOLD 8.327 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 11/11/2019 AT 25.35	211.09	214.52 188.86	3.43- 22.23
12/12/2019	12/13/2019	SOLD 8.041 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 12/12/2019 AT 26.56	213.57	207.15 182.38	6.42 31.19
01/08/2020	01/09/2020	SOLD 7.637 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 01/08/2020 AT 28.26	215.82	196.74 173.21	19.08 42.61
02/06/2020	02/07/2020	SOLD 2,367.415 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 02/06/2020 AT 29.53	69,909.77	60,988.41 53,695.31	8,921.36 16,214.46
TOTAL 2,888.491 SHS			83,014.57	74,413.59 65,511.80	8,600.98 17,502.77
UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6					
07/09/2019	07/10/2019	SOLD 6.736 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 07/09/2019 AT 61.92	417.11	420.06 443.41	2.95- 26.30-

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08/12/2019	08/13/2019	SOLD 7.198 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 08/12/2019 AT 58.05	417.83	448.87 473.82	31.04- 55.99-
09/06/2019	09/09/2019	SOLD 7.089 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 09/06/2019 AT 58.85	417.18	442.07 466.64	24.89- 49.46-
10/07/2019	10/08/2019	SOLD 6.995 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 10/07/2019 AT 59.76	418.00	435.51 456.80	17.51- 38.80-
11/05/2019	11/06/2019	SOLD 355.001 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 11/05/2019 AT 64.53	22,908.22	22,102.35 23,182.82	805.87 274.60-
11/11/2019	11/12/2019	SOLD 6.523 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 11/11/2019 AT 64.72	422.19	406.12 425.97	16.07 3.78-
12/12/2019	12/13/2019	SOLD 6.812 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/12/2019 AT 62.71	427.15	424.11 444.85	3.04 17.70-
01/08/2020	01/09/2020	SOLD 6.968 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 01/08/2020 AT 61.95	431.65	433.99 454.16	2.34- 22.51-
TOTAL 403.322 SHS			25,859.33	25,113.08 26,348.47	746.25 489.14-
TOTAL MUTUAL FUND - DOMESTIC EQUITY			**2,088,158.34**	**2,013,654.46** **2,249,785.10**	**74,503.88** **161,626.76-**
MUTUAL FUND - INTERNATIONAL EQUITY					
GOLDMAN SACHS TR II GQG PARTNRS R6					
10/07/2019	10/08/2019	SOLD 19.331 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 10/07/2019 AT 14.42	278.76	279.89 279.89	1.13- 1.13-

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11/05/2019	11/06/2019	SOLD 647.109 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 11/05/2019 AT 14.82	9,590.16	9,369.29 9,369.29	220.87 220.87
11/11/2019	11/12/2019	SOLD 18.979 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 11/11/2019 AT 14.83	281.46	274.79 274.79	6.67 6.67
12/12/2019	12/13/2019	SOLD 18.734 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 12/12/2019 AT 15.20	284.76	271.24 271.24	13.52 13.52
01/08/2020	01/09/2020	SOLD 18.626 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 01/08/2020 AT 15.45	287.77	269.78 269.78	17.99 17.99
02/06/2020	02/07/2020	SOLD 1,323.888 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 02/06/2020 AT 15.96	21,129.26	19,175.05 19,175.05	1,954.21 1,954.21
	TOTAL 2,046.667 SHS		31,852.17	29,640.04 29,640.04	2,212.13 2,212.13
	HARTFORD INTERNATIONAL VALUE - Y				
07/09/2019	07/10/2019	SOLD 38.323 SHS HARTFORD INTERNATIONAL VALUE - Y ON 07/09/2019 AT 14.51	556.06	559.13 645.49	3.07- 89.43-
08/12/2019	08/13/2019	SOLD 41.139 SHS HARTFORD INTERNATIONAL VALUE - Y ON 08/12/2019 AT 13.54	557.02	600.22 692.92	43.20- 135.90-
09/06/2019	09/09/2019	SOLD 39.726 SHS HARTFORD INTERNATIONAL VALUE - Y ON 09/06/2019 AT 14.00	556.16	579.60 669.12	23.44- 112.96-
10/07/2019	10/08/2019	SOLD 39.409 SHS HARTFORD INTERNATIONAL VALUE - Y ON 10/07/2019 AT 14.14	557.24	573.89 652.93	16.65- 95.69-
11/05/2019	11/06/2019	SOLD 30,029.917 SHS HARTFORD INTERNATIONAL VALUE - Y ON 11/05/2019 AT 15.35	460,959.22	437,310.47 497,537.08	23,648.75 36,577.86-

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11/11/2019	11/12/2019	SOLD 27.451 SHS HARTFORD INTERNATIONAL VALUE - Y ON 11/11/2019 AT 15.38	422.19	399.76 454.81	22.43 32.62-
12/12/2019	12/13/2019	SOLD 27.311 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/12/2019 AT 15.64	427.15	397.72 452.49	29.43 25.34-
01/08/2020	01/09/2020	SOLD 28.286 SHS HARTFORD INTERNATIONAL VALUE - Y ON 01/08/2020 AT 15.26	431.65	412.62 467.67	19.03 36.02-
		TOTAL 30,271.562 SHS	464,466.69	440,833.41 501,572.51	23,633.28 37,105.82-
		AMERICAN FUNDS NEW PERSPECTIVE F2			
07/09/2019	07/10/2019	SOLD 6.188 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 07/09/2019 AT 44.95	278.17	276.05 255.39	2.12 22.78
08/12/2019	08/13/2019	SOLD 6.407 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 08/12/2019 AT 43.49	278.65	285.82 264.43	7.17- 14.22
09/06/2019	09/09/2019	SOLD 6.192 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 09/06/2019 AT 44.93	278.22	276.23 255.55	1.99 22.67
09/30/2019	10/01/2019	SOLD 193.054 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 09/30/2019 AT 44.40	8,571.60	8,612.14 7,967.61	40.54- 603.99
10/07/2019	10/08/2019	SOLD 6.324 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 10/07/2019 AT 44.08	278.76	282.11 261.00	3.35- 17.76
11/05/2019	11/06/2019	SOLD 419.646 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 11/05/2019 AT 46.25	19,408.65	18,720.41 17,319.39	688.24 2,089.26

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11/11/2019	11/12/2019	SOLD 6.088 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 11/11/2019 AT 46.23	281.46	271.59 251.26	9.87 30.20
12/12/2019	12/13/2019	SOLD 5.977 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/12/2019 AT 47.64	284.76	266.63 246.68	18.13 38.08
01/08/2020	01/09/2020	SOLD 6.057 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 01/08/2020 AT 47.51	287.77	270.72 251.26	17.05 36.51
02/06/2020	02/07/2020	SOLD 796.868 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 02/06/2020 AT 49.01	39,054.50	35,615.87 33,055.76	3,438.63 5,998.74
		TOTAL 1,452.801 SHS	69,002.54	64,877.57 60,128.33	4,124.97 8,874.21
		AMERICAN FUNDS NEW WORLD F2			
07/09/2019	07/10/2019	SOLD 3.073 SHS AMERICAN FUNDS NEW WORLD F2 ON 07/09/2019 AT 67.89	208.63	207.61 186.93	1.02 21.70
08/12/2019	08/13/2019	SOLD 3.211 SHS AMERICAN FUNDS NEW WORLD F2 ON 08/12/2019 AT 65.09	208.99	216.94 195.33	7.95- 13.66
09/06/2019	09/09/2019	SOLD 3.103 SHS AMERICAN FUNDS NEW WORLD F2 ON 09/06/2019 AT 67.24	208.67	209.64 188.76	0.97- 19.91
09/30/2019	10/01/2019	SOLD 102.302 SHS AMERICAN FUNDS NEW WORLD F2 ON 09/30/2019 AT 67.03	6,857.30	6,911.52 6,223.10	54.22- 634.20
10/07/2019	10/08/2019	SOLD 3.148 SHS AMERICAN FUNDS NEW WORLD F2 ON 10/07/2019 AT 66.41	209.07	212.68 191.50	3.61- 17.57
11/05/2019	11/06/2019	SOLD 219.241 SHS AMERICAN FUNDS NEW WORLD F2 ON 11/05/2019 AT 70.12	15,373.16	14,811.92 13,336.58	561.24 2,036.58

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11/11/2019	11/12/2019	SOLD 3.028 SHS AMERICAN FUNDS NEW WORLD F2 ON 11/11/2019 AT 69.71	211.09	204.57 184.20	6.52 26.89
12/12/2019	12/13/2019	SOLD 2.987 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/12/2019 AT 71.50	213.57	201.80 181.70	11.77 31.87
01/08/2020	01/09/2020	SOLD 3.062 SHS AMERICAN FUNDS NEW WORLD F2 ON 01/08/2020 AT 70.48	215.82	207.16 187.34	8.66 28.48
02/06/2020	02/07/2020	SOLD 47.216 SHS AMERICAN FUNDS NEW WORLD F2 ON 02/06/2020 AT 71.04	3,354.26	3,194.37 2,888.78	159.89 465.48
TOTAL 390.371 SHS			27,060.56	26,378.21 23,764.22	682.35 3,296.34
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY			**592,381.96**	**561,729.23** **615,105.10**	**30,652.73** **22,723.14-**
MUTUAL FUND - REAL ESTATE					
COHEN AND STEERS REAL ESTATE SECURITIES - Z					
07/09/2019	07/10/2019	SOLD 20.239 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 07/09/2019 AT 17.17	347.51	336.37 309.55	11.14 37.96
08/12/2019	08/13/2019	SOLD 20.018 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 08/12/2019 AT 17.38	348.11	332.70 306.17	15.41 41.94
09/06/2019	09/09/2019	SOLD 19.352 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 09/06/2019 AT 17.96	347.57	321.63 295.99	25.94 51.58
09/30/2019	10/01/2019	SOLD 8,481.63 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 09/30/2019 AT 17.91	151,905.99	140,964.69 129,725.28	10,941.30 22,180.71

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10/07/2019	10/08/2019	SOLD 19.455 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 10/07/2019 AT 17.90	348.25	323.52 297.92	24.73 50.33
11/11/2019	11/12/2019	SOLD 40.815 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 11/11/2019 AT 17.24	703.65	694.22 668.42	9.43 35.23
12/12/2019	12/13/2019	SOLD 41.73 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 12/12/2019 AT 17.06	711.91	709.78 683.40	2.13 28.51
01/08/2020	01/09/2020	SOLD 41.369 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 01/08/2020 AT 17.39	719.41	703.67 677.70	15.74 41.71
	TOTAL 8,684.608 SHS		155,432.40	144,386.58 132,964.43	11,045.82 22,467.97
	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q				
07/09/2019	07/10/2019	SOLD 10.509 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 07/09/2019 AT 26.45	277.96	270.82 252.32	7.14 25.64
08/12/2019	08/13/2019	SOLD 10.834 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 08/12/2019 AT 25.70	278.44	279.20 260.26	0.76- 18.18
09/06/2019	09/09/2019	SOLD 10.498 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 09/06/2019 AT 26.48	278.00	270.54 252.19	7.46 25.81
09/30/2019	10/01/2019	SOLD 2,841.398 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 09/30/2019 AT 26.73	75,950.57	73,224.98 68,257.80	2,725.59 7,692.77
10/07/2019	10/08/2019	SOLD 10.343 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 10/07/2019 AT 26.93	278.55	266.55 248.47	12.00 30.08

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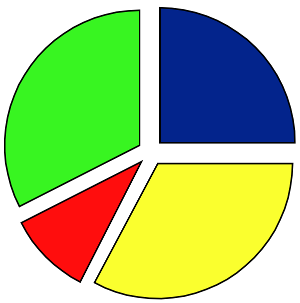
Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
11/05/2019	11/06/2019	SOLD 162.485 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 11/05/2019 AT 26.92	4,374.09	4,188.11 3,905.02	185.98 469.07
11/11/2019	11/12/2019	SOLD 10.577 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 11/11/2019 AT 26.61	281.46	272.63 254.20	8.83 27.26
12/12/2019	12/13/2019	SOLD 10.766 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/12/2019 AT 26.45	284.76	277.50 258.74	7.26 26.02
01/08/2020	01/09/2020	SOLD 12.036 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 01/08/2020 AT 23.91	287.77	307.41 288.77	19.64- 1.00-
	TOTAL 3,079.446 SHS		82,291.60	79,357.74 73,977.77	2,933.86 8,313.83
TOTAL MUTUAL FUND - REAL ESTATE			**237,724.00**	**223,744.32** **206,942.20**	**13,979.68** **30,781.80**
	TOTAL SALES		**11,207,726.27**	**11,093,133.64** **11,405,994.18**	**114,592.63** **198,267.91-**

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Unrealized Gains & Losses

Unrealized Gains & Losses Allocation



169.0%	**MUTUAL FUND - DOMESTIC EQUITY**	344,093.47
218.6%	**MUTUAL FUND - FIXED INCOME**	444,920.36
67.0-%	**MUTUAL FUND - INTERNATIONAL EQUI**	136,271.79-
220.6-%	**MUTUAL FUND - REAL ESTATE**	449,097.39-
100.0%	**Total**	203,644.65

Unrealized Gains & Losses Schedule

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
MUTUAL FUND - FIXED INCOME				
BLACKROCK TOTAL RETURN - K	388,810.075	4,601,603.95 4,585,937.26	4,817,356.83	215,752.88 231,419.57
GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND	245,297.123	4,599,209.60 4,556,176.02	4,932,925.14	333,715.54 376,749.12
PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6	299,342.294	2,107,899.55 2,107,899.55	2,053,488.14	54,411.41- 54,411.41-
PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q	321,120.951	4,747,178.32 4,687,420.96	4,726,900.40	20,277.92- 39,479.44

Statement Period	07/01/2019 through 06/30/2020
Account Number	115150007400
	BENEFIT TRUST COMPANY
	AS TRUSTEE FOR COAST
	COMMUNITY COLLEGE DISTRICT

Schedule Of Unrealized Gains & Losses

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
THORNBURG INVESTMENT INCOME BUILDER R6	55,950.607	1,207,826.04 1,181,069.76	1,052,430.92	155,395.12- 128,638.84-
WESTERN ASSET CORE PLUS BOND IS	388,578.592	4,646,208.72 4,604,109.80	4,771,745.11	125,536.39 167,635.31
TOTAL MUTUAL FUND - FIXED INCOME		**21,909,926.18** **21,722,613.35**	**22,354,846.54**	**444,920.36** **632,233.19**
MUTUAL FUND - DOMESTIC EQUITY				
ALGER FUNDS SMALL CAP FOCUS Z	72,073.122	1,628,657.49 1,090,771.71	1,871,738.98	243,081.49 780,967.27
ALGER FUNDS FOCUS EQUITY FUND CL Y	57,391.51	2,151,535.97 2,105,207.36	2,701,418.38	549,882.41 596,211.02
COLUMBIA CONTRARIAN CORE	58,305.79	1,525,570.95 1,476,796.97	1,577,171.62	51,600.67 100,374.65
OAKMARK SELECT FUND-INSTITUTIONAL	46,212.023	1,867,286.20 2,018,137.03	1,668,254.03	199,032.17- 349,883.00-
OAKMARK INTERNATIONAL INST.	34,279.816	792,872.83 950,746.51	658,172.47	134,700.36- 292,574.04-
HARTFORD FUNDS MIDCAP CLASS Y	31,875.451	1,194,052.80 1,059,277.00	1,143,691.18	50,361.62- 84,414.18
JOHN HANCOCK INTERNATIONAL GROWTH R6	40,591.208	1,142,360.06 1,154,122.37	1,195,005.16	52,645.10 40,882.79
PRUDENTIAL JENNISON GLOBAL OPPS Q	21,065.902	542,691.42 477,795.42	722,139.12	179,447.70 244,343.70
UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6	20,205.636	1,256,915.14 1,313,328.17	908,445.39	348,469.75- 404,882.78-

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COMMUNITY COLLEGE DISTRICT

Schedule Of Unrealized Gains & Losses

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
TOTAL MUTUAL FUND - DOMESTIC EQUITY		**12,101,942.86** **11,646,182.54**	**12,446,036.33**	**344,093.47** **799,853.79**
MUTUAL FUND - INTERNATIONAL EQUITY				
GOLDMAN SACHS TR II GQG PARTNRS R6	52,027.406	753,559.25 753,559.25	813,708.63	60,149.38 60,149.38
HARTFORD INTERNATIONAL VALUE - Y	85,541.75	1,247,753.01 1,403,664.16	996,561.39	251,191.62- 407,102.77-
AMERICAN FUNDS NEW PERSPECTIVE F2	16,949.694	757,563.49 703,109.00	807,822.42	50,258.93 104,713.42
AMERICAN FUNDS NEW WORLD F2	8,749.303	591,928.47 535,301.19	596,439.99	4,511.52 61,138.80
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY		**3,350,804.22** **3,395,633.60**	**3,214,532.43**	**136,271.79-** **181,101.17-**
MUTUAL FUND - REAL ESTATE				
COHEN AND STEERS REAL ESTATE SECURITIES - Z	119,162.567	2,015,079.26 1,943,739.23	1,738,581.85	276,497.41- 205,157.38-
PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q	33,382.706	851,270.39 800,818.84	678,670.41	172,599.98- 122,148.43-
TOTAL MUTUAL FUND - REAL ESTATE		**2,866,349.65** **2,744,558.07**	**2,417,252.26**	**449,097.39-** **327,305.81-**
TOTAL UNREALIZED GAINS & LOSSES		**40,229,022.91** **39,508,987.56**	**40,432,667.56**	**203,644.65** **923,680.00**

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
BEGINNING MARKET VALUE:	**38,734,430.65**			
SECURITY TRANSACTIONS EXCEEDING 5%:				
MUTUAL FUND - FIXED INCOME				
GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.				
SOLD 42.894 SHS ON 07/09/2019 AT 25.93	1,112.25	1,141.68	1,112.67	29.43-
PURCHASED 360.579 SHS ON 07/31/2019 AT 25.91 FOR REINVESTMENT	9,342.59	9,342.59	9,349.81	
SOLD 42.935 SHS ON 08/12/2019 AT 25.95	1,114.17	1,142.68	1,113.30	28.51-
PURCHASED 313.2 SHS ON 08/30/2019 AT 25.92 FOR REINVESTMENT	8,118.15	8,118.15	8,124.41	
SOLD 42.968 SHS ON 09/06/2019 AT 25.89	1,112.44	1,143.48	1,112.87	31.04-
PURCHASED 3,082.688 SHS ON 09/30/2019 AT 25.85	79,687.49	79,687.49	79,718.31	
PURCHASED 298.85 SHS ON 09/30/2019 AT 25.85 FOR REINVESTMENT	7,725.26	7,725.26	7,731.25	
SOLD 43.118 SHS ON 10/07/2019 AT 25.85	1,114.61	1,146.54	1,115.03	31.93-
PURCHASED 388.057 SHS ON 10/31/2019 AT 25.79 FOR REINVESTMENT	10,007.99	10,007.99	10,000.23	
SOLD 120,417.985 SHS ON 11/05/2019 AT 25.76	3,101,967.29	3,201,703.06	3,103,171.47	99,735.77-
SOLD .5 SHS ON 11/12/2019 AT 25.75	12.88	13.29	12.88	0.41-

Statement Period	07/01/2019 through 06/30/2020
Account Number	115150007400
	BENEFIT TRUST COMPANY
	AS TRUSTEE FOR COAST
	COMMUNITY COLLEGE DISTRICT

Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
TOTAL	3,221,315.12	3,321,172.21	3,222,562.23	99,857.09-
PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6				
PURCHASED 139,841.692 SHS ON 11/05/2019 AT 7.08	990,079.18	990,079.18	991,477.60	
SOLD 50.046 SHS ON 11/11/2019 AT 7.03	351.82	354.33	351.82	2.51-
PURCHASED 1.832 SHS ON 11/12/2019 AT 7.03	12.88	12.88	12.90	
PURCHASED .729 SHS ON 11/21/2019 AT 7.08	5.16	5.16	5.16	
PURCHASED .749 SHS ON 11/25/2019 AT 7.08	5.30	5.30	5.32	
PURCHASED 352.428 SHS ON 11/29/2019 AT 7.08 FOR REINVESTMENT	2,495.19	2,495.19	2,488.14	
PURCHASED 3.066 SHS ON 12/03/2019 AT 7.10	21.77	21.77	21.74	
SOLD 50.206 SHS ON 12/12/2019 AT 7.09	355.96	355.46	357.47	0.50
PURCHASED 1,145.704 SHS ON 12/18/2019 AT 6.92 FOR REINVESTMENT	7,928.27	7,928.27	7,916.81	
PURCHASED 2,339.391 SHS ON 12/18/2019 AT 6.92 FOR REINVESTMENT	16,188.59	16,188.59	16,165.19	
PURCHASED 427.301 SHS ON 12/31/2019 AT 6.95 FOR REINVESTMENT	2,969.74	2,969.74	2,969.74	
SOLD 51.906 SHS ON 01/08/2020 AT 6.93	359.71	367.27	360.23	7.56-

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AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Reportable Transactions

PLAN NUMBER: EIN NUMBER: 43-1971558

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
PURCHASED 462.897 SHS ON 01/31/2020 AT 7.06 FOR REINVESTMENT	3,268.05	3,268.05	3,263.42	
PURCHASED 3,187.584 SHS ON 02/06/2020 AT 7.00	22,313.09	22,313.09	22,376.84	
PURCHASED 147,196.526 SHS ON 02/07/2020 AT 7.02	1,033,319.61	1,033,319.61	1,034,791.58	
PURCHASED .751 SHS ON 02/18/2020 AT 7.02	5.27	5.27	5.26	
PURCHASED 560.028 SHS ON 02/28/2020 AT 7.07 FOR REINVESTMENT	3,959.40	3,959.40	3,959.40	
PURCHASED 1,050.773 SHS ON 03/31/2020 AT 6.40 FOR REINVESTMENT	6,724.95	6,724.95	6,714.44	
PURCHASED 965.354 SHS ON 04/30/2020 AT 6.58 FOR REINVESTMENT	6,352.03	6,352.03	6,352.03	
PURCHASED 1,013.284 SHS ON 05/29/2020 AT 6.76 FOR REINVESTMENT	6,849.80	6,849.80	6,859.93	
PURCHASED 944.363 SHS ON 06/30/2020 AT 6.86 FOR REINVESTMENT	6,478.33	6,478.33	6,497.22	
TOTAL	2,110,044.10	2,110,053.67	2,112,952.24	9.57-
PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q				
SOLD 75.508 SHS ON 07/09/2019 AT 14.73	1,112.24	1,092.43	1,111.48	19.81
PURCHASED 636.4 SHS ON 07/31/2019 AT 14.77 FOR REINVESTMENT	9,399.63	9,399.63	9,450.54	

Statement Period 07/01/2019 through 06/30/2020
Account Number 115150007400
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AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
SOLD 74.277 SHS ON 08/12/2019 AT 15.00	1,114.16	1,074.68	1,111.18	39.48
PURCHASED 649.838 SHS ON 08/30/2019 AT 15.11 FOR REINVESTMENT	9,819.05	9,819.05	9,838.55	
SOLD 73.718 SHS ON 09/06/2019 AT 15.09	1,112.41	1,066.73	1,108.72	45.68
SOLD 14,255.652 SHS ON 09/30/2019 AT 15.03	214,262.45	206,285.54	214,547.56	7,976.91
PURCHASED 552.293 SHS ON 09/30/2019 AT 15.03 FOR REINVESTMENT	8,300.97	8,300.97	8,312.01	
SOLD 73.817 SHS ON 10/07/2019 AT 15.10	1,114.64	1,068.27	1,114.64	46.37
PURCHASED 551.698 SHS ON 10/31/2019 AT 15.02 FOR REINVESTMENT	8,286.51	8,286.51	8,253.40	
PURCHASED 90,850.387 SHS ON 11/05/2019 AT 14.90	1,353,670.76	1,353,670.76	1,357,304.78	
SOLD 106.687 SHS ON 11/11/2019 AT 14.84	1,583.24	1,557.99	1,585.37	25.25
PURCHASED 775.882 SHS ON 11/29/2019 AT 14.99 FOR REINVESTMENT	11,630.47	11,630.47	11,583.92	
PURCHASED 6.518 SHS ON 12/03/2019 AT 15.03	97.96	97.96	97.70	
SOLD 107.287 SHS ON 12/12/2019 AT 14.93	1,601.79	1,566.86	1,610.38	34.93
PURCHASED 5,324.719 SHS ON 12/18/2019 AT 14.43 FOR REINVESTMENT	76,835.70	76,835.70	76,942.19	

Benefit Trust
Fiduciary Passport Services

TRUST EB FORMAT

Statement Period 07/01/2019 through 06/30/2020
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BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
PURCHASED 5,102.158 SHS ON 12/18/2019 AT 14.43 FOR REINVESTMENT	73,624.13	73,624.13	73,726.18	
PURCHASED 808.371 SHS ON 12/23/2019 AT 14.40 FOR REINVESTMENT	11,640.54	11,640.54	11,656.71	
PURCHASED 812.634 SHS ON 12/31/2019 AT 14.42 FOR REINVESTMENT	11,718.18	11,718.18	11,742.56	
SOLD 112.096 SHS ON 01/08/2020 AT 14.44	1,618.67	1,636.32	1,620.91	17.65-
PURCHASED 803.53 SHS ON 01/31/2020 AT 14.74 FOR REINVESTMENT	11,844.03	11,844.03	11,844.03	
PURCHASED 5,891.205 SHS ON 02/06/2020 AT 14.67	86,423.98	86,423.98	86,718.54	
SOLD 595.396 SHS ON 02/11/2020 AT 14.72	8,764.23	8,692.32	8,758.28	71.91
PURCHASED 757.731 SHS ON 02/28/2020 AT 14.91 FOR REINVESTMENT	11,297.77	11,297.77	11,282.61	
PURCHASED 934.182 SHS ON 03/31/2020 AT 13.90 FOR REINVESTMENT	12,985.13	12,985.13	12,975.79	
PURCHASED 886.52 SHS ON 04/30/2020 AT 14.26 FOR REINVESTMENT	12,641.78	12,641.78	12,641.78	
PURCHASED 904.708 SHS ON 05/29/2020 AT 14.51 FOR REINVESTMENT	13,127.31	13,127.31	13,127.31	
PURCHASED 851.948 SHS ON 06/30/2020 AT 14.72 FOR REINVESTMENT	12,540.68	12,540.68	12,549.19	

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COMMUNITY COLLEGE DISTRICT

Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
TOTAL	1,968,168.41	1,959,925.72	1,972,616.31	8,242.69
TOTAL MUTUAL FUND - FIXED INCOME	**7,299,527.63**	**7,391,151.60**	**7,308,130.78**	**91,623.97-**
TOTAL SECURITY TRANSACTIONS EXCEEDING 5%		**7,391,151.60**		

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	AS TRUSTEE FOR COAST
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Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
BEGINNING MARKET VALUE: **38,734,430.65**				
SINGLE TRANSACTIONS EXCEEDING 5%:				
11/06/2019 SOLD 120,417.985 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 11/05/2019 AT 25.76		3,201,703.06		
TOTAL SINGLE TRANSACTIONS EXCEEDING 5%		**3,201,703.06**		

Statement Period	07/01/2019 through 06/30/2020
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	COMMUNITY COLLEGE DISTRICT

Balance Sheet

	AS OF 07/01/2019 AVG COST VALUE	AS OF 07/01/2019 MARKET VALUE	AS OF 06/30/2020 AVG COST VALUE	AS OF 06/30/2020 MARKET VALUE
ASSETS				
CASH	99,522.05	99,522.05	100,868.29	100,868.29
DUE FROM BROKERS	0.00	0.00	0.00	0.00
TOTAL CASH & RECEIVABLES	**99,522.05**	**99,522.05**	**100,868.29**	**100,868.29**
MUTUAL FUNDS				
MUTUAL FUND - FIXED INCOME	21,104,865.70	21,252,022.38	21,722,613.35	22,354,846.54
MUTUAL FUND - DOMESTIC EQUITY	12,618,896.60	12,838,526.28	11,646,182.54	12,446,036.33
MUTUAL FUND - INTERNATIONAL EQUI	2,886,721.08	2,788,515.83	3,395,633.60	3,214,532.43
MUTUAL FUND - REAL ESTATE	1,716,772.46	1,855,366.16	2,744,558.07	2,417,252.26
TOTAL MUTUAL FUNDS	**38,327,255.84**	**38,734,430.65**	**39,508,987.56**	**40,432,667.56**
TOTAL HOLDINGS	**38,327,255.84**	**38,734,430.65**	**39,508,987.56**	**40,432,667.56**
TOTAL ASSETS	**38,426,777.89**	**38,833,952.70**	**39,609,855.85**	**40,533,535.85**
LIABILITIES				
DUE TO BROKERS	99,522.05	99,522.05	100,868.29	100,868.29
TOTAL LIABILITIES	**99,522.05**	**99,522.05**	**100,868.29**	**100,868.29**
TOTAL NET ASSET VALUE	**38,327,255.84**	**38,734,430.65**	**39,508,987.56**	**40,432,667.56**

Statement Period 07/01/2019 through 06/30/2020
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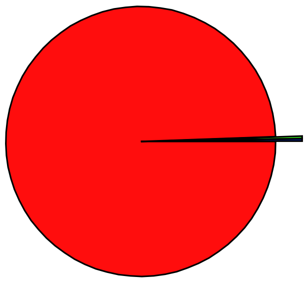
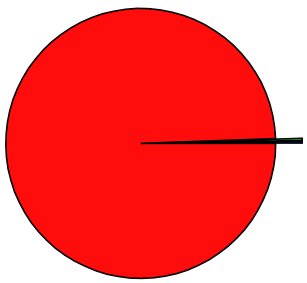
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Beginning Market Allocation



0. 3%	CASH & RECEIVABLES	99, 522. 05
0. 3- %	LIABILITIES	99, 522. 05-
100. 0%	MUTUAL FUNDS	38, 734, 430. 65
100. 0%	Total	38, 734, 430. 65

Ending Market Allocation



0. 2%	CASH & RECEIVABLES	100, 868. 29
0. 2- %	LIABILITIES	100, 868. 29-
100. 0%	MUTUAL FUNDS	40, 432, 667. 56
100. 0%	Total	40, 432, 667. 56

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Schedule Of Prior Period Trades Settled

DATE	DESCRIPTION	DUE FROM BROKERS	DUE TO BROKERS
07/01/2019	PURCHASED 766.87 SHS BLACKROCK TOTAL RETURN - K ON 06/28/2019 AT 11.80 FOR REINVESTMENT		9,049.07
07/01/2019	PURCHASED 301.853 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 06/28/2019 AT 25.94 FOR REINVESTMENT		7,830.06
07/01/2019	PURCHASED 369.258 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/28/2019 AT 18.73 FOR REINVESTMENT		6,916.20
07/01/2019	PURCHASED 465.348 SHS HARTFORD WORLD BOND - Y ON 06/27/2019 AT 10.82 FOR REINVESTMENT		5,035.07
07/01/2019	PURCHASED 912.126 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 06/28/2019 AT 10.43 FOR REINVESTMENT		9,513.47
07/01/2019	PURCHASED 803.649 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 06/28/2019 AT 10.44 FOR REINVESTMENT		8,390.10
07/01/2019	PURCHASED 585.705 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 06/28/2019 AT 14.76 FOR REINVESTMENT		8,645.01
07/01/2019	PURCHASED 802.436 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/28/2019 AT 11.90 FOR REINVESTMENT		9,548.99
07/02/2019	PURCHASED 392.319 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT		6,520.35

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	COMMUNITY COLLEGE DISTRICT

Schedule Of Prior Period Trades Settled

DATE	DESCRIPTION	DUE FROM BROKERS	DUE TO BROKERS
07/02/2019	PURCHASED 563.051 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT		9,357.91
07/02/2019	PURCHASED 1,126.102 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT		18,715.82
	TOTAL PRIOR PERIOD TRADES SETTLED		**99,522.05**
	NET RECEIVABLE/PAYABLE		**99,522.05-**

Statement Period	07/01/2019 through 06/30/2020
Account Number	115150007400
	BENEFIT TRUST COMPANY
	AS TRUSTEE FOR COAST
	COMMUNITY COLLEGE DISTRICT

Schedule Of Pending Trades End Of Period

DATE	DESCRIPTION	DUE FROM BROKERS	DUE TO BROKERS
07/01/2020	PURCHASED 488.88 SHS BLACKROCK TOTAL RETURN - K ON 06/30/2020 AT 12.39 FOR REINVESTMENT		6,057.22
07/01/2020	PURCHASED 552.506 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/30/2020 AT 20.11 FOR REINVESTMENT		11,110.90
07/01/2020	PURCHASED 944.363 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 06/30/2020 AT 6.86 FOR REINVESTMENT		6,478.33
07/01/2020	PURCHASED 851.948 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 06/30/2020 AT 14.72 FOR REINVESTMENT		12,540.68
07/01/2020	PURCHASED 775.926 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/30/2020 AT 12.28 FOR REINVESTMENT		9,528.37
07/02/2020	PURCHASED 814.557 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/30/2020 AT 14.59 FOR REINVESTMENT		11,884.39
07/02/2020	PURCHASED 2,965.62 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/30/2020 AT 14.59 FOR REINVESTMENT		43,268.40
	TOTAL PENDING TRADES END OF PERIOD		**100,868.29**
	NET RECEIVABLE/PAYABLE		**100,868.29-**

RBOA Meeting Agendas & Minutes

<u>Retirement Board of Authority Meeting Minutes</u>

- **Most Recent Board Agenda**
- **Most Recent Meeting Minutes**
- **Prior Board Agendas**
- **Prior Meeting Minutes**

Retirement Board of Authority

MEETING AGENDA
COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
March 26, 2019 – 1:00 P.M.
BOARD OFFICE CONFERENCE ROOM – COSTA MESA, CA

A. General Items of Business

1. Call to Order [ACTION]

Andrew Dunn calls the Retirement Board of Authority (RBOA) meeting to order and notes the time the meeting started.

2. Roll Call (*Present, Not Present, or Present Via Telephone*)

		Attendance
Coast Community College District		
Retirement Board of Authority (the "Board")		
Board of Trustee	Mary Hornbuckle	
Board of Trustee	Jim Moreno	
Vice Chancellor, Finance & Administrative Services	Andy Dunn	
Administrative Director, Fiscal Services	Daniela Thompson	
Director, Internal Audit	Rachel Snell	
Coast Federation of Educators Representative	Maryann Watson	
Coast Federation of Classified Employees Representative	Connie Marten	
Burke, Williams, & Sorensen LLP		
Coast CCD Legal Counsel	Jack P. Lipton	
RPM Consultant Group		
Coast CCD OPEB GASB Compliance Consultant	Chuck Thompson, CEO	
Keenan Financial Services		
Futuris Program Coordinator & Plan Administrator		
Gain Beal, Senior Vice President		
Roslyn Washington, Assistant Vice President		

Americans with Disabilities Act The Coast Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the Coast Community College District Retirement Board of Authority meeting, shall be made to: Andy Dunn Vice Chancellor, Finance & Administrative Services, Coast Community College District, 1370 Adams Ave, Costa Mesa, CA 92626.

Futuris Program Consultants
Scott Rankin, Discretionary Trustee, Benefit Trust Company (BTC)
Cary Allison, Registered Investment Advisor, Morgan Stanley

Community College League of California (CCLC)
Lisa Mealoy, Director of Fiscal Services
Tim Filla, Senior Account Manager, Meketa Investment Group
Pam, Uyehara, Senior Account Manager, US Bank

3. Opportunity for Public Comment
Members of the public have the opportunity to address the Retirement Board of Authority (RBOA) on any item within the subject matter jurisdiction of the Board. The Chair reserves the right to limit the time of presentations by topic or individual. A Public Comment Card needs to be completed-filed with the Secretary of the Board prior to speaking.

4. Approval of Minutes [Meeting August 07, 2018] [Action] *Attachment (1)*
Review and approval of Retirement Board of Authority (RBOA) Minutes from the previous meeting on **August 7, 2018** with the Community College League of California (CCLC) & Futuris Program Vendors. Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under the Retirement Board of Authority.

5. Approval of Agenda – RBOA Meeting on March 26, 2019 [Action] *Attachment (2)*
The RBOA retains the right to change the order in which agenda items are discussed. Subject to review by the RBOA, the agenda is to be accepted and approved as presented. Items may be deleted or added for discussion only according to California Government Code section 54954.2 provisions.

6. Distribution of the Approval of RBOA By-Laws Updates (Information) *Attachment* (3)
The recommended modifications to the RBOA By-Laws discussed and recommended as a modification to the District's RBOA By-Laws were reviewed and approved at the last Coast CCD RBOA meeting. A final copy of the Coast CCD By-Laws approved by the District's Corporate Attorney Jack P. Lipton, PH. D Esq. Burke, Williams & Sorensen, L.L.P legal counsel is attached for your review and use as a RBOA member.

B. Community College League of California (CCLC) Retiree Health Benefit Plan (RHBP)
7. Review and Accept Actual Performance Report [Action] *Attachment (4)*
The Retirement Board of Authority will review and accept the monthly, quarterly, annual, 5, years and 10 years by calendar and fiscal year reports prepared by the **Meketa Investment Group (MIG), U.S. Bank** and the **Community College League of California (CCLC**). on the status of the investments made through the District's Investment Trust Program. A Representative of Meketa Investment Group will be available to answer the Retirement Board of Authority members questions regarding the Program's report production results.

8. Review and Ratify Disbursement (Expenses) Report [Action] *Attachment (5)*
The Retirement Board of Authority members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Irrevocable Directed Trust

9. The CCLC RHBP JPA New Delegated Discretion Investment Plan Option [Action] *Attachment (6)*

The RBOA members will be presented with a brief overview, including fees for standard benefits which will be outlined in a proposal to include optional benefits which will also be outlined so the RBOA members can determine what they need to enroll in now or in the future concerning the CCLC's proposed new Delegated Discretion Investment Plan Options that the District can select to replace the existing CCLC Directed Investment Plan Option. Detailed information as to the District's CCLC RHBP JPA Delegated Discretion Investment Plan Option and protocols will be presented at the March 26, 2019 RBOA meeting.

C. Keenan Financial Services (KFS)

10. Review and Accept Actual Performance Report [Action] *Attachment (7)*

The Retirement Board of Authority will review and accept the monthly, quarterly, annual, 5, years and 10 years by calendar and fiscal year reports prepared by Benefit Trust Company, Morgan Stanley and Keenan Financial Services on the status of the investments made through the District's Investment Trust Program. A Representative of **Morgan Stanley** will be available to answer the Retirement Board of Authority members' questions regarding the Program's report production results.

11. Review and Ratify Disbursement (Expenses) Report [Action] *Attachment (8)*

The Retirement Board of Authority members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Trust.

12. Difference in Total Assets Research and Findings. (Information) *Attachment (s) (9)*

At the last RBOA meeting a comprehensive analysis of the difference in the total assets of approximately $1.8 million dollars in the two vendors, the CCLC and KFS, total invested accounts were vetted and found to have a more than adequate explanations for the difference in investment results. Documentation for the findings is being filed in the District's meeting files and in the Substantive Plan three ring binder.

13. Closing Comments [Information]

RBOA members, Program Coordinator, and Consultants may report about various matters involving the RBOA. There will be no RBOA discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

D. Closing Items of Business

14. Date and Time of Next Meeting [Information]

a. TBD

15. Adjournment

MINUTES

(CCLC)
COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD MEETING
March 26, 2019 1:00 PM

A. General Items of Business

1. **CALL TO ORDER**
   a) The meeting was called to order at 1:04 AM by Dr. Andy Dunn.

2. **ROLL CALL**
   a) **All Retirement Board members were present, except Daniela Thompson, Rachel Snell and Maryann Watson Ann who were excused by Dr. Andy Dunn:**
   Mary Hornbuckle, Board of Trustee,
   Jim Moreno, Board of Trustee,
   Dr. Andy Dunn, Vice Chancellor, Finance and Administrative Services,
   Connie Marten, Coast Federation of Classified Employees Representative (CFCE)

   b) **Others in attendance:**
   Dr. Jack P. Lipton, Esq., Coast CCD Legal Counsel,
   Chuck Thompson, CEO, Coast CCD OPEB GASB Compliance Consultant,
   Roslyn Washington, Assistant Vice President, Keenan Financial Services,
   Judy Boyette, Partner, Hanson Bridgett, LLP (via teleconference),
   Scott Rankin, Discretionary Trustee, Benefit Trust Company (BTC),
   Cary Allison, Registered Investment Advisor, Morgan Stanley,
   Lisa Mealoy, Director of Fiscal Services, Community College League of California,
   Tim Filla, Senior Account Manager, Meketa Investment Group,
   Larry Witt, Meketa Investment Group,
   Pam Ueyhara, Senior Account Manager, US Bank
   Rosalie Triggs, Recorder

3. **OPPORTUNITY FOR PUBLIC COMMENTS**
   a) There were no public comments.
   b) This item is information only.

4. **APPROVAL OF MINUTES**
   a) Trustee Mary Hornbuckle moved to approve the **August 7, 2018** minutes as presented; motion was seconded by Trustee Jim Moreno and was unanimously approved by all Retirement Board members present.

5. **Update of RBOA Bylaws**
   a) The final draft of the RBOA Bylaws were presented by Roslyn Washington, Keenan.
   b) This item is information only.

B. Community College League of California (CCLC) Retiree Health Benefit Plan (RHBP)

6. Review and Accept Actual Performance Report

a) Trustee Mary Hornbuckle moved to approve the CCLC Performance Report as presented; motion was second by Trustee Jim Moreno and unanimously approved by all Retirement Board members present

7. Review and Ratify the Disbursement Fees

a) Trustee Jim Moreno moved to ratify the fees presented by CCLC; motion was second by Trustee Hornbuckle.

8. The CCLC RHBP JPA New Delegated Investment Plan Option

a) Lisa Mealoy & Tim Filla explained to the Retirement Board that the new delegated investment plan option would simply be an expansion of the existing program.
b) Scott Rankin, Benefit Trust advised that the fee calculations used for Futuris to compare to the CCLC plan was incorrect.
c) Dr. Dunn stated that no decisions will be made on a discretionary plan at this time.
d) Lisa Mealoy advised if there were any questions the League would be available to answer them. Tim Fila also reminded the Retirement Board that Keenan provides additional services that the League is not contracted to do.
e) Trustee Jim Moreno moved to refer this topic to the Chancellor for review; motion was seconded by Trustee Mary Hornbuckle and approved by the majority of the board members present.

C. Keenan Financial Services (KFS)

9. <u>Review and Accept Actual Performance Report</u>

a) Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's portfolio account as of February 28, 2019.
b) The Portfolio Value as of **February 28, 2019 was $37,130,253.44.**

Time weighted return net of fees

Month to Date	Quarter to Date	Year to Date	Last 12 Months	Annualized Inception to Date
1.16	6.25	6.25	0.67	3.46

c) December 2018 was the worst December since the Great Depression.
d) January 2019 was the best January in the last 30 years.
e) Focus on the earnings: 2014-2016 earnings were flat; 2017earnings were up in 20%; 2018 earnings were up 22% primarily due to the tax cut; 2019 earnings forecast is 1% increase above last year.
f) Interest rates improve earnings. The beginning of the year was at 13.5% x earnings. We are currently around 16.5% x earnings. There is a 67% chance that the Feds will cut rates this year.

g) We have a new Federal Chair, and they were supposedly going to raise Short Term Interest Rates 2-4 times in 2019. We think Federal Reserve is finished raising short term rates. We are hoping this change, but at least once this year at most.
h) We have made no changes to the portfolio mix.
i) Economy is quite good now. Can't recall when the economy has been so good, but the rhetoric is the opposite.
j) We don't see a recession anywhere in the horizon.
k) Long term rates are about 2.6% and we don't see a lot of movement for either anytime now. They may go down slightly.
l) Following a turbulent December 2018, global equities rallied to end the first week of 2019, there were several items of positive news that helped stabilize markets.
m) There were several catalysts to explain January's rally.
n) December US jobs report number came in above even the most bullish forecast.
o) The jump in payrolls came alongside an uptick in labor force participation, while wages also accelerated at their fastest pace since the Financial Crisis.
p) The solid job report appeared to buoy sentiment, which was particularly welcomed following a weak ISM (Institute for Supply Management) report that had markets questioning the health of the US economy.
q) Markets also applauded comments from Federal Reserve Chairman Jerome Powell, as the Fed Chair appeared to walk back some of his hawkish remarks last month that had spooked markets in the final weeks of 2018.
r) Chairman Powell said that the central bank would be "patient" in considering future rate hikes, easing market participants' concerns that the Fed was resolute in maintaining its course of tightening financial conditions.
s) The market environment in 2018 was one of the most challenging years for equity investors since the Financial Crisis in 2008. Almost every region and most stocks delivered negative returns.
t) Bonds and alternative investments also fared poorly. This means asset allocation failed to balance out the losses with some gains.
u) While many of the concerns around growth and financial conditions that affected markets in 2018 remain, the risks now appear to be much better reflected in prices.
v) We think the China issue is a 20-year matter.
w) Today you are up 43BPS from end of the month February. The economy is slowing down, and the long-term rates are likely to stay where they are currently.
x) We didn't make any money bonds, but money wasn't lost.
y) Trustee Mary Hornbuckle moved to accept the Portfolio Performance Report as presented; motion was seconded by Trustee Jim Moreno and unanimously approved by all Retirement Board members present.

10. **<u>Review and Ratify Disbursement (Expenses) Reports</u>**

a) Disbursement (Expenses) Report for fiscal year 2018/2019 first quarter were presented by Roslyn Washington.
b) Trustee Mary Hornbuckle moved to ratify Disbursement (Expenses) Report as presented; motion seconded by Trustee Jim Moreno and unanimously approved by all Retirement Board members present.

11. **Difference in Total Assets Research and Findings**

a) OPEB GASB 74 & 75 Compliance $1.8 to $2.0 Million Dollar Vendor Difference in Asset Values findings were presented to the Retirement Board at the last meeting.
b) It was confirmed that there was a residual amount of approximately $1.8million in the account after it was split and half was invested with Keenan Futuris plan.
c) This item is information only.

D. Closing Items of Business

12. **Closing Comments**

a) Dr. Dunn informed the team that Rosalie Triggss will work on agenda development and distributing the packets going forward.
b) This item is information only.

13. **Date and Time of Next Meeting**

a) August 29, 2019 (1:00-3:00PM)
b) This item is information only only.

14. **Adjournment**

a) Andy Dunn adjourned the meeting on March 26, 2019 at 2:42 PM.

Retirement Board of Authority

MEETING AGENDA
COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
August 07, 2018 --- 9:00 AM
BOARD OFFICE CONFERENCE ROOM – COSTA MESA, CA

General Items of Business

1. Call to Order [ACTION]
Andrew Dunn calls the Retirement Board of Authority (RBOA) meeting to order and notes the time the meeting started.

2. Roll Call (*Present, Not Present, or Present Via Telephone*)

		Attendance
Coast Community College District		
Retirement Board of Authority (the "Board")		
Board of Trustee	Mary Hornbuckle	
Board of Trustee	Jim Moreno	
Vice Chancellor, Finance & Administrative Services	Andy Dunn	
Administrative Director, Fiscal Services	Daniela Thompson	
Director, Internal Audit	Rachel Snell	
Coast Federation of Educators Representative	Maryann Watson	
Coast Federation of Classified Employees Representative	Connie Marten	
RPM Consultant Group		
Coast CCD OPEB GASB Compliance Consultant	Chuck Thompson, CEO	

Keenan Financial Services
Futuris Program Coordinator & Plan Administrator
Gain Beal, Senior Vice President
Roslyn Washington, Senior Account Manager

Futuris Program Consultants
Scott Rankin, Discretionary Trustee, Benefit Trust Company (BTC)
Cary Allison, Registered Investment Advisor, Morgan Stanley

Community College League of California (CCLC)
Lisa Mealoy, Director of Fiscal Services
Tim Filla, Senior Account Manager, Meketa Investment Group
Pam, Uyehara, Senior Account Manager, US Bank

3. Opportunity for Public Comment

Members of the public have the opportunity to address the Retirement Board of Authority (RBOA) on any item within the subject matter jurisdiction of the Board. The Chair reserves the right to limit the time of presentations by topic or individual. A Public Comment Card needs to be completed-filed with the Secretary of the Board prior to speaking.

4. Approval of Minutes [Meeting May 1, 2018] [Action] *Attachments (2)*

Review and approval of Retirement Board of Authority (RBOA) Minutes from the previous meeting on May 01, 2018 with the Community College League of California (CCLC) & Futuris Program Vendors. Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under the Retirement Board of Authority

5. Approval of Agenda – RBOA Meeting on August 07, 2018 [Action]

The RBOA retains the right to change the order in which agenda items are discussed. Subject to review by the RBOA, the agenda is to be accepted and approved as presented. Items may be deleted or added for discussion only according to California Government Code section 54954.2 provisions.

6. Last RBOA Review and Approval of RBOA By-Laws Updates [Action] *Attachment*

Roslyn Washington of Keenan Financial Services has provided sample By-Laws that have been modified/updated by the KFS In-house Corporate Attorney for the District's consideration of incorporating in the District's RBOA By-Laws.

7. Final Review and Approval of the Sample Annual Vendor Performance Report Card [Action]

Attachment

The District has contracted with the Community College League of California (CCLC) and Keenan Financial Services (KFS) who will assist the District in meeting their OPEB GASB guidelines. In addition, the CCLC and KFS will continue to mitigate the District's and employee's exposures to fiduciary liability as well as conflict of interest. On an annual basis, the past year's vendor services will be reviewed via the "Vendor Performance Report Card" (Report Card). The RBOA members will provide input regarding any modifications and/or additions to the Report Card at the August 07, 2018 RBOA Meeting. The final Report Card template has been reviewed and modified by Rachell Snell, Director Internal Audit and Chuck Thompson, RPM Consultant Group. The Report Card will be implemented initially retroactively to effective July 01, 2018 to December 31, 2018 on a test basis. At the end of the 2018 District's 4th quarter the Report Card will be discussed and plans for vendor performance during 2019 will be further discussed and made. Effective January 01, 2019 to December 31, 2019 the annual Report Card process will be implemented.

8. Completion of Annual Reporting Procedure [Information]

The Retirement Board of Authority discussed the posting of the Keenan Financial Services 2017 annual reporting for Irrevocable Trust associated with OPEB GASB Compliance guidelines. The posting of the annual financial reports will meet the requirements of California Government Code 53216.4. Chuck Thompson RPM Consultant Group the District's GASB compliance consultant has verified that the District's RBOA annual performance memo has been posted to the District's website. Future annual reports to be posted on the District's website will include the CCLC and KFS reports taken from information provided by the two District Vendors. At the beginning of the 1st quarter, during the first quarterly RBOA meeting of 2019, discussions will begin pertaining to the development of the combined annual reporting of the two Vendors performance data.

<u>B. Keenan Financial Services (KFS)</u>

9. Review and Accept Actual Performance Report [Action] *Attachment*

The Retirement Board of Authority will review and accept the monthly, quarterly, annual, 5, years and 10 years by calendar and fiscal year reports prepared by Benefit Trust Company, Morgan Stanley and Keenan Financial Services on the status of the investments made through the District's Investment Trust Program. A Representative of **Morgan Stanley** will be available to answer the Retirement Board of Authority members' questions regarding the report.

10. Review and Ratify Disbursement (Expenses) Report [Action] *Attachment*

The Retirement Board of Authority members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Irrevocable Directed Trust.

C. Community College League of California (CCLC) Retiree Health Benefit Plan (RHBP)

11. Review and Accept Actual Performance Report [Action] *Attachment*

The Retirement Board of Authority will review and accept the monthly, quarterly, annual, 5, years and 10 years by calendar and fiscal year reports prepared by the Meketa Investment Group (MIG), U.S. Bank and the Community College League of California (CCLC) on the status of the investments made through the District's Investment Trust Program. A Representative of CCLC will be available to answer the Retirement Board of Authority members questions regarding the Program's report production results.

12. Review and Ratify Disbursement (Expenses) Report [Action] *Attachment*

The Retirement Board of Authority members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Trust.

13. The CCLC RHBP JPA New Discretionary Investment Plan Option [Information]

Attachment

The RBOA members will be presented with a brief overview, including fees for standard benefits which will be outlined In a future proposal to include optional benefits which will also be outlined so the RBOA members can determine what they need to enroll in now or in the future concerning the CCLC's proposed new Discretionary Investment Plan Options that the District can possibly select to replace the existing CCLC Non-Discretionary plan Detailed information as to the District's CCLC RHBP JPA Discretionary Investment Plan processes and protocols will be presented at a future or at a separate RBOA meeting.

14. Closing Comments [Information]

RBOA members, Program Coordinator, and Consultants may report about various matters involving the RBOA. There will be no RBOA discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

Closing Items of Business

15. Date and Time of Next Meeting [Information]

a. Thursday, November 8, 2018 @ 9AM

16. Adjournment

It is the intention of the Coast Community College District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Coast Community College District will attempt to accommodate you in every reasonable manner. Please contact the Secretary of the Board/District Director of the Office of the Board of Trustees at (714) 438-4848 as soon as possible to inform us of your particular needs so that appropriate accommodations may be made.

Coast Colleges
COASTLINE GWC ORANGE COAST COLLEGE
Inspiration. Innovation. Graduation.

Retirement Board of Authority

MEETING AGENDA
COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
August 07, 2018 --- 9:00 AM
BOARD OFFICE CONFERENCE ROOM – COSTA MESA, CA

General Items of Business

1. Call to Order [ACTION]
Andrew Dunn calls the Retirement Board of Authority (RBOA) meeting to order and notes the time the meeting started.

2. Roll Call (*Present, Not Present, or Present Via Telephone*)

		Attendance
Coast Community College District		
Retirement Board of Authority (the "Board")		
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RPM Consultant Group
Coast CCD OPEB GASB Compliance Consultant — Chuck Thompson, CEO

Keenan Financial Services
Futuris Program Coordinator & Plan Administrator
Gain Beal, Senior Vice President
Roslyn Washington, Senior Account Manager

Futuris Program Consultants
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4. Approval of Minutes [Meeting May 1, 2018] [Action] *Attachments (2)*
Review and approval of Retirement Board of Authority (RBOA) Minutes from the previous meeting on May 01, 2018 with the Community College League of California (CCLC) & Futuris Program Vendors. Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under the Retirement Board of Authority

5. Approval of Agenda – RBOA Meeting on August 07, 2018 [Action]
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6. Last RBOA Review and Approval of RBOA By-Laws Updates [Action] *Attachment*
Roslyn Washington of Keenan Financial Services has provided sample By-Laws that have been modified/updated by the KFS In-house Corporate Attorney for the District's consideration of incorporating in the District's RBOA By-Laws.

7. Final Review and Approval of the Sample Annual Vendor Performance Report Card [Action]
Attachment
The District has contracted with the Community College League of California (CCLC) and Keenan Financial Services (KFS) who will assist the District in meeting their OPEB GASB guidelines. In addition, the CCLC and KFS will continue to mitigate the District's and employee's exposures to fiduciary liability as well as conflict of interest. On an annual basis, the past year's vendor services will be reviewed via the "Vendor Performance Report Card" (Report Card). The RBOA members will provide input regarding any modifications and/or additions to the Report Card at the August 07, 2018 RBOA Meeting. The final Report Card template has been reviewed and modified by Rachell Snell, Director Internal Audit and Chuck Thompson, RPM Consultant Group. The Report Card will be implemented initially retroactively to effective July 01, 2018 to December 31, 2018 on a test basis. At the end of the 2018 District's 4th quarter the Report Card will be discussed and plans for vendor performance during 2019 will be further discussed and made. Effective January 01, 2019 to December 31, 2019 the annual Report Card process will be implemented.

8. Completion of Annual Reporting Procedure [Information]
The Retirement Board of Authority discussed the posting of the Keenan Financial Services 2017 annual reporting for Irrevocable Trust associated with OPEB GASB Compliance guidelines. The posting of the annual financial reports will meet the requirements of California Government Code 53216.4. Chuck Thompson RPM Consultant Group the District's GASB compliance consultant has verified that the District's RBOA annual performance memo has been posted to the District's website. Future annual reports to be posted on the District's website will include the CCLC and KFS reports taken from information provided by the two District Vendors. At the beginning of the 1st quarter, during the first quarterly RBOA meeting of 2019, discussions will begin pertaining to the development of the combined annual reporting of the two Vendors performance data.

B. Keenan Financial Services (KFS)
9. Review and Accept Actual Performance Report [Action] *Attachment*
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C. Community College League of California (CCLC) Retiree Health Benefit Plan (RHBP)

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13. The CCLC RHBP JPA New Discretionary Investment Plan Option [Information]
Attachment

The RBOA members will be presented with a brief overview, including fees for standard benefits which will be outlined In a future proposal to include optional benefits which will also be outlined so the RBOA members can determine what they need to enroll in now or in the future concerning the CCLC's proposed new Discretionary Investment Plan Options that the District can possibly select to replace the existing CCLC Non-Discretionary plan Detailed information as to the District's CCLC RHBP JPA Discretionary Investment Plan processes and protocols will be presented at a future or at a separate RBOA meeting.

14. Closing Comments [Information]
RBOA members, Program Coordinator, and Consultants may report about various matters involving the RBOA. There will be no RBOA discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

Closing Items of Business

15. Date and Time of Next Meeting [Information]
a. Thursday, November 8, 2018 @ 9AM

16. Adjournment

It is the intention of the Coast Community College District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Coast Community College District will attempt to accommodate you in every reasonable manner. Please contact the Secretary of the Board/District Director of the Office of the Board of Trustees at (714) 438-4848 as soon as possible to inform us of your particular needs so that appropriate accommodations may be made.

MINUTES

(CCLC)
COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD MEETING
August 7, 2018 9:00 AM

I. CALL TO ORDER

1. The meeting was called to order at 9:04 AM by Andy Dunn.

II. ROLL CALL

1. **All Retirement Board members were present, except Mary Hornbuckle and Connie Marten:**
   Jim Moreno, Board of Trustee,
   Andy Dunn, Vice Chancellor, Finance and Administrative Services,
   Daniela Thompson, Administrative Director, Fiscal Affairs,
   Rachel Snell, Director, Internal Audit,
   Maryann Watson Ann, Coast Federation of Educators Representative.

2. **Others in attendance:**
   Chuck Thompson, CEO, RPM Consultant Group (RPM),
   Gail Beal, Senior Vice President, Keenan Financial Services,
   Roslyn Washington, Senior Account Manager, Keenan Financial Services,
   Scott Rankin, Discretionary Trustee, Benefit Trust Company (BTC),
   Cary Allison, Registered Investment Advisor, Morgan Stanley,
   Tim Filla, Senior Account Manager, Meketa Investment Group,
   Lisa Mealoy, Director of District Services, Community College League of California

III. OPPORTUNITY FOR PUBLIC COMMENTS

1. There were no public comments.

IV. APPROVAL OF MINUTES

1. Daniela Thompson motioned to approve the Minutes as presented; Motion was seconded by Rachel Snell and was unanimously approved by all of the Retirement Board members present.

V. APPROVAL OF AGENDA

1. Jim Moreno motioned to approve the Agenda as presented; Motion was seconded by Rachel Snell and was unanimously approved by all of the Retirement Board members present.

VI. Last RBOA Reviewed and Approval of RBOA By-Laws Updates

1. Rachel Snell motioned to approve the RBOA By-Laws Updates as presented; Motion was seconded by Daniela Thompson and was unanimously approved by all of the Retirement Board members present.

VII. Final Review and Approval of the Sample Annual Vendor Performance Report

1. Rachel Snell gave a background on the Report Card. Chuck Thompson sent an email out to all Board Members asking for feedback. The rating items were updated to be clearer. The number of items was also condensed. We also did minor formatting charges to make it easier for people to follow as we are going through the review process.
2. We are seeking approval
3. Lisa Mealoy suggests removing the categories because they may be confusing
4. Jim Moreno motioned to approve the Performance Report with the thought that there may be changes in the future; Motion was seconded by Daniela Thompson and was unanimously approved by all of the Retirement Board members present.

VIII. Completion of Annual Reporting Procedure

1. Chuck Thompson will work with Kahn to complete the CCD annual notice and post.
2. This item is information only.

IX. Review and Accept Actual Performance Report (Keenan)

1. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's portfolio account as of June 30, 2018.
2. The Portfolio Value as of **June 30, 2018 was $37,001,473.65.**

Time weighted return net of fees

Month to Date	Quarter to Date	Year to Date	Last 12 Months	Annualized Inception to Date
-0.15	0.71	0.13	5.60	5.60

3. The Portfolio Value as of **August 6, 2018 was $37,508,560.**
4. Cary said you will see more columns as your time grows, i.e. 3yr and 5yr.
5. Bonds had a tough ½ year because interest rates are up.
6. Cary Allison gave an overview of the Markets since the last RBOA meeting.
7. With the 10-year US Treasury yield rising more rapidly and piercing 3% for the first time since 2011, stocks have started to struggle in a way investors haven't had to face in a long time.
8. Even strong earnings results haven't been able to boost most stocks into positive territory.
9. Rising interest rates have reached a point at which they have become a constraint on valuations.
10. While our more sanguine outlook for US equities was far out of consensus back in January, our views on the peaking rate of change in earnings growth and profit margins combined with tightening financial conditions, are becoming more prevalent within the investment community. That's a good thing because it means the market has already priced in many of these potential risks. January was good for bonds but bad for stocks.
11. With earnings reports strong and many of the risks mentioned above now being acknowledged rather than ignored, we thing global equities are looking much more attractive than they were in end of January.

12. We have been energy bulls since August. That worked well initially. Then, energy stumbled, made another run in January, and then washed out in February and March. We think this was the final capitulation for energy just as technology stocks were making all-time highs.
13. Technology stocks outperformed the broad market by an annualized 6.7% between 2014 and 2017.
14. Jim Moreno Motioned to ratify the Portfolio Performance Report as presented; Motion was seconded by Rachel Snell and was unanimously approved by all of the Retirement Board members present.

X. <u>Review and Ratify Disbursement (Expenses) Report (Keenan)</u>

1. The Disbursement Report for the period July 17, 2017-June 11, 2018 was presented.
2. Chuck advised the Board that we have to allow each vendor to provide their expense report separately. There is no way to combine information on comparison report.
3. Rachel Snell Motioned to approve the Portfolio Performance Report as presented; Motion was seconded by Daniela Thompson and was unanimously approved by all of the Retirement Board members present.

XI. <u>Review and Accept Actual Performance Report (CCLC)</u>

1. . Tim Filla from Meketa Investment Group discussed this item:

Last Quarter 4/1/18 -6/30/18	Fiscal YTD 7/1/17-6/30/18	Calendar YTD 1/1/18-6/30/18	Last 12 Months	Annualized Inception to Date
1.40%	7.00%	0.37%	7.00%	5.70%

Market Overview

1. Global equity markets experienced more dispersion than we have seen in quite some time while Fixed Income was in aggregate flat and Real Assets like Natural Resources and Real Estate enjoyed strong quarters.
2. The pick-up in volatility that was seen in the first quarter persisted throughout the second quarter.
3. U.S. equity markets were positive thanks to solid economic data and company earnings and despite further escalation of trade wars with major U.S. trading partners. Developed international equity markets started out positive but gave all and a little more of those gains back by the end of the quarter.
4. Emerging markets sold off significantly as the effects of the increased interest rates and less dollar liquidity shook their way through those dollar-dependent economies.
5. Natural Resources led by oil continued to benefit from tensions between the U.S. and Iran as the U.S. continued to demand major importers of Iranian oil to end all imports causing a supply shortage for all net importers.

Coast Community College District

1. Coast Community College District's aggregate assets ended the quarter valued at \$39.1 million on June 30, 2018, up from \$38.6 million at the end of the previous quarter. There were no cash flows during the quarter.
2. All asset classes were very close to policy targets.
3. Coast Community College District's portfolio increased by 1.4% for the quarter, but

underperformed the policy benchmark by 10 basis points.

Second Quarter Performance (continued)

4. Fiscal year to date (trailing 12 months) the portfolio has returned 7.0% compared to the policy benchmark's return of 6.8%.
5. The portfolio's gains during the quarter and fiscal year were largely driven by Domestic Equity.
6. The portfolio's underperformance compared to the policy benchmark was the result of poor relative performance for Diamond Hill Small Cap as well as the value style tilt for Causeway International Value Equity relative to the neutral benchmark.
7. Diamond Hill Small Cap represented 5.8% of the portfolio and underperformed the Russell 2000 Value benchmark by 6.7% in the second quarter due to a 16% allocation to cash as well as security selection in the information technology, industrials, and financials sectors, which were the largest three performance detracting sectors in the portfolio. Over the trailing 12-month period, they have returned 9.7% against the benchmarks 13.1%, an underperformance of 3.4%.
8. Artisan Small Cap Growth was the second highest returning manager in the second quarter returning 7.6% with notable contributions from stock selection in the technology and consumer discretionary sectors. Over the trailing 12 months, Artisan has been the best performing manager in the portfolio at 27.0% and has outperformed the Russell 2000 Growth benchmark by 5.1%.

XII. <u>Review and Ratify Disbursement (Expenses) Report (CCLC)</u>

1. Lisa Mealoy from the CCLC presented the Expenses Report:

JPA	Meketa	U.S. Bank	Total
$4,870.42	$7,788.65	$2,948.99	$15,608.06

XIII. <u>The CCLC RHBP JPA New Discretionary Investment Plan Options</u>

1. Lisa Mealoy from the CCLC discussed that the Discretionary Plan has been approved by the JPA Board and the documents have been submitted to Coast's Program Consultant Chuck Thompson for review.

XIV. <u>Closing Comments</u>

1. Chuck went on record to thank Amy for the Bylaws template. Also, he will work with the vendors to make the reports more seamless.

XV. <u>DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING</u>

1. Thursday, **November 8, 2018 at 9:00AM**.
2. This is information only.

XVI. <u>ADJOURNMENT</u>

1. Andy Dunn adjourned the meeting on **August 7, 2018** at **10:30 AM**

MEETING AGENDA
COMBINED
COAST COMMUNITY COLLEGE DISTRICT
KEENAN FINANCIAL SERVICES
COMMUNITY COLLEGE LEAGUE OF CALIFORNIA
RETIREMENT BOARD OF AUTHORITY (RETIREMENT BOARD) MEETING
MAY 01, 2018 --- 1:00 PM
BOARD OFFICE CONFERENCE ROOM – COSTA MESA, CA

A. General Items of Business

1. Call to Order {ACTION}
Andrew Dunn calls the Retirement Board of Authority (RBOA) meeting to order and notes the time the meeting started.

1. Coast Community College District Roll Call {ACTION}
Retirement Board of Authority (The "Board" or "RBOA")
(Indicate Present, Not Present or On Phone)

Names and Titles	Attendance
Mary Hornbuckle, Board of Trustee	
Jim Moreno, Board of Trustee	
Andy Dunn, Vice Chancellor, Finance & Administrative Services	
Rachell Snell, Director Internal Audit	
Daniela Thompson Administrative Director, Fiscal Services	
Maryann Watson, Coast Federation of Educators Representative	
Connie Marten, Coast Federation of Employees Representative	

RPM Consultant Group
GASB Compliance Consultant

Name and Title	**Attendance**
Chuck Thompson President/CEO	

2. Opportunity for Public Comment

Members of the public have the opportunity to address the Retirement Board of Authority (RBOA) on any item within the subject matter jurisdiction of the Board. The Chair reserves the right to limit the time of presentations by topic or individual. A Public Comment Card needs to be completed-filed with the Secretary of the Board prior to speaking.

The Board requests that the public speak on matters which are on this agenda at the time that the item is considered by the Board. Please note that the Board cannot take action on any items not on the agenda, with certain exceptions as outlined in the Brown Act. Matters brought before the Board that are not on the agenda may, at the Board's discretion, be referred to staff or placed on the next agenda for Board consideration.

3. Approval of Minutes [Action] **[Attachment 1]**

Review and approval of Retirement Board of Authority (RBOA) minutes from the previous meeting on **February 9, 2018** with the Community College League of California (CCLC). Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under Retirement Board of Authority Minutes.

4. Approval of Agenda – RBOA Meeting on May 01, 2018 [Action]

The RBOA retains the right to change the order in which agenda items are discussed. Subject to review by the RBOA, the agenda is to be accepted and approved as presented. Items may be deleted or added for discussion only according to California Government Code section 54954.2 provisions.

B. Program Reports – Community College League of California and Consultants

Program Coordinator-Roll Call (Indicate Present, Not Present or On Phone)

Names and Company	**Attendance**
Lisa Mealoy Director, District Services Community College League of California	

Program Consultants-Roll Call

Names and Company	**Attendance**
Chuck Thompson, President/CEO RPM Consultant Group (RPM)	
Tim Filla Principal Meketa Investment Group	
Pamela Uyehara, Vice President-Relationship Manager US Bank (U. S. B.)	

5. Last RBOA Review and Approval of RBOA By-Laws Updates [Information] **{Attachment 2}**

a. **Section 1.1:** "The Coast Community College District ("District") has established a Retirement Trust ("Trust"), in conjunction with the California League of Community Colleges and Keenan Financial Services for the pre-funding of its Other Post-Employment Benefits ("OPEB") liabilities in order to comply with the requirements of Governmental Accounting Standards Board ("GASB") Statements Nos.74 and 75, and has created a governing board…"

b. **Section 2.3:** "The Retirement Board shall execute all documents as are necessary to adopt and maintain the irrevocable Trust which complies with federal and state law and with GASB Statements Nos.74 and 75."

c. **Section 2.8:** "To aid the District and the Retirement Board in meeting its fiduciary requirements, the Substantive Plan, as described in GASB Statements Nos. 74 and 75, will be set forth…"

d. **Section 3.2:** "Retirement Board members shall be appointed to the Retirement Board based on their titles or job classification. A Retirement Board member may send an alternate to attend meetings and vote on their behalf, as needed.

6. Review and Accept Actual Performance Report [Action] [Attachments 3]

The RBOA will review and accept the monthly, quarterly and annual fiscal and calendar year reports prepared by CCLC, Meketa Investment Group (MIG) and US Bank (US-B) on the status of the investments made through the District's JPA Trust Program. A Meketa Investment Group representative will answer Retirement Board members' questions regarding the Program's report production results.

7. Review and Ratify Disbursement (Expenses) Report [Action] [Attachments 4]

The Retirement Board of Authority members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Trust.

8. Completion of Annual Reporting Procedure [Information]

The Retirement Board of Authority will discuss the posting of the Community College League of California 2017 annual reporting for Irrevocable Trust associated with OPEB GASB Compliance guidelines. The year-end report which was reviewed at the last RBOA meeting on February 09, 2018 will be posted on the District's Website to review. The posting of the annual financial reports will meet the need of California Government Code 53216.4. **Chuck Thompson will communicate that once the District Agrees with annual combined performance memo at next meeting the posting will be made**.

9. Final Review and Approval of the Sample Annual Vendor Performance Report Card [Action] [Attachments 5]

The District has contracted with the Community College League of California (CCLC) who will assist the District in meeting their OPEB GASB guidelines. In addition, the CCLC will continue to mitigate the District's and employee's exposures to fiduciary liability as well as conflict of interest. On an annual basis, the past year's vendor services will be reviewed via the "Vendor Performance Report Card" (Report Card). **The RBOA members will provide input regarding any modifications and/or additions to the Report Card at the May 01. 2018 RBOA Meeting**. Once reviewed and approved, the **Report Card will be implemented retroactively and effective January 01, 2018 to December 31, 2018.** At the end of the District's 2018 4th quarter the report card will be completed, discussed and plans for vendor performance to be made.

11. The CCLC RHBP JPA New Discretionary Investment Process [Information]

The RBOA members will be presented with a brief overview, including fees, concerning the CCLC's new Discretionary Investment Plan that can be selected by current plan members and future plan members. Detailed information as to the District's CCLC RHBP JPA Discretionary Investment Plan processes and protocols will be presented at a future or special RBOA meeting.

12. Closing Comments [Information]

RBOA members, Program Coordinator, and Consultants may report about various matters involving the RBOA. There will be no RBOA discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

C. Program Report – Keenan Financial Services and Consultants
Program Coordinator-Roll Call
(Indicate Present, Not Present or On Phone)

Names	Attendance
Gail Beal, Senior Vice President Keenan Financial Services	
Roslyn Washington, Senior Account Manager Keenan Financial Services	
Jeffrey Mizokawa, Account Executive Keenan Financial Services	

Program Consultants

Names	Attendance
Chuck Thompson, President/CEO RPM Consultant Group (RPM)	
Scott Rankin, Senior Vice President Benefit Trust Company (BTC)	
Cary Allison, Vice President Morgan Stanley (MS)	

13. Last RBOA Review and Approval of RBOA By-Laws Updates [Information] [Attachment 6]

a. **Section 1.1:** "The Coast Community College District ("District") has established a Retirement Trust ("Trust"), in conjunction with the California League of Community Colleges and Keenan Financial Services for the pre-funding of its Other Post-Employment Benefits ("OPEB") liabilities in order to comply with the requirements of Governmental Accounting Standards Board ("GASB") Statements Nos.74 and 75, and has created a governing board…"

b. **Section 2.3:** "The Retirement Board shall execute all documents as are necessary to adopt and maintain the irrevocable Trust which complies with federal and state law and with GASB Statements Nos.74 and 75."

c. **Section 2.8:** "To aid the District and the Retirement Board in meeting its fiduciary requirements, the Substantive Plan, as described in GASB Statements Nos. 74 and 75, will be set forth…"

d. **Section 3.2:** "Retirement Board members shall be appointed to the Retirement Board based on their titles or job classification. A Retirement Board member may send an alternate to attend meetings and vote on their behalf, as needed.

14. Review and Accept Actual Performance Report [Action] [Attachment 7]

The Retirement Board of Authority will review and accept the monthly, quarterly and annual fiscal and calendar year reports prepared by Benefit Trust Company, Morgan Stanley and Keenan Financial Services on the status of the investments made through the District's Public Entity Investment Trust Program. A Benefit Trust Company representative will answer Retirement Board of Authority members' questions regarding the Program's report production results.

15. Review and Ratify Disbursement (Expenses) Report [Action] [Attachment 8]

The RBOA members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Irrevocable Directed Trust.

16. Final Review and Approval of the Sample Annual Vendor Performance Report Card [Action] [Attachments 9]

The District has contracted with the Keenan Financial Services (KFS) who will assist the District in meeting their OPEB GASB guidelines. In addition, the KFS will continue to mitigate the District's and employee's exposures to fiduciary liability as well as conflict of interest. On an annual basis, the past year's vendor services will be reviewed via the "Vendor Performance Report Card" (Report Card). **The RBOA members will provide input regarding any modifications and/or additions to the Report Card at the May 01. 2018 RBOA Meeting.** Once reviewed and approved, the **Report Card will be implemented retroactively and effective January 01, 2018 to December 31, 2018.** At the end of the 2018 District's 4th quarter the report card will be discussed and plans for vendor performance to be made.

17. Closing Comments [Information]

RBOA members, Program Coordinator, and Consultants may report about various matters involving the RBOA. There will be no RBOA discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda

D. Closing Items of Business

18. Date and Time of Next Meeting [Information]

a. Tuesday, August 7, 2018 at 9:00AM

b. Adjournment

NOTE: It is the intention of the Coast Community College District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Coast Community College District will attempt to accommodate you in every reasonable manner. Please contact the District Administrative Services Office at (714) 438-4612 as soon as possible to inform us of particular needs so that appropriate accommodations may be made.

MINUTES

(KFS)
COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
May 1, 2018
1:00 PM

I. KEENAN FINANCIAL SERVICES AND CONSULTANTS PROGRAM COORDINATOR ROLL CALL

1. Gail Beal introduced the Keenan team at 1:38 PM.

   All Coordinators/Consultants were present except Roslyn Washington:
   Gail Beal, Senior Vice President, Keenan Financial Services,
   Jeffrey Mizokawa, Account Executive, Keenan & Associates,
   Chuck Thompson, President/CEO RPM Consultant Group (RPM),
   Scott Rankin, Senior Vice President, Benefit Trust Company (BTC),
   Cary Allison, Senior Vice President, Morgan Stanley (MS).

II. LAST RBOA REVIEW AND APPROVAL OF RBOA BY-LAWS UPDATE

1. Bylaws will be brought back as a "good draft" for members to look at.
2. Very few changes were made to the Bylaws, for example the 74 and 75 from 43 and 45. All changes are redlined.
3. This item is information only.

III. REVIEW AND ACCEPT ACTUAL PERFORMANCE REPORT

1. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's portfolio account as of **March 31, 2018**.
2. The Portfolio Value as of **March 31, 2018 was $36,740,428.56.**

   Time weighted return net of fees

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
-0.25	-0.58	-0.58	-	-	-	4.86

3. There were a couple of changes made to the Portfolio. Morgan Stanley, along with BTC, came up with the changes to asset mixes and changes to the mangers which slightly tilted your Portfolio.
4. If we don't go down as much in down markets, we don't have to go up as much in up markets.
5. We don't passively mange your Portfolio, we us active managers. You will never see our funds take more risk than the index.
6. Fundamentally, we are looking at an economy with an estimated 3% growth this year. Since growth is so strong there is a concern with growing interest rates.
7. Primary buyers of bonds are not currently buying bonds. We don't know what will happen as we have never been in this situation before. Interest rates are up and the Federal Reserve is buying fewer bonds. Earnings are ultimately going to rule the day. It may take a couple of quarters to see.

8. Jim Moreno Motioned to approve the Performance Report as presented; Motion was seconded by Rachelle Snell and was unanimously approved by all of the Retirement Board members present.

IV. REVIEW AND RATIFY DISBURSEMENT (EXPENSE) REPORT

1. Gail Beal presented a Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period September 1, 2017 – April 20, 2018.
2. Andy Dunn requested to see basis points and not just dollar amounts on disbursements going forward.
3. Jim Moreno Motioned to ratify the Disbursement Report as presented; Motion was seconded by Rachel Snell and was unanimously carried by all Retirement Board members present.

V. FINAL REVIEW AND APPROVAL OF THE SAMPLE ANNUAL VENDOR PERFORMACE REPORT CARD

1. Gail Beal addressed the Board. She said the report card is very extensive and we have struggled with this; as this is your report card not our report card. We don't feel we should have any input on how you want to grade us. As far as the actual items on here we feel we can comment on that.
2. Jim Moreno asked how many total rows are there on the report card and who is qualified to check these out?
3. Andy Dunn replied he thinks Chuck should evaluate each of the team members and to provide some common basis to be graded on. Not each of the consultants provides the same things.
4. Andy Dunn asked to bring this item back to the next meeting.
5. Rachell Snell requested to change the word adequate as it leaves a negative connotation. After reading through some of these she doesn't know if they are qualified to rate each one. As a committee we are just seeing the results. She doesn't see how appropriate some of these items fare for us to evaluate.
6. Gail Beal agreed and stated that's the issue we have with the report card.
7. Chuck said as time goes on you will have to start understanding these areas so you can decide where to put your money. You are going to want to have an understanding of what you are doing. We can take things out and bring them back in at a later date.
8. Rachell Snell said she's more than happy to gain an understanding so she can do her job better, but some of these they are not qualified to grade on. If she could offer a subcommittee, she will offer her list and circulate it to the other members.
9. Chancellor Weispfenning said all communications need to go through Chuck.
10. Jim Moreno said this should be a group exercise and not individual.
11. Chuck said we need all to be in agreement as to what the purpose is.
12. Rachell Snell Motioned for members to provide feedback to Chuck by the end of May and bring back to the next meeting; Motion was seconded by Jim Moreno and was unanimously carried by all Retirement Board members present.

VI. <u>CLOSING COMMENTS</u>

1. There were no closing comments.
2. This item was information only.

VII. <u>DATE AND TIME OF NEXT MEETING</u>

1. Tuesday, August 7, 2018 at 9:00 AM.
2. This is information only.

VIII. <u>ADJOURNMENT</u>

1. Andy Dunn adjourned the meeting at 2:15 PM.

Coast Community College District
Retirement Board of Authority Meeting
February 9, 2018
1:00 PM
Board Office Conference Room – Costa Mesa, CA

AGENDA

General Items of Business

1. **Call to Order**
It is the intention of the Coast Community College District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Coast Community College District will attempt to accommodate you in every reasonable manner. Please contact the District Administrative Services Office at (714) 438-4612 as soon as possible to inform us of your particular needs so that appropriate accommodations may be made.

2. **Roll Call**

Retirement Board of Authority (the "Board" or "RBOA")	
Board of Trustee	Mary Hornbuckle
Board of Trustee	Jim Moreno
Vice Chancellor, Finance & Administrative Services	Andy Dunn
Administrative Director, Fiscal Services	Daniela Thompson
Director, Internal Audit	Rachel Snell
Coast Federation of Educators Representative	Maryann Watson
Coast Federation of Classified Employees Representative	Connie Marten

3. **Opportunity for Public Comment**
Members of the public have the opportunity to address the Retirement Board of Authority (RBOA) on any item within the subject matter jurisdiction of the Board. The Chair reserves the right to limit the time of presentations by individual or topic. A Public Comment Card needs to be completed and filed with the Secretary of the Board prior to speaking.

The Board requests that the public speak on matters which are on this agenda at the time that the item is considered by the Board. Please note that the Board cannot take action on any items not on the agenda, with certain exceptions as outlined in the Brown Act. Matters brought before the Board that are not on the agenda may, at the Board's discretion, be referred to staff or placed on the next agenda for Board consideration.

4. **Approval of Agenda – RBOA Meeting on February 9, 2018 [Action]**
The RBOA retains the right to change the order in which agenda items are discussed. Subject to review by the RBOA, the agenda is to be accepted and approved as presented. Items may be deleted or added for discussion only according to California Government Code section 54954.2 provisions.

5. Review and Approval of Updated RBOA Meeting Schedule and Members [Action] *Attachment*

The RBOA to review and approve the updated meeting schedule and list of members.

6. Review and Approval of RBOA By-Laws Updates [Action] *Attachment*

a. **Section 1.1:** "The Coast Community College District ("District") has established a Retirement Trust ("Trust"), in conjunction with the California League of Community Colleges for the pre-funding of its Other Post-Employment Benefits ("OPEB") liabilities in order to comply with the requirements of Governmental Accounting Standards Board ("GASB") Statements ~~No. 43 and No. 45~~ No. 74 and No. 75, and has created a governing board…"

b. **Section 2.3:** "The Retirement Board shall execute all documents as are necessary to adopt and maintain the irrevocable Trust which complies with federal and state law and with GASB Statements ~~No. 43 and No. 45~~ No. 74 and No. 75."

c. **Section 2.8:** "To aid the District and the Retirement Board in meeting its fiduciary requirements, the Substantive Plan, as described in GASB Statements ~~No. 43 and No. 45~~ No. 74 and No. 75, will be set forth…"

d. **Section 3.2:** "Retirement Board members shall be appointed to the Retirement Board based on their titles or job classification. A Retirement Board member may send an alternate to attend meetings and vote on their behalf, as needed."

Program Report – Keenan Financial Services (KFS) Futuris Plan

<u>Program Coordinator</u>	<u>Keenan Financial Services</u>
Senior Vice President	Gail Beal
Senior Account Manager	Roslyn Washington
Account Executive	Jeffrey Mizokawa

<u>Consultants</u>	
RPM Consultant Group (RPM)	Chuck Thompson
Benefit Trust Company (BTC)	Scott Rankin
Morgan Stanley (MS)	Cary Allison

7. Approval of Minutes [Action] *Attachment*

Review and approval of Retirement Board of Authority (RBOA) minutes from the previous meeting on **<u>August 31, 2017</u>** with Keenan Financial Services**.** Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under Retirement Board of Authority Minutes.

8. Review and Accept Actual Performance Report [Action] *Attachment*

The Retirement Board of Authority will review and accept the monthly, quarterly and annual fiscal and calendar year reports prepared by Benefit Trust Company, Morgan Stanley and Keenan Financial Services on the status of the investments made through the District's Public Entity Investment Trust Program. A Benefit Trust Company representative will answer Retirement Board of Authority members' questions regarding the Program's report production results.

9. Review and Ratify Disbursement (Expenses) Report [Action] *Attachment*

The Retirement Board of Authority members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Trust.

10. Review Comprehensive Compliance Plan/Substantive Plan [Information] *Attachment*

GASB 43 defines the Substantive Plan as a plan through which assets are accumulated and benefits are paid as they come due in accordance with an agreement or understanding between the employer and plan members and their beneficiaries. The RBOA will discuss information regarding the annual updates as well as the data collection process. A status/update for the development of Volumes 1-3 to be conducted. (RPM Consultant Group's Volume 1 and KFS' Volumes 2-3 of the Comprehensive Compliance Plan.)

11. Review and Approval of Annual Reporting Procedure [Action] *Attachment*

The Retirement Board of Authority to review the requirements of California Government Code 53216.4 and decide on procedures and protocols for reporting to OPEB Trust beneficiaries at the Plan's year-end. Status/update to be conducted.

12. Final Review of the Futuris Implementation Timeline [Information] *Attachment*

The Retirement Board of Authority (RBOA) members will conduct a final review of the District's Futuris Public Entity Investment Trust implementation timeline. File in District's Comprehensive plan, including the "Substantive Plan" Volumes 2-3.

13. Final Review and Approval of the Sample Annual Vendor Performance Report Card [Action] *Attachment*

The District has contracted with Keenan Financial Services (KFS) who will assist the District in meeting the OPEB GASB guidelines. In addition, KFS will continue to mitigate the District's and employee's exposures to fiduciary liability as well as conflict of interest. On an annual basis, the past year's vendor services will be reviewed via the "Vendor Performance Report Card" (Report Card). The RBOA members will provide input regarding any modifications and/or additions to the Report Card. Once reviewed and approved, the **Report Card will be implemented retroactively and effective January 01, 2018 to December 31, 2018.**

14. Closing Comments [Information]

RBOA members, Program Coordinator, and Consultants may report about various matters involving the RBOA. There will be no RBOA discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

Program Report – Community College League of California (CCLC) Retiree Health Benefit Plan (RHBP)

Program Coordinator	Community College League of California (CCLC)
Director, District Services	Lisa Mealoy
Consultants	
RPM Consultant Group (RPM)	Chuck Thompson
Meketa Investment Group (MIG)	Tim Filla
US Bank (US-B)	Pamela Uyehara

15. Approval of Minutes [Action] *Attachment*

Review and approval of Retirement Board of Authority (RBOA) minutes from the previous meeting on **August 31, 2017** with the Community College League of California (CCLC). Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under Retirement Board of Authority Minutes.

16. Review and Accept Actual Performance Report [Action] *Attachment*

The RBOA will review and accept the monthly, quarterly and annual fiscal and calendar year reports prepared by CCLC, Meketa Investment Group (MIG) and US Bank (US-B) on the status of the investments made through the District's JPA Trust Program. A Meketa Investment Group representative will answer Retirement Board members' questions regarding the Program's report production results.

17. Review and Ratify Disbursement (Expenses) Report [Action] *Attachment*

The RBOA members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Irrevocable Directed Trust.

18. Review Comprehensive Compliance Plan/Substantive Plan [Information]

Information GASB 43 defines the Substantive Plan as a plan through which assets are accumulated and benefits are paid as they come due in accordance with an agreement or understanding between the employer and plan members and their beneficiaries. The RBOA will discuss information regarding the annual updates as well as the data collection process. A status/update for the development of Volumes 1-3 is to be conducted. (RPM Consultant Group's Volume 1 and the CCLC's Volumes 2-3 of the Comprehensive Compliance Plan.)

19. Review and Approval of Annual Reporting Procedure [Action] *Attachment*

The RBOA to review the requirements of California Government Code 53216.4 and decide on procedures and protocols for reporting to OPEB Trust beneficiaries at the Plan's year-end. Status/Update to be conducted.

20. Final Review and Approval of the Sample Annual Vendor Performance Report Card [Action] *Attachment*

The District has contracted with the Community College League of California (CCLC) who will assist the District in meeting the OPEB GASB guidelines. In addition, CCLC will continue to mitigate the District's and employee's exposures to fiduciary liability as well as conflict of interest. On an annual basis, the past year's vendor services will be reviewed via the "Vendor Performance Report Card" (Report Card). The RBOA members will provide input regarding any modifications and/or additions to the Report Card. Once reviewed and approved, the **Report Card will be implemented retroactively and effective January 01, 2018 to December 31, 2018.**

21. The CCLC RHBP JPA New Discretionary Investment Process [Information]

The RBOA members will be presented with a brief overview, including fees, concerning the CCLC's new Discretionary Investment Plan that can be selected by current plan members and future plan members. Detailed information as to the District's CCLC RHBP JPA Discretionary Investment Plan processes and protocols will be presented at a future or special RBOA meeting.

22. Closing Comments [Information]

RBOA members, Program Coordinator, and Consultants may report about various matters involving the RBOA. There will be no RBOA discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda

Closing Items of Business

23. Date and Time of Next Meeting [Information]

a. Tuesday, May 1, 2018 at 1:00PM

24. Adjournment

MINUTES

COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
February 9, 2018
1:00 PM

I. CALL TO ORDER

1. The meeting was called to order at 1:04 PM by Andy Dunn.

II. ROLL CALL

1. **All Retirement Board members were present, except Jim Moreno and Connie Marten:**
   Mary Hornbuckle, Board of Trustee,
   Andy Dunn, Vice Chancellor, Finance and Administrative Services,
   Daniela Thompson, Administrative Director, Fiscal Services,
   Rachel Snell, Director, Internal Audit,
   Maryann Watson, Coast Federal of Education Representative,

2. **All Coordinators/Consultants were present:**
   Gail Beal, Senior Vice President, Keenan Financial Services,
   Roslyn Washington, Senior Account Manager, Keenan Financial Services,
   Chuck Thompson, RPM Consultant Group (RPM),
   Scott Rankin, Senior Vice President, Benefit Trust Company (BTC),
   Cary Allison, Senior Vice President, Morgan Stanley (MS).

III. OPPORTUNITY FOR PUBLIC COMMENTS

1. There were no public comments.
2. This item is information only.

IV. APPROVAL OF AGENDA - RBOA MEETING ON February 9, 2018

1. Mary Hornbuckle Motioned to approve the Agenda as presented; Motion was seconded by Daniela Thompson and was unanimously approved by all of the Retirement Board members present.

V. REVIEW AND APPROVAL OF UPDATED RBOA MEETING SCHEDULE AND MEMBERS

1. The Retirement Board reviewed the **2017/2018** meeting schedule and members.
2. This item is information only.

VI. REVIEW AND APPROVAL OF RBOA BY-LAWS UPDATES

1. This item will be tabled until the next meeting.

VII. APPROVAL OF MINUTES

1. Mary Hornbuckle Motioned to approve the Minutes with changes/corrections; Motion was seconded by Rachel Snell and was unanimously approved by all of the Retirement Board members present.

VIII. REVIEW AND ACCEPT ACTUAL PERFORMANCE REPORT

1. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's portfolio account as of December 31, 2017.
2. The Portfolio Value as of **December 31, 2017 was $36,953,653.82.**

Time weighted return net of fees

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
0.91	2.54	-	-	-	-	5.47

3. Cary Allison gave an overview of the Markets since the last RBOA meeting.
4. Fundamentals of the economy are getting better.
5. This is an earnings driven recovery period with Morgan Stanley predicting up to 3% growth.
6. In 2015 the Feds were predicted to raise rates 4 times in 2016. They only raised them 1 x in December of 2016.
7. S&P 500 Earnings in 2014/15/16 were at $117-118. In 2017 they jumped to ~$132, and in 2018 are expected to be ~$150. This is an earnings drive rally.
8. These are all weather portfolios.
9. Bonds did exceptionally well in 2017.
10. In 2018 we are expecting more inflation but not much more.
11. The market was up in January 5% then the 1st week of Feb the market corrected down 10%.
12. The unemployment report came out and within it was wage growth info which Wall Street was expecting 2.7% but it was 2.9%.
13. As far as our portfolios are concerned, Morgan Stanley feels that just because we have a correction there is no need to change anything.
14. Globally, the world is doing better.
15. This was the 1st time in 6-7 years that Global stocks outperformed Domestic stocks.
16. Mary Hornbuckle Motioned to approve the Portfolio Performance Report; Motion was seconded by Rachel Snell and was unanimously approved by all of the Retirement Board members present.

IX. REVIEW AND RATIFY DISBURSEMENT (EXPENSE) REPORT

1. Roslyn Washington presented a Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period September 1, 2017 – January 22, 2018.
2. Rachel Snell Motioned to ratify the Disbursement Report as presented; Motion was seconded by Mary Hornbuckle and was unanimously carried by all Retirement Board members present.

X. REVIEW COMPREHENSIVE COMPLIANCE PLA /SUBSTANTIVE PLAN

1. Roslyn Washington addressed the Retirement Board and advised that the Service Rep worked with the District to gather information to update the Substantive Plan.
2. This item is information only.

XI. REVIEW AND APPROVAL OF ANNUAL REPORTING PROCEDURE

1. Mary Hornbuckle suggested sending an email to active employees telling them this is on the WEB.
2. No action at this time.

XII. FINAL REVIEW OF THE FUTURIS IMPLEMENTATION TIMELINE

1. The RB members reviewed the District's Futuris implementation timeline.
2. This item is information only.

XIII. FINAL REVIEW AND APPROVAL OF THE SAMPLE ANNUAL VENDOR PERFORMACE REPORT CARD

1. The league wants to change because they don't offer this scope of services on the report card.
2. No action was taken.

XIV. CLOSING COMMENTS

1. There were no closing comments.
2. This item was information only.

XV. DATE AND TIME OF NEXT MEETING

1. Tuesday, May 1, 2018 at 1:00: PM.
2. This is information only.

XVI. ADJOURNMENT

1. Andy Dunn adjourned the meeting at 2:00 PM.

COAST COMMUNITY COLLEGE DISTRICT

KEENAN FINANCIAL SERVICES (KFS) FUTURIS PLAN MEETING AGENDA
REGULAR RETIREMENT BOARD (RB) MEETING
COMPREHENSIVE OPEB GASB 43, 45, 74 & 75 COMPLIANCE PROCESS
PERFORMANCE AND OTHER STATUS ACTION ITEMS OF THE FUTURIS PLAN
DATE: AUGUST 31, 2017
TIME: 9:00AM TO 10:00 AM
BOARD OFFICE CONFERENCE ROOM
COSTA MESA, CALIFORNIA
(714) 438-4600

I. CALL TO ORDER

II. ROLL CALL

RETIREMENT BOARD (the "Board") MEMBERS

Board of Trustee	Mary Hornbuckle
Board of Trustee	Jim Moreno
Vice Chancellor, Finance and Administrative Services	Andy Dunn
Administrative Director, Fiscal Affairs	Daniela Thompson
Director, Internal Audit	Rachel Snell
Coast Federation of Educators Representative	Rob Schneidermann
Coast Federation of Classified Employees Representative	Connie Marten

PROGRAM COORDINATOR: (Keenan Financial Services)

Senior Vice President	Gail Beal
Senior Account Manager	Roslyn Washington
Assistant Vice President	Jeffrey Mizokawa

CONSULTANTS:

RPM Consultant Group (RPM)	Chuck Thompson
Benefit Trust Company (BTC)	Scott Rankin
Morgan Stanley (MS)	Cary Allison

GUEST (S)
None

III. PUBLIC COMMENTS

The public may address the Retirement Board (RB) and make comments on any matter that is either on or not on the agenda. The Chair reserves the right to limit the time of presentations by individual or topic.

IV. APPROVAL OF MINUTES *(Attachment 1)* **Action**

Review and approval of Retirement Board (RB) minutes from the previous meeting on **April 26, 2017.** Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under Retirement Board Minutes.

V. APPROVAL OF AGENDA RB MEETING ON AUGUST 31, 2017 **Action**

The RB retains the right to change the order in which agenda items are discussed. Subject to review by the RB, the agenda is to be accepted and approved as presented. Items may be deleted or added for discussion only according to California Government Code section 54954.2 provisions.

VI. ADMINISTRATION

REVIEW OF FINAL INVESTMENT POLICY STATEMENT (IPS) *(Attachment 2)* **Action**

The Coast CCD Retirement Board, with the assistance of Benefit Trust Company (BTC) and Morgan Stanley (MS), adopted an Investment Policy Statement (IPS) setting forth the investment objectives for the District's Trust portfolio. Key to this process was a review of the Board's time horizon for investment, short-term liquidity needs, attitudes as well as the capacity to accept investment risk as measured through the completion of the **Morgan Stanley Institutional Questionnaire**, the expected rate of return of the Board taking into account the discount rate and assumptions contained in the most recent Actuarial Valuation Study, as well as any other information the Board members feel pertinent to the discussion. A review of the final IPS results will be presented to the coast CCD RB members as a starting point for management of the District's OPEB GASB investment portfolio.

REVIEW ACTUAL PERFORMANCE REPORTS RESULTS THAT THE RETIREMENT BOARD ARE RECEIVING TO MONITOR THE OPEB GASB COMPLIANCE PROGRAM *(Attachment 3)* **Action**

The Retirement Board will review and accept the monthly, quarterly and annual fiscal and calendar year reports prepared by Benefit Trust Company, Morgan Stanley and Keenan Financial services on the status of the investments made through the District's Public Entity Investment Trust Program. A Benefit Trust Company representative will answer Retirement Board members' questions regarding the Program's report production results.

DISBURSEMENT (EXPENSES) REPORT: *(Attachment 4)* **Action**

The Retirement Board members will ratify all reasonable expenses associated with the management and operation of the District's OPEB Investment Trust.

REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE "SUBSTANTIVE PLAN" ***(Attachment 5)*** **Information**

The "Substantive Plan" is described in GASB 43 as an "understanding of the positive" encompassing all aspects of the agency's current and historic OPEB Program. There will be a discussion on the development of the "Substantive Plan" and a brief review of the applicable regulatory mandates reflected by the Comprehensive Compliance Plan ("e-Library"). Volume's 1-3 of the Comprehensive Compliance Plan will be created. Volume 1, created by RPM includes information developed up to the selection of a OPEB GASB compliance services vendor (s). The RB will discuss information regarding the annual updates as well as the data collection process.

EDUCATION, COMMUNICATION AND TRAINING STRATEGIES: **Information**
(Attachment 6)

Morgan Stanley (MS), Benefit Trust Company, Keenan Financial Services as well as RPM Consultant Group will provide appropriate educational data from their areas of expertise, for example, Morgan Stanley will present a current domestic and global capital market conditions since the last Retirement Board meeting**.** During each District's RB meetings, important time for education and communication will be provided to continue to mitigate fiduciary liability and conflict of interest exposures for the District and employees who are considered by the State Constitution as fiduciaries concerning the OPEB GASB compliance process.

REVIEW AND APPROVAL OF ANNUAL REPORTING PROCEDURE: **Action**
(Attachment 7)

The Retirement Board will review the requirements of California Government Code 53216.4 and decide on procedures and protocols for reporting to OPEB Trust beneficiaries at the Plan's year-end.

DESIGNATED OFFICIAL POSTING & MAILING ADDRESS (ES) **Action**

The Board will establish the Retirement Board's official posting and mailing address (es) for action as necessary.

REVIEW OF THE FUTURIS IMPLEMENTATION TIMELINE **Information**
(Attachment 8)

The Retirement Board (RB) members will review the District's Futuris Public Entity Investment Trust implementation timeline.

REVIEW OF A SAMPLE ANNUAL VENDOR PERFORMANCE REPORT CARD **Information**
(Attachment 9)

The District has contracted with two excellent OPEB GASB compliance vendors (CCLC & KFS) who will assist the District in meeting the OPEB GASB guidelines. In addition, the two vendors will continue to mitigate the District's and employee's exposures to fiduciary liability as well as conflict of interest. On an annual basis, a focused review of the past year's vendor services will be reviewed. A discussion of the vendors' services both very adequate and not very adequate (If any) will take place. To perform the annual vendor, review a copy of the attached "Vendor Performance Report Card" (Report Card) will be utilized. The Report Card is an initial draft which we ask that each RB member review and be prepared to discuss your modification recommendations at the next District RB meeting.

VII. INFORMATION

RETIREMENT BOARD MEMBERS COMMENTS **Information**

Each member of the Retirement Board may report about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

PROGRAM COORDINATOR/CONSULTANT COMMENTS **Information**

The Program Coordinator and Consultants will report to the Retirement Board about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

VIII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING **Information**

Board Members and visitors may suggest items for consideration at the next Retirement Board (RB) meetings. Establishment of multiple RB meeting date (one year) should be considered.

IX. ADJOURNMENT

MINUTES

COAST COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD MEETING
August 31, 2017
9:00 AM–10:00 PM

I. CALL TO ORDER

1. The meeting was called to order at 9:02 AM by Andy Dunn.

II. ROLL CALL

1. **All Retirement Board members were present, except Daniela Thompson and Rob Schneidermann:**
   Mary Hornbuckle, Board of Trustee,
   Jim Moreno, Board of Trustee,
   Andy Dunn, Vice Chancellor, Finance and Administrative Services,
   Rachel Snell, Director, Internal Audit,
   Connie Marten, Coast Federation of Classified Employees Representative.

2. **All Coordinators/Consultants were present:**
   Gail Beal, Senior Vice President, Keenan Financial Services,
   Roslyn Washington, Senior Account Manager, Keenan Financial Services,
   Jeffrey Mizokawa, Assistant Vice President, Keenan & Associates,
   Chuck Thompson, RPM Consultant Group (RPM),
   Scott Rankin, Senior Vice President, Benefit Trust Company (BTC),
   Cary Allison, Senior Vice President, Morgan Stanley (MS).

3. **All Guests were present:**
   Dr. John Weispfenning, Chancellor,
   Lisa Mallory, Community College League of California.

III. PUBLIC COMMENTS

1. There were no public comments.
2. This item is information only.

IV. APPROVAL OF MINUTES

1. Mary Hornbuckle Motioned to approve the Minutes as presented; Motion was seconded by Jim Moreno and was unanimously approved by all of the Retirement Board members present.

V. APPROVAL OF AGENDA RB MEETING ON AUGUST 31, 2017

1. Mary Hornbuckle Motioned to approve the Agenda as presented; Motion was seconded by Rachel Snell and was unanimously approved by all of the Retirement Board members present.

VI. ADMINISTRATION

1. **Review of Final Investment Policy Statement (IPS)**
    a. Scott Rankin reviewed the Investment Policy Statement.
    b. Scott reminded the Board of what purpose the IPS serves. We established TRR and the IPS was signed.
    c. Andy Dunn asked if the TRR is measurable by what the actuary chose as a Discount Rate. Chuck Thompson replied "yes" and explained that the study across the board is being modified due to the GASB 74/75 regulation changes.
    d. Chuck asked about the max 5% in which they can't invest. Scott answered that it's on page 22. However, it applies to single securities and does not apply to mutual funds. Just the underlying securities within a mutual fund.
    e. Scott added that BTC produces an annual certification that you are in compliance,
    f. Andy Dunn is asking for a one page dashboard to show how the Trust is performing.
    g. Mary Hornbuckle Motioned to reaffirm the Investment Policy Statement as presented; Motion was seconded by Jim Moreno and was unanimously approved by all of the Retirement Board members present.

2. **Review Actual Performance Reports Results that the Retirement Board are Receiving to Monitor the OPEB GASB Compliance Program**

    a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's portfolio account as of July 31, 2017.
    b. The Portfolio Value as of **July 31, 2017 was $35,560,374.15.**

Time weighted return net of fees

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
1.49	1.49	-	-	-	-	1.49

c. The Portfolio Value as of August 30, 2017 was $35,495,543.00.
d. Cary advised that we are in a lower return environment. The Investment Policy Statement states 7% net of program fees. However, we are under obligation to California public law to target for Long Term investment returns.
e. We are going to end up flat for August, which is shocking due to all the news coming out of Washington DC. We set up your portfolio to weather everything.
f. We are finally starting to see international stock outperform domestic for the first time in seven years.
g. China is still considered an emerging market which surprises some. But, the class is based on GDP per person.
h. Your portfolio doesn't have an exact bench mark. We set it up based solely on certain risk levels. This past five years have been the best market runs ever.
i. Normally when stocks do well, bonds don't. But, interestingly enough Bonds have done really well these past years.

j. Long Term rates are controlled by the market. We have lower inflation and higher growth so we think interest rates will stay low.
k. Cary Allison discussed earnings. A corporate tax change will add to the earnings.
l. Andy Dunn asked if the portfolio is performing as expected. Cary responded yes, it's actually performing quite well.
m. Jim Moreno Motioned to approve the Portfolio Performance Report; Motion was seconded by Mary Hornbuckle and was unanimously approved by all of the Retirement Board members present.

3. **Disbursement (Expenses) Report**
   a. Roslyn Washington presented a Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period April 1, 2017 – August 21, 2017.
   b. Mary Hornbuckle Motioned to ratify the Disbursement Report as presented; Motion was seconded by Rachel Snell and was unanimously carried by all Retirement Board members present.

4. **Review of the Comprehensive Compliance Plan, Including the "Substantive Plan"**
   a. Roslyn Washington addressed the Retirement Board and advised that the Service Rep will be working with the District to gather information to update the Substantive Plan.
   b. This item is information only.

5. **Education, Communication and Training Strategies**
   a. Education, Communication and Training Strategies moved to next meeting.
   b. This item is information only.

6. **Review and Approval of Annual Reporting Procedure**
   a. Jim Moreno Motioned to approve the Review of Annual Reporting Procedure with modifications; Motion was seconded by Mary Hornbuckle and was unanimously approved by all of the Retirement Board members present.

7. **Designated Official Posting & Mailing Address (es)**
   a. No action, established at the last meeting.

8. **Review of the Futuris Implementation Timeline**
   a. The RB members reviewed the District's Futuris implementation timeline.
   b. This item is information only.

9. **Review of a Sample Annual Vendor Performance Report Card**
   a. No Vendor Performance Report Card available.
   b This item is information only.

VII. ADMINISTRATION

1. **Retirement Board of Authority Comments**
   a. No Board of Authority comments.
   b. This item is information only.

2. **Program Coordinator/Consultant Comments**
   a. No Program Coordinator/Consultant comments.
   b. This item is information only.

VIII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

a. February 9, 2018 1:00 – 3:00pm
b. This is information only.

VIII. ADJOURNMENT

a. Andy Dunn adjourned the meeting at 10:10 AM.

AGENDA

COAST COMMUNITY COLLEGE DISTRICT
REGULAR RETIREMENT BOARD MEETING
INCLUSIVE OPEB GASB 43, 45, 74 & 75 COMPLIANCE PROCESS
INSTALLATION OF THE FUTURIS PLAN
APRIL 26, 2017
9:00 AM–12:00 PM

COAST COMMUNITY COLLEGE DISTRICT
BOARD OFFICE CONFERENCE ROOM
1370 ADAMS AVE
COSTA MESA, CA 92626
PHONE (714) 438-4600

I. CALL TO ORDER

II. ROLL CALL

COAST CCD RETIREMEMENT BOARD (the "Board") MEMBERS:

Board of Trustee	Mary Hornbuckle
Board of Trustee	Jim Moreno
Vice Chancellor, Finance and Administrative Services	Andy Dunn
Administrative Director, Fiscal Affairs	Daniela Thompson
Director, Internal Audits	Rachel Snell
Coast Federation of Educators Representative	Rob Schneidermann
Coast Federation of Classified Representative	Ann Nicholson

PROGRAM COORDINATOR: (Keenan Financial Services)

Senior Vice President	Gail Beal
Senior Account Manager	Roslyn Washington
Account Executive	Sharen Stanek-Lowe

CONSULTANTS:

RPM Consultant Group (RPM)	Chuck Thompson
Benefit Trust Company (BTC)	Scott Rankin
Morgan Stanley (MS)	Cary Allison

GUEST

Burke, Williams & Sorensen, LLP	Dr. Jack P. Lipton

III. PUBLIC COMMENTS

The public may address the Retirement Board (RB) on any matter within the jurisdiction of the Retirement Board that is not on the agenda. The Chair reserves the right to limit the time of presentations by individual or topic.

IV. APPROVAL OF MINUTES — Action

Review and approval of Retirement Board (RB) minutes from the previous meeting held on **October 14, 2016.** Any additions or modifications will be noted and corrected before filing minutes in District's Substantive Plan binders under Retirement Board Minutes.

V. ADMINISTRATION

DESIGNATION OF RETIREMENT BOARD MEMBERS — Action

The Retirement Board (RB) has been duly established by the Coast Community College District Board of Trustees. The RB will acknowledge the Chairperson, Andy Dunn, Vice Chancellor, Finance and Administration who will facilitate the management duties of the Retirement Board. Daniela Thompson Administrative Director, Fiscal Affairs has been selected to serve as Vice Chair and she shall facilitate the management duties in the absence of the Chair. In addition, please note that the current OPEB GASB RBOA member Jerry Patterson, Trustee is to be replaced as a RBOA member by Jim Moreno, Trustee moving forward.

REVIEW OF THE FUTURIS PROGRAM AND THE ROLES OF THE PROGRAM COORDINATOR, TRUST COMPANY, REGISTERED INVESTMENT MANAGER AND CONSULTANT — Information

The Retirement Board (RB) will review the District's Futuris Public Entity Investment Trust Program, and the role's of the Third Party Administrator (TPA)/Program Coordinator, Keenan Financial Services, the Discretionary Trustee, Benefit Trust Company and the Registered Investment Advisor, Morgan Stanley Wealth Management. The RBOA members will also review the **OPEB Questionnaire**, the platform used by the TPA/Program Coordinator for updating the "Substantive Plan" portion of the Comprehensive Compliance Plan. The District's Consultant, RPM Consultant Group, will for the District, be a contact and interface for the coordination and facilitating of both the Futuris Plan and the CCLC Plan pertaining to all areas of combined OPEB GASB compliance services, administration, reporting and performance tracking analysis for the two Trust's to be implemented and managed by the District's OPEB GASB compliance Retirement Board of Authority oversite committee.

THE FUTURIS INVESTMENT PROCESS — Information

The Retirement Board (RB) will receive detailed information as to the District's Futuris Investment processes and protocols.

ESTABLISHMENT OF INVESTMENT POLICY STATEMENT — Action

The Retirement Board shall, with the assistance of Benefit Trust Company (BTC) and Morgan Stanley (MS), will adopt an Investment Policy Statement (IPS) setting forth the investment objectives for the District's Trust portfolio. Key to this process is a review of the Board's time horizon for investment, short-term liquidity needs, attitudes as well as the capacity to accept investment risk as measured through the completion of **Morgan Stanley's Institutional Questionnaire**, the expected rate of return of the Board taking into account the discount rate and assumptions contained in the most recent Actuarial Valuation Study, as well as any other information the Board members feel pertinent to the discussion.

REVIEW SAMPLE REPORTS THE BOARD WILL RECEIVE TO MONITOR THE PROGRAM **Information**

The Retirement Board will review sample monthly and annual reports prepared by Benefit Trust Company on the status of the investments made through the District's Public Entity Investment Trust Program. A Benefit Trust Company representative will answer Retirement Board members' questions regarding the Program's report production.

APPROVAL OF ANNUAL REPORTING PROCEDURE **Action**

The Retirement Board will review the requirements of California Government Code 53216.4 and decide on procedures and protocols for reporting to OPEB Trust beneficiaries at the Plan's year-end.

REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE "SUBSTANTIVE PLAN" **Information**

The "Substantive Plan" is described in GASB 43 as an "understanding of the positive" encompassing all aspects of the agency's current and historic OPEB Program. There will be a discussion on the development of the "Substantive Plan" and a brief review of the applicable regulatory mandates reflected by the Comprehensive Compliance Plan ("e-Library"). Volume's 1-3 of the Comprehensive Compliance Plan will be created. The RB will be presented with information regarding the annual updates as well as the data collection process. A policy and procedure document which details the responsibilities for maintaining the District's "Substantive Plan" will be introduced and reviewed by RPM Consultant Group, the District's OPEB GASB compliance plan Consultant at another RB meeting.

DESIGNATED OFFICIAL POSTING & MAILING ADDRESS (ES) **Action**

The Board will establish the Retirement Board's official posting and mailing address (es) for action as necessary.

REVIEW OF THE FUTURIS IMPLEMENTATION TIMELINE **Information**

The Retirement Board (RB) members will review the District's Futuris Public Entity Investment Trust implementation timeline.

VI. INFORMATION

RETIREMENT BOARD MEMBERS COMMENTS **Information**

Each member of the Retirement Board may report about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

PROGRAM COORDINATOR/CONSULTANT COMMENTS **Information**

The Program Coordinator and Consultants will report to the Retirement Board about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

VII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING — Information

Board Members and visitors may suggest items for consideration at the next Retirement Board (RB) meetings. Establishment of multiple RB meeting date (one year) should be considered.

VIII. ADJOURNMENT

Americans with Disabilities Act: The Coast Community College District Retirement Board conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Community College District Retirement Board, shall be made to: Andy Dunn, Vice Chancellor, Finance and Administrative Services Coast Community College District, 1370 Adams Ave., Costa Mesa CA. 92626.

MINUTES

COAST COMMUNITY COLLEGE DISTRICT
OPEB GASB COMPLIANCE RETIREMENT BOARD MEETING
April 26, 2017
9:00 AM–12:00 PM

I. CALL TO ORDER

1. The meeting was called to order at 9:05 AM by Andy Dunn.

II. ROLL CALL

1. **All Retirement Board members were present, except Rob Schneidermann:**
   Mary Hornbuckle, Board of Trustee,
   Jim Moreno, Board of Trustee,
   Andy Dunn, Vice Chancellor, Finance and Administrative Services,
   Daniela Thompson, Administrative Director, Fiscal Affairs (arrived at 9:07 AM),
   Rachel Snell, Director, Internal Audit,
   Ann Nicholson, Coast Federation of Classified Representative.

2. **All Coordinators/Consultants were present:**
   Gail Beal, Senior Vice President, Keenan Financial Services,
   Roslyn Washington, Senior Account Manager, Keenan Financial Services,
   Sharen Stanek-Lowe, Account Executive, Keenan & Associates,
   Chuck Thompson, RPM Consultant Group (RPM)
   Scott Rankin, Senior Vice President, Benefit Trust Company,
   Cary Allison, Senior Vice President, Morgan Stanley.

3. **All Guests were present:**
   Dr. Jack P. Lipton, Burke, Williams & Sorensen, LLP

III. PUBLIC COMMENTS

1. There were no public comments.
2. This item is information only.

IV. APPROVAL OF MINUTES

1. Mary Hornbuckle Motioned to approve the Minutes as presented; Motion was seconded by Ann Nicholson and was unanimously approved by all of the Retirement Board members present, except for an abstention by Jim Moreno.

V. ADMINISTRATION

1. **Designation of Retirement Board Members**
   a. All RB members were designated.
   b. Ann Nicholson nominated Andy Dunn as Chairperson. Motion was seconded by Rachel Snell and was unanimously approved by all of the Retirement Board members present.
   c. Rachael Snell nominated Daniela Thompson as Vice Chair who declined.

Daniela Thompson nominated Rachael Snell who accepted. Motion was seconded by Mary Hornbuckle and was unanimously approved by all of the Retirement Board members present.

d. RB member Jerry Patterson is to be replaced by Jim Moreno, Trustee moving forward. Minutes noted that person was changed with same title.

2. Review of the Futuris Program and the Roles of the Program Coordinator, Trust Company, Registered Investment Manager and Consultant

a. Gail Beal discussed Keenan's role.
   - Preparation of the Retirement Board (RB) Meeting Agendas, Cover Pages and Board Packages.
   - Preparation of the RB Meeting Minutes and assisting with the District's OPEB responsibilities as necessary.
   - Facilitating and resolution of Action Items resulting from RB Meetings.
   - Assisting the RB with administration, monitoring and oversight of the District's Public Entity Investment Trust program.
   - Facilitating District compliance with GASB protocols and Regulatory compliance through the creation and maintenance of the Comprehensive Compliance Plan, including the "Substantive Plan".
   - Maintenance of the District's OPEB Program documentation.

b. Cary Allison discussed Morgan Stanley's role.
   - Recommending Asset Allocation Models to Benefit Trust Company as Discretionary Trustee for the District's Target Rate of Return (TRR) portfolio.
   - Recommending specific investments to Benefit Trust Company as Discretionary Trustee for the TRR Portfolios.
   - Perform due diligence on all potential and recommended investments for the District's Public Entity Investment Trust.
   - Provide a quarterly report to Benefit Trust Company (BTC) as Discretionary Trustee on the status of all current investments in the District's Public Entity Investment Trust.

c. Scott Rankin discussed Benefit Trust Company's role.
   - As Discretionary Trustee, BTC will select the District's OPEB Trust investments pursuant to the provisions of the Investment Policy Statement (IPS) and advice received from its Registered Investment Advisor.
   - As Program Custodian, BTC will safe-keep the District's Public Entity Investment Trust securities.
   - As Program Custodian, BTC will maintain accurate records of all financial transactions.
   - As Program Custodian, BTC will provide periodic accrual accounting report production reflecting all deposits or receipts, disbursements, purchases, sales and income transactions, current asset holdings and the market value of the District's Investment Trust's portfolio.

d. This item is information only

3. The Futuris Investment Process

a. The RB received detailed information as to the District's Futuris Investment processes and protocols.
b. Cary Allison of Morgan Stanley (MS) presented an overview of the Model Investment Portfolios and their respective asset-allocation positions. Relative to Model Portfolio selection, Cary continued by discussing the protocols for portfolio selection. Key elements in the portfolio selection process is a review of the RB's time horizon for investment, short-term liquidity needs as well as the capacity to accept investment risk as measured through the completion of Morgan Stanley's (MS) Institutional Questionnaire.
c. Cary explained that the MS Institutional Questionnaire provides guidance towards selecting an investment portfolio Target Rate of Return (TRR) and should be viewed as a prudent process in gauging asset-allocation on the risk/return spectrum in the domestic and global capital markets. Subsequent to analyzing the portfolio questions from the MS Institutional Questionnaire, the RB membership reached a consensus that a Moderate Growth Plus Portfolio with its minimum standard deviation was most appropriate for the District's long-term objective – a Moderate Growth Plus Portfolio equates to a **7.5%** Target Rate of Return (TRR). Cary explained that Morgan Stanley (MS) and Benefit Trust Company (BTC) as Discretionary Trustee will manage the District's Investment Trust's portfolio to a **7.5%** annual return objective. The 7.5% annual return is a gross rate of return before plan expenses for vendors, Keenan, MS and BTC, are charged to the plans rate of return. (See 4.—f. below for more rate of return details.)
d. This item is information only.

4. Establishment of Investment Policy Statement

a. Scott Rankin of Benefit Trust Company (BTC) provided RBOA members with an overview of the Investment Policy Statement (IPS) provisions focusing attention on appropriate sections such as permitted Equity and Fixed Income investments; Benchmarks used for Equity and Fixed Income performance evaluation; Ethics and Conflict of Interest provisions and ability to modify the District's Target Rate of Return (TRR).
b. Scott explained that the IPS has been structured for a Retirement System under California's regulatory framework and the California Governmental Code – IPS provisions detail fiduciary and governance principles which have been extracted from the mandates of the State of California Constitution; the California Government Code and IRS Code section 115.
c. Scott continued by explaining that IPS provisions addresses permitted and non-permitted investments while advising that the IPS also incorporates language to facilitate current institutional investment practices.
d. On the Equity side, the restrictions listed in the IPS shall be permitted in the context of "open-end or closed-end mutual-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent

with fund objectives and prudent management, and the investments provide for daily liquidity." Scott continued by explaining that "additionally, certain securities may not be held directly, but only in open-ended or closed-end mutual funds, comingled funds, or ETFs i.e. common stocks, preferred stocks, and securities convertible into common stocks and securities that carry the right to purchase common of non-U.S. companies traded on global exchanges, traded in any currency, as well as restricted securities of U.S. and non-U.S. companies, including securities issued through private offerings, and forward currency contracts or currency futures to hedge foreign currency exposure".

e. On the Fixed Income side, Scott continued by advising that restrictions listed in the IPS provisions shall be permitted in the framework of "open-end or closed-end mutual-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives and prudent management, risk mitigation, and the investments provide for daily liquidity." He further explained that "investment in non-investment grade bonds or loans by such funds shall be permitted so long as the average aggregate rating of the funds are investment grade, and in the opinion of the Trustee the proportion of non-investment grade bonds to investment grade bonds in the portfolio is prudent."
f. A Motion was made by Mary Hornbuckle to acknowledge the provisions of the Investment Policy Statement (IPS) and ratify a net **7.0%** Target Rate of Return (TRR) with an additional **0.5%** allocated towards expenses associated with the Trust's management/operational duties and compliance with GASB Statements No. 43/45 & 74/75 protocols and applicable Regulatory statutes. The Motion was seconded by Ann Nicholson and was unanimously approved by all of the Retirement Board members present.
g. Mary Hornbuckle Motioned to approve the Investment Policy Statement; Motion was seconded by Ann Nicholson and was unanimously approved by all of the Retirement Board members present.

5. **Review Sample Reports the Board will receive to Monitor the Program**
   a. Scott Rankin showed sample monthly and annual reports.
   b. Scott explained to the Board that the Performance Report was a management report and the District should only use the Statement for auditing purposes.
   c. This item is information only.

6. **Approval of Annual Reporting Procedure**
   a. Gail Beal provided an overview of the regulatory schedule for annual Report production on the Status of the Trust.
   b. Mary Hornbuckle Motioned to accept the Review of Annual Reporting Procedure; Motion was seconded by Rachael Snell and was unanimously approved by all of the Retirement Board members present.

7. **Review of the Comprehensive Compliance Plan Including the "Substantive Plan"**
   a. Roslyn Washington provided a brief overview of the "Substantive Plan" and

the environment that constitutes the Comprehensive Compliance Plan. Relative to the development and maintenance of the "Substantive Plan", Roslyn explained the data gathering process for "Substantive Plan" production and the delivery protocols to the District.
   b. This item is information only.

8. **Designated Official Posting & Mailing Address(es)**
   a. The official posting place and mailing address is 1370 Adams Way, Costa Mesa, CA 92626.
   b. Mary Hornbuckle Motioned to approve the official posting and mailing address; Motion was seconded by Ann Nicholson and was unanimously approved by all of the Retirement Board members present.

9. **Review of the Futuris Implementation Timeline**
   a. The RB members reviewed the District's Futuris implementation timeline.
   b. This item is information only.

VI. INFORMATION

1. **Retirement Board of Authority Comments**
   a. No comments.
   b. This is information only.

2. **Program Coordinator/Consultant Comments**
   a. No comments.
   b. This is information only.

VII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

a. August 31, 2017 9:00 AM-11:00 AM.
b. Add Review of Bylaws to next agenda.
c. This is information only.

VIII. ADJOURNMENT

a. Andy Dunn adjourned the meeting at 11:27 am

Financial Reports

Financial Reports

- **Most Recent Actuarial Study**
- **Annual Audit Report**

Coast Community College District

Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2019
Measurement Date: June 30, 2019

Prepared by:
Total Compensation Systems, Inc.

Date: September 20, 2019

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Coast Community College District
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

Coast Community College District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2019 (the measurement date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2019. If the report will first be used for a different fiscal year, the numbers may need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Coast CCD to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Coast CCD to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 74 and 75, Coast CCD should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 74 and 75 compliance.

This actuarial report includes several estimates for Coast CCD's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Coast CCD in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: Certificated, Classified and Management. We estimated the following:

- the total liability created. (The actuarial present value of projected benefit payments or APVPBP)
- ten years of projected benefit payments.
- the "total OPEB liability (TOL)." (The TOL is the portion of the APVPBP attributable to employees' service prior to the measurement date.)
- the "net OPEB liability" (NOL). For plans funded through a trust, this represents the unfunded portion of the liability.

- the service cost (SC). This is the value of OPEB benefits earned for one year of service.

- deferred inflows and outflows of resources attributable to the OPEB plan.

- "OPEB expense." This is the amount recognized in accrual basis financial statements as the current period expense in addition to contributions. The OPEB expense includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows.

- Amounts to support financial statement Note Disclosures and Required Supplementary Information (RSI) schedules.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Service costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2019 to be $6,588,869 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2019 (the service cost) is $3,833,255. This service cost would increase each year based on covered payroll. Had Coast CCD begun accruing retiree health benefits when each current employee and retiree was hired, a liability would have accumulated. We estimate the amount that would have accumulated to be $103,551,998. This amount is called the "Total OPEB Liability" (TOL). Coast CCD has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2019 was $80,187,982. This leaves a Net OPEB Liability (NOL) of $23,364,016.

Based on the information we were provided, the OPEB Expense for the fiscal year ending June 30, 2019 is $994,703.

We based all of the above estimates on participants as of July, 2019. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical, dental and vision*	Medical, dental and vision*	Medical, dental and vision*
Duration of Benefits	Lifetime***	Lifetime***	Lifetime***
Required Service	15 years*****	15 years*****	15 years******
Minimum Age	60*****	60*****	60*****
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%** to age 70; Beyond 70, subject to cap	100%** to age 70; Beyond 70, subject to cap	100%** to age 70; Beyond 70, subject to cap
District Cap	$3000 per year beyond 70****	$3000 per year beyond 70****	$3000 per year beyond 70****

*Medicare Part B reimbursed to age 70; beyond age 70, only Medicare Supplement benefits under the indemnity plan are provided.
**The District pays 100% of the cost in excess of a retiree contribution for the indemnity plan of ½% of the retiree's salary prior to retirement plus $500 per year for dependent coverage
***Retirees with HMO coverage are not eligible for District-paid benefits beyond age 70.
****The cap amount depends on the retirement date. The above cap reflects future retirees.
*****Grandfathered employees have an Age 55 and 10 years of service eligibility requirement

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Coast CCD should take to manage the liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Coast CCD's practices, it is possible that Coast CCD is already complying with some or all of our recommendations.

- We recommend that Coast CCD maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Coast CCD should determine whether the benefit is material and subject to GASB 74 and/or 75.

- Under GASB 75, it is important to isolate the cost of retiree health benefits. Coast CCD should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – ***even on a retiree-pay-all basis*** – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Coast CCD should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.

- Coast CCD should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Coast CCD's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Coast CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Coast CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

E. Certification

The actuarial information in this report is intended solely to assist Coast CCD in complying with Governmental Accounting Standards Board Accounting Statements 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. TCS's work is prepared solely for the use and benefit of Coast CCD. Release of this report may be subject to provisions of the Agreement between Coast CCD and TCS. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with TCS.

This report is for fiscal year July 1, 2018 to June 30, 2019, using a measurement date of June 30, 2019. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by Coast CCD. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. Information we relied on is listed in Appendix A.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations.

This report contains estimates of the Plan's financial condition only as of a single date. It cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of Coast CCD and any plan sponsor. TCS does not intend to benefit from and assumes no duty or liability to other parties who receive this report. TCS is not aware of any relationship that would impair the objectivity of the opinion.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all applicable Actuarial Standards of Practice. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render this actuarial opinion.

Respectfully submitted,

Geoffrey L. Kischuk, FSA, MAAA, FCA
Consultant
Total Compensation Systems, Inc.
(805) 496-1700

PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be "accrued" over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an "implicit rate subsidy"),

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an "actuarial cost method."

The actuarial cost method mandated by GASB 75 is the "entry age actuarial cost method". Under this method, there are two components of actuarial cost – a "service cost" (SC) and the "Total OPEB Liability" (TOL). GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. Under the entry age actuarial cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the service cost. Under GASB 75, the service cost is calculated to be a level percentage of each employee's projected pay.

The service cost is determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.

- The ***"trend" rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A "cap" on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.

- ***Mortality rates*** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.

- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- ***Retirement rates*** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.

- ***Participation rates*** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.

- The ***discount rate*** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses can be deferred five years

- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.

- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.

- Liability changes resulting from plan changes, for example, cannot be deferred.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by Coast CCD. We then selected assumptions for the factors discussed in the above Section that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate factors based on the participant's age, sex, length of service, and employee classification.

We summarized actuarial assumptions used for this study in Appendix C.

B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Coast CCD uses contribution caps, the influence of the trend factor is further reduced. We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the participant is not eligible. The participant is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We discounted the expected cost for each year to the measurement date June 30, 2019 at 6% interest. Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any ***current retirees***, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the actuarial present value of projected benefit payments (APVPBP) for each participant to get the total APVPBP for all participants. The APVPBP is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2019 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age.

Actuarial Present Value of Projected Benefit Payments at June 30, 2019

	Total	*Certificated*	*Classified*	*Management*
Active: Pre-65	$59,146,237	$24,523,297	$27,815,047	$6,807,893
Post-65	$29,547,856	$10,815,636	$15,133,703	$3,598,517
Subtotal	$88,694,093	$35,338,933	$42,948,750	$10,406,410
Retiree: Pre-65	$7,727,449	$2,380,414	$3,802,151	$1,544,884
Post-65	$34,453,584	$13,930,069	$14,135,484	$6,388,031
Subtotal	$42,181,033	$16,310,483	$17,937,635	$7,932,915
Grand Total	$130,875,126	$51,649,416	$60,886,385	$18,339,325
Subtotal Pre-65	$66,873,686	$26,903,711	$31,617,198	$8,352,777
Subtotal Post-65	$64,001,440	$24,745,705	$29,269,187	$9,986,548

The APVPBP should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVPBP is used to develop expense and liability figures. To do so, the APVPBP is divided into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability).

The past service and future service liabilities are each accrued in a different way. We will start with the future service liability which is funded by the service cost.

C. Cost to Prefund Retiree Benefits

1. Service Cost

The average hire age for eligible employees is 36. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 25 years (assuming an average retirement age of 61). We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Year Beginning July 1, 2019

	Total	*Certificated*	*Classified*	*Management*
# of Employees	1344	445	718	181
Per Capita Service Cost				
Pre-65 Benefit	N/A	$2,446	$1,431	$2,288
Post-65 Benefit	N/A	$1,130	$820	$1,169
First Year Service Cost				
Pre-65 Benefit	$2,530,056	$1,088,470	$1,027,458	$414,128
Post-65 Benefit	$1,303,199	$502,850	$588,760	$211,589
Total	$3,833,255	$1,591,320	$1,616,218	$625,717

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This service cost would increase each year based on covered payroll.

2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables.

Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2019

	Total	*Certificated*	*Classified*	*Management*
Active: Pre-65	$41,111,842	$16,637,908	$20,400,246	$4,073,688
Active: Post-65	$20,259,123	$7,172,754	$10,884,830	$2,201,539
Subtotal	$61,370,965	$23,810,662	$31,285,076	$6,275,227
Retiree: Pre-65	$7,727,449	$2,380,414	$3,802,151	$1,544,884
Retiree: Post-65	$34,453,584	$13,930,069	$14,135,484	$6,388,031
Subtotal	$42,181,033	$16,310,483	$17,937,635	$7,932,915
Subtotal: Pre-65	$48,839,291	$19,018,322	$24,202,397	$5,618,572
Subtotal: Post-65	$54,712,707	$21,102,823	$25,020,314	$8,589,570
Total OPEB Liability (TOL)	$103,551,998	$40,121,145	$49,222,711	$14,208,142
Fiduciary Net Position as of June 30, 2019	$80,187,982			
Net OPEB Liability (NOL)	$23,364,016			

The following table shows the reconciliation of the June 30, 2018 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2019 NOL.

	TOL	*FNP*	*NOL*
Balance at June 30, 2018	$107,409,737	$76,131,854	$31,277,883
Service Cost / Expected Employer/Employee Contributions	$5,038,776	$0	$5,038,776
Interest on Total OPEB Liability	$6,394,336	$0	$6,394,336
Expected Employer/Employee Interest Contributions	$0	$0	$0
Expected Excess ADC Contributions	$0	$0	$0
Expected Investment Income	$0	$4,562,166	($4,562,166)
Expected Benefit Payments	($6,713,720)	($6,713,720)	$0
Roll-Forward Balance at June 30, 2019	$112,129,129	$73,980,300	$38,148,829
Changes in Benefit Terms	($5,671,949)	$0	($5,671,949)
Changes in Assumptions	$5,642,081	$0	$5,642,081
Experience Gains/Losses	($8,547,263)	$0	($8,547,263)
Employer Contributions (Actual less expected)	$0	$6,713,720	($6,713,720)
Employee Contributions	$0	$0	$0
Investment Gains/Losses	$0	($314,535)	$314,535
Administrative Expense	$0	($191,502)	$191,502
Other	$0	$0	$0
Net Change during 2018-19	($3,857,739)	$4,056,129	($7,913,868)
Balance at June 30, 2019	$103,551,998	$80,187,983	$23,364,015

3. OPEB Expense

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Coast CCD is shown in Appendix F. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2019

	Beginning Balance	*Ending Balance*
Experience Gains/Losses	$0	($7,422,623)
Assumption Changes	$0	$4,899,701
Investment Gains/Losses	($305,769)	$22,302
Deferred Balances	($305,769)	($2,500,620)

The following table shows the reconciliation between the change in the NOL and the OPEB expense.

OPEB Expense Fiscal Year Ending June 30, 2019

	Beginning Balance	*Ending Balance*	*Change*
Net OPEB Liability (NOL)	$31,277,883	$23,364,016	($7,913,867)
Deferred Balances	($305,769)	($2,500,620)	($2,194,851)
Change in Net Position	$31,583,652	$25,864,636	($5,719,016)
Employer Contributions			$6,713,720
Actual minus Expected Benefit Payments*			$0
Other			$0
OPEB Expense			$994,704

***** Counts as contribution.

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows..

OPEB Expense Fiscal Year Ending June 30, 2019

	Total
Service Cost	$5,038,776
Interest on Total OPEB Liability (TOL)	$6,394,336
Employee Contributions	$0
Recognized Experience Gains/Losses	($1,124,640)
Recognized Assumption Changes	$742,380
Expected Investment Income	($4,562,166)
Recognized Investment Gains/Losses	($13,536)
Contributions After Measurement Date (Prior Year)	$0
Contributions After Measurement Date (Current Year)	$0
Changes in Benefit Terms	($5,671,949)
Administrative Expense	$191,502
OPEB Expense*	$994,703

***** May include a slight rounding error.

The above OPEB expense does not include an estimated $6,713,720 in employer contributions.

4. Deferred Inflows and Outflows

Certain types of TOL changes are subject to deferral, as are investment gains/losses. Appendix F provides information about deferred inflows and outflows.

PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are **certain** to be ***in***accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

Year Beginning July 1	***Total***	***Certificated***	***Classified***	***Management***
2019	$6,588,869	$2,612,619	$2,811,622	$1,164,628
2020	$6,687,203	$2,635,857	$2,918,686	$1,132,660
2021	$7,286,760	$2,763,889	$3,331,498	$1,191,373
2022	$7,601,450	$2,864,170	$3,535,362	$1,201,918
2023	$7,868,160	$2,912,311	$3,719,134	$1,236,715
2024	$8,189,242	$3,055,668	$3,929,540	$1,204,034
2025	$8,540,372	$3,157,601	$4,115,790	$1,266,981
2026	$8,684,942	$3,123,285	$4,248,408	$1,313,249
2027	$8,837,163	$3,146,923	$4,339,737	$1,350,503
2028	$9,032,460	$3,178,472	$4,515,467	$1,338,521

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 74/75 require annual valuations. Every other year, the valuation requirement can be met by doing a "roll-forward" valuation. However, a full valuation may be required or preferred under certain circumstances.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.
- An employer should perform a valuation whenever the employer forms a qualifying trust or changes its investment policy.
- An employer should perform a valuation whenever the employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We recommend Coast CCD take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing participant demographic data from the District personnel records.

- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation.

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Coast CCD to understand that the appropriateness of all selected actuarial assumptions and methods are Coast CCD's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Coast CCD's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Coast CCD regarding practices with respect to employer and employee contributions and other relevant factors.

ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6% per year net of expenses. This is based on assumed long-term return on employer assets.. We used the "Building Block Method". (See Appendix E, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Coast CCD.

Fiduciary Net Position as of June 30, 2019

	06/30/2018	***06/30/2019***
Cash and Equivalents	$0	$0
Contributions Receivable	$0	$0
Total Investments	$76,131,854	$80,187,982
Capital Assets	$0	$0
Total Assets	$76,131,854	$80,187,982
Benefits Payable	$0	$0
Fiduciary Net Position	$76,131,854	$80,187,982

NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix E, Paragraph 52 for more information.

MORTALITY

Participant Type	*Mortality Tables*
Certificated	2009 CalSTRS Mortality
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

Employee Type	*Retirement Rate Tables*
Certificated	2009 CalSTRS Retirement Rates
Classified	Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employees Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2%@60 adjusted to minimum retirement age of 52

SERVICE REQUIREMENT

Employee Type	*Service Requirement Tables*
Certificated	100% at 15 Years of Service*
Classified & Mangement	100% at 15 Years of Service**

*10 years if hired before 7/1/2018

** 10 years if hired before 1/1/2018

COSTS FOR RETIREE COVERAGE

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 37.0% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

Employee Type	*Future Retirees Pre-65*	*Future Retirees Post-65*
Certificated	$26,868	$1,990 District Cap for those retiring beginning 5/1/02 $9,275 for Medicare eligible ages 65 to 70
Classified	$22,677	$1,990 District Cap for those retiring beginning 5/1/02 $9,275 for Medicare eligible ages 65 to 70
Management	$25,999	$1,990 District Cap for those retiring beginning 5/1/02 $9,275 for Medicare eligible ages 65 to 70

PARTICIPATION RATES

Employee Type	*<65 Non-Medicare Participation %*	*65+ Medicare Participation %*
Certificated	95%	75% for post-70 coverage 95% for pre-70 coverage
Classified	95%	75% for post-70 coverage 95% for pre-70 coverage
Management	95%	75% for post-70 coverage 95% for pre-70 coverage

TURNOVER

Employee Type	*Turnover Rate Tables*
Certificated	2009 CalSTRS Termination Rates
Classified	2009 CalPERS Termination Rates for School Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

AGING FACTORS

We used aging factors from "Health Care Costs - From Birth to Death" prepared by Dale Yamamoto and published in 2013 by the Society of Actuaries as part of the Health Care Cost Institute's Independent Report Series - Report 2013-1.

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

Age	*Total*	*Certificated*	*Classified*	*Management*
Under 25	7	0	7	0
25-29	61	4	55	2
30-34	125	31	81	13
35-39	166	49	92	25
40-44	161	68	76	17
45-49	202	77	96	29
50-54	173	44	99	30
55-59	200	67	106	27
60-64	146	53	71	22
65 and older	103	52	35	16
Total	1344	445	718	181

ELIGIBLE RETIREES

Age	*Total*	*Certificated*	*Classified*	*Management*
Under 50	1	1	0	0
50-54	1	1	0	0
55-59	34	5	22	7
60-64	84	17	48	19
65-69	178	72	82	24
70-74	188	90	60	38
75-79	173	105	41	27
80-84	94	53	19	22
85-89	24	11	5	8
90 and older	13	7	5	1
Total	790	362	282	146

APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Coast CCD. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	790
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	1344
Total Number of participants	2134

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

shown in Appendix C.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Coast CCD in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2009 CalSTRS Mortality
Disclosure	The mortality assumptions are based on the 2009 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalSTRS analysis.

Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
Mortality Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2009 CalSTRS Retirement Rates
Disclosure	The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS Retirement Rates for School Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS Retirement Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2009 CalSTRS Termination Rates
Disclosure	The turnover assumptions are based on the 2009 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Table	2009 CalPERS Termination Rates for School Employees
Disclosure	The turnover assumptions are based on the 2009 CalPERS Termination Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL Using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	$18,131,939	$23,364,016	$28,964,305

Paragraph 53: **Discount Rate**

The following information is intended to assist Coast CCD to comply with Paragraph 53 requirements.

53.a: A discount rate of 6% was used in the valuation.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 19 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.

CCLC - CCLC

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	29.0000	7.7950
US Small Cap	13.0000	7.7950
All Foreign Stock	9.0000	7.7950
Other Fixed Income	49.0000	3.2500

Futuris - Moderate Growth

Asset Class	Percentage of Portfolio	Assumed Gross Return
X All Fixed Income	55.0000	4.5000
X Real Estate Investment Trusts	4.0000	7.5000
X All Domestic Equities	22.0000	7.5000
X All International Equities	19.0000	7.5000

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	$32,231,370	$23,364,016	$15,596,954

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on page 10.

Paragraph 56: **Additional Net OPEB Liability Information**

The following information is intended to assist Coast CCD to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2019.
The measurement date is June 30, 2019.
56 b: We are not aware of a special funding arrangement.
56 c: The implicit rate subsidy assumption was increased from 18.5% to 37.0%
56.d: Faculty hired after 7/1/2018 and Classified/Management hired after 1/1/2018 had eligibility requirements increased to age 60 with 15 years of service. Faculty retiring after 7/1/2019 and Classified/Management retiring after 1/1/2018 no longer have access to the Delta Health Systems PPO and now have a maximum post age 70 benefit of $3,000.
56.e: Not applicable
56.f: To be determined by the employer
56.g: To be determined by the employer
56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown in Appendix F
56.i: Future recognition of deferred inflows and outflows is shown in Appendix F

Paragraph 57: **Required Supplementary Information**

57.a: Please see reconciliation on page 10. Please see the notes for Paragraph 244 below for more information.
57.b: These items are provided on page 10 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.
57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 19 years.
57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 19 years.

Paragraph 244: **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

APPENDIX F: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

EXPERIENCE GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Experience Gains and Losses (Measurement Periods)

Measurement Period	Experience Gain/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	2019	Amounts to be Recognized in OPEB Expense after 2019	2020	2021	2022	2023	2024	Thereafter
2018-19	($8,547,263)	7.6	$0	($1,124,640)	($7,422,623)	($1,124,640)	($1,124,640)	($1,124,640)	($1,124,640)	($1,124,640)	($1,799,423)
Net Increase (Decrease) in OPEB Expense			**$0**	**($1,124,640)**	**($7,422,623)**	**($1,124,640)**	**($1,124,640)**	**($1,124,640)**	**($1,124,640)**	**($1,124,640)**	**($1,799,423)**

CHANGES OF ASSUMPTIONS

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	2019	Amounts to be Recognized in OPEB Expense after 2019	2020	2021	2022	2023	2024	Thereafter
2018-19	$5,642,081	7.6	$0	$742,380	$4,899,701	$742,380	$742,380	$742,380	$742,380	$742,380	$1,187,801
Net Increase (Decrease) in OPEB Expense			**$0**	**$742,380**	**$4,899,701**	**$742,380**	**$742,380**	**$742,380**	**$742,380**	**$742,380**	**$1,187,801**

INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment Gain/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	2019	Amounts to be Recognized in OPEB Expense after 2019	2020	2021	2022	2023	2024	Thereafter
2017-18	($382,212)	5	($76,443)	($76,443)	($229,326)	($76,443)	($76,443)	($76,440)			
2018-19	$314,535	5	$0	$62,907	$251,628	$62,907	$62,907	$62,907	$62,907		
Net Increase (Decrease) in OPEB Expense			**($76,443)**	**($13,536)**	**$22,302**	**($13,536)**	**($13,536)**	**($13,533)**	**$62,907**	**$0**	**$0**

APPENDIX G: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Cost Method: A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.

Actuarial Present Value of Projected Benefit Payments: The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.

Deferred Inflows/Outflows of Resources: A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.

Discount Rate: Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.

Fiduciary Net Position: Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).

Implicit Rate Subsidy: The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.

Measurement Date: The date at which assets and liabilities are determined in order to estimate TOL and NOL.

Mortality Rate: Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.

Net OPEB Liability (NOL): The Total OPEB Liability minus the Fiduciary Net Position.

OPEB Benefits: Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.

OPEB Expense: This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.

Participation Rate: The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

Retirement Rate: The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.

Service Cost: The annual dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

Service Requirement: The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.

Total OPEB Liability (TOL): The amount of the actuarial present value of projected benefit payments attributable to participants' past service based on the actuarial cost method used.

Trend Rate: The rate at which the employer's share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.

Turnover Rate: The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.

Valuation Date: The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can't be more than 30 months prior.

COAST COMMUNITY COLLEGE DISTRICT
ORANGE COUNTY

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

Coast Colleges
Coastline Community College · Golden West College GWC Huntington Beach, CA · Orange Coast College
Inspiration. Innovation. Graduation.

COAST COMMUNITY COLLEGE DISTRICT
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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Coast Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT

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

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

Opinion

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the District as of June 30, 2019, and the results of its operations, changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2019, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Replacements.* Our auditors' opinion was not modified with respect to the implementation.

Other Matters

Required Supplementary Information

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

Other Information

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

INDEPENDENT AUDITORS' REPORT

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

additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 14, 2019

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

INTRODUCTION

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

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

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

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

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

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

Financial and Enrollment Highlights

Key assumptions in the 2018-19 Adopted Budget plan included 1) a 2.71% Cost of Living Adjustment, 2) a Per-Employee-Per-Year (PEPY) cost of health benefits of $17,520, reflecting the total current year cost of $42.2 million, or a year-over-year programmatic increase of 1.41%, 3) No budgeted growth, 4) combined pension contribution increases across both the California Public Employees Retirement System (CalPERS) and the California State Teachers Retirement System (Cal STRS) totaled $3.4 million, and 6) a beginning fund balance of $36.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

The District ended the 2018-2019 FY with a $35.1 million fund balance. This represents a $1.2 million decline from the prior year amount of $36.3 million. Nevertheless, the District has maintained resources sufficient to provide cash flow stability for the District without external borrowing. Health and welfare benefit costs continue to rise and are being monitored. Additional funds were set aside to fund the future retiree benefits liability. The District continues to manage its retiree health trust across two programs including the Community College League of California Joint Powers Authority and the Keenan Futuris program. The District's Retirement Board of Authority meets on a quarterly basis to review and evaluate performance of the trusts. At June 30, 2019, between the two programs, $80.1 million is held in an irrevocable trust to meet the District's liability of approximately $103.5 million. Although the new Governmental Accounting Standards Board (GASB) requirements no longer use the Annual Required Contribution (ARC) as a measure, this in no way changes the District's contractual obligations and we will continue to budget both pay-as-you-go costs as well as an amount to mitigate the unfunded liability in the next 15-20 years.

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

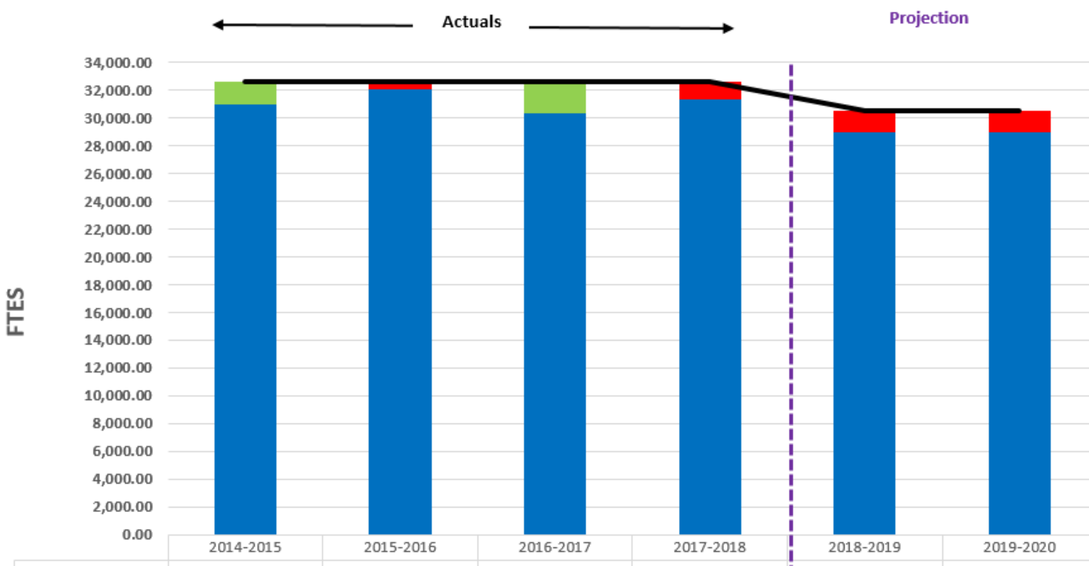
On November 6, 2012, the District voters approved and authorized the issuance and sale of $698 million principal amount of Measure M general obligation bonds of the District. Total Measure M expenditures for the 2018-19 FY are $105.2 million. Currently, Moody's has placed Coast at an "Aa1" rating reflecting the District's very large and growing coastal California tax base that is among the largest of Moody's-rated community college districts. The rating also includes the district's strong financial position that benefits from healthy liquidity available outside of General Fund operations. S&P Global Ratings raised its long-term rating and underlying rating (SPUR) to 'AA+' from 'AA." This action reflected the district's strong local economy situated in Orange County, the district's very strong general fund reserves, the flexibility of community college districts in general to manage their enrollment and programs in response to funding levels, and the district's low to moderate debt burden.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

The 2018-19 FY Adopted budget was based on the revenue associated with serving 30,542 resident Full-Time Equivalent Students (FTES). Under the recently enacted Student Centered Funding Formula (SCFF), Stabilization, a tool long used by districts to manage enrollment declines, is no longer available. However, strategically shifting (borrowing) summer FTES remains a viable tool. Funded FTES is now a function of a three-year rolling average. Further, certain enrollments including, for example, Incarcerated, Special Admits, and Non-Residents are measured outside the SCFF. To make base in the 2018-19 FY, Coast borrowed 1,604 FTES from Summer 2019 that would have otherwise been reported in the 2019-20 FY to report in the 2018-19 FY.

Annual Enrollment
Full-Time Equivalent Students (FTES)



	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Borrowed FTES		554.64		1,255.54	1,604.00	1,604.00
Stablized FTES	1,699.73		2,331.45			
Earned FTES	30,924.07	32,068.39	30,292.35	31,370.26	28,938.00	28,938.00
Funded FTES	32,623.80	32,623.80	32,623.80	32,625.80	30,542.00	30,542.00

*Under SCFF, stabilization is eliminated. Funded FTES is a function of a funded credit FTES, which is a function of a 3-year rolling average.

Statement of Net Position

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

	(in thousands) 2019	2018	Change
ASSETS			
Current assets			
Cash and cash equivalents	$ 112,360	$ 120,042	-6%
Investments	65,444	60,185	9%
Account receivables	20,148	18,117	11%
Notes receivable - current portion	750	750	0%
Due from fiduciary funds	324	1,042	-69%
Inventories	68	73	-7%
Prepaid expenses	2,000	22	8991%
Total current assets	201,094	200,231	0%
Non-current assets			
Restricted cash and cash equivalents	214,913	314,319	-32%
Restricted student loans receivable, net	2,550	2,829	-10%
Notes receivable	10,688	11,438	-7%
Capital assets, net of depreciation	662,163	577,923	15%
Total non-current assets	890,314	906,509	-2%
TOTAL ASSETS	1,091,408	1,106,740	-1%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	22,598	24,611	-8%
Deferred outflows - OPEB	5,151	-	N/A
Deferred outflows - pension	82,713	74,794	11%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	110,462	99,405	11%
LIABILITIES			
Current liabilities	118,708	105,930	12%
Non-current liabilities	1,145,844	1,161,784	-1%
TOTAL LIABILITIES	1,264,552	1,267,714	0%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB	7,652	306	2401%
Deferred inflows - pension	11,693	13,897	-16%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,345	14,203	36%
NET POSITION			
Invested in capital assets, net of related debt	54,184	80,207	-32%
Restricted	58,682	73,401	-20%
Unrestricted	(194,893)	(229,380)	-15%
TOTAL NET POSITION	$ (82,027)	$ (75,772)	-8%

- Cash and cash equivalents consist mainly of cash held in the county treasury ($307 million) and ancillary funds maintained at local banks. Cash decreased from the prior year due primarily to payments of debt obligations and payments of expenditures incurred for Measure M construction projects. At June 30, 2019, the building fund had a cash balance of approximately $145.1 million.

- Investments increased primarily due to the interest earnings from the General Obligation Series E endowment funds.

- The increase in accounts receivable stemmed from a net a decrease in student receivables and an increase in grants and state apportionment accounts receivable.

- Prepaid assets increased due to payments of software maintenance, and property and liability insurance coverage for future fiscal years.

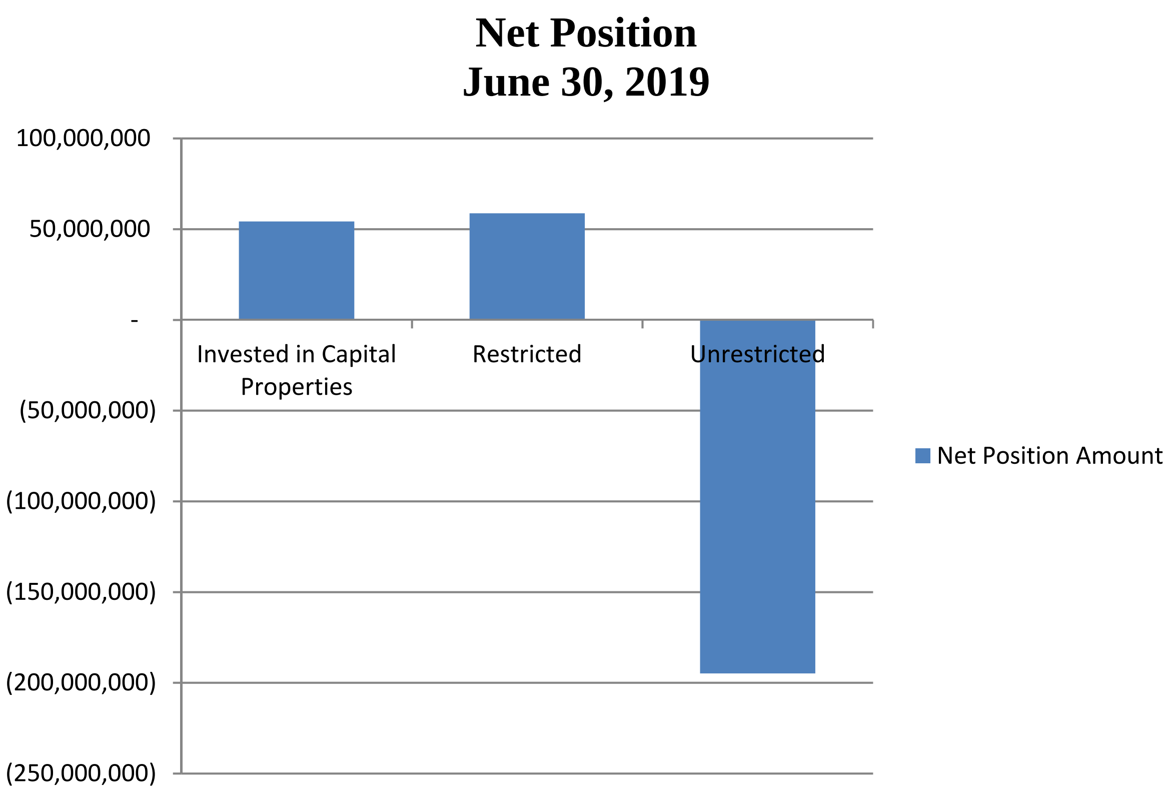
- Due to various GASB statements, the District reported a section on deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. As for deferred inflows of resources, it represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Refer to Notes 11 and 12 for more details.

- Under GASB statements 67 and 68, the District's outstanding pension liability for both CalSTRS and CalPERS is $270.3 million as of June 30, 2019.

- Current liabilities showed an increase of 12%. The major changes include the increase in accounts payable for construction projects and restricted grants and categorical programs unearned revenue.

- Net position showed a decrease of 8% from the prior year. Total operating expenses increased by $10.9 million, or 3%, while total operating revenues decreased by $2.1 million or -1%.

The Total OPEB Liability (TOL) decreased increased from $107.4 million at the close of the 2017-18 FY, to $103.5 million at the close of the 2018-19 FY. This change was driven largely by the District's changes in benefit plan. The District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2019 is $80.1 million providing a Net OPEB Liability (NOL) of $23.3 million.


Net Position
June 30, 2019
100,000,000
50,000,000
-
(50,000,000)
(100,000,000)
(150,000,000)
(200,000,000)
(250,000,000)
Invested in Capital Properties
Restricted
Unrestricted
Net Position Amount

Statement of Revenues, Expenses and Changes in Net Position

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

	(in thousands) 2019	2018	Change
Operating Revenues			
Net tuition and fees	$ 37,195	$ 37,510	-1%
Grants and contracts, non-capital	121,278	122,925	-1%
Auxiliary sales and charges	3,167	3,292	-4%
Total operating revenues	161,640	163,727	-1%
Operating Expenses			
Salaries and benefits	257,664	251,932	2%
Supplies, materials and other operating expenses and services	53,204	48,314	10%
Financial aid	53,365	53,021	1%
Utilities	3,763	3,980	-5%
Depreciation	21,290	21,168	1%
Total operating expenses	389,286	378,415	3%
Operating loss	(227,646)	(214,688)	6%
Non-operating revenues (expenses)			
State apportionments, non-capital	45,169	39,472	14%
Local property taxes	136,564	129,195	6%
State taxes and other revenues	9,183	9,644	-5%
Investment income, non-capital	2,043	1,209	69%
Loss on disposal of capital assets	(2,515)	-	N/A
Perkins loan program liquidation	-	(2,589)	N/A
Interest expense	(28,071)	(40,116)	-30%
Total non-operating revenues (expenses)	162,373	136,815	19%
Other revenues, expenses, gains or losses			
Local property taxes and revenues, capital	45,664	44,210	3%
State apportionments, capital	575	1,572	0%
Investment income, capital	12,779	4,108	211%
Total other revenues, expenses, gains or losses	59,018	49,890	18%
Change in net position	(6,255)	(27,983)	-78%
Net position, beginning of year	(75,772)	(47,789)	59%
Net position, end of year	$ (82,027)	$ (75,772)	-8%

- Net tuition and fees consists of enrollment fees $36.4 million, non-resident tuition $13.9 million, and other fees $7.5 million less scholarships, discounts and allowances $20.7 million. Regular enrollment fees $46 per unit are set by the State for all community colleges reflecting no change from the prior year; however, enrollment fees revenue decreased due to declining enrollment

- Revenue from grants and contracts is composed of federal grants ($47.9 million), state grants ($46.4 million), and local contracts ($26.8 million). The decrease in federal funding was mainly due to the decrease in federal financial aid provided for students. The increase in state revenue included the net increase in Strong Workforce Programs and Student Equity and Achievement Program and decrease in various student success and completion grants.

- Salaries and benefits expenses increased by $5.7 million or 2% because of the continuous implementation of the classification and compensation study, COLA increase, and the increasing pension and health benefit cost.

- The increase in other operating expenses was due to increasing self-insurance premiums and claims costs and having less capitalized expenses in construction projects.

- Robust property tax receipt, along with the EPA funding, has resulted in an increase total computational apportionment revenue based on the new SCFF calculation.

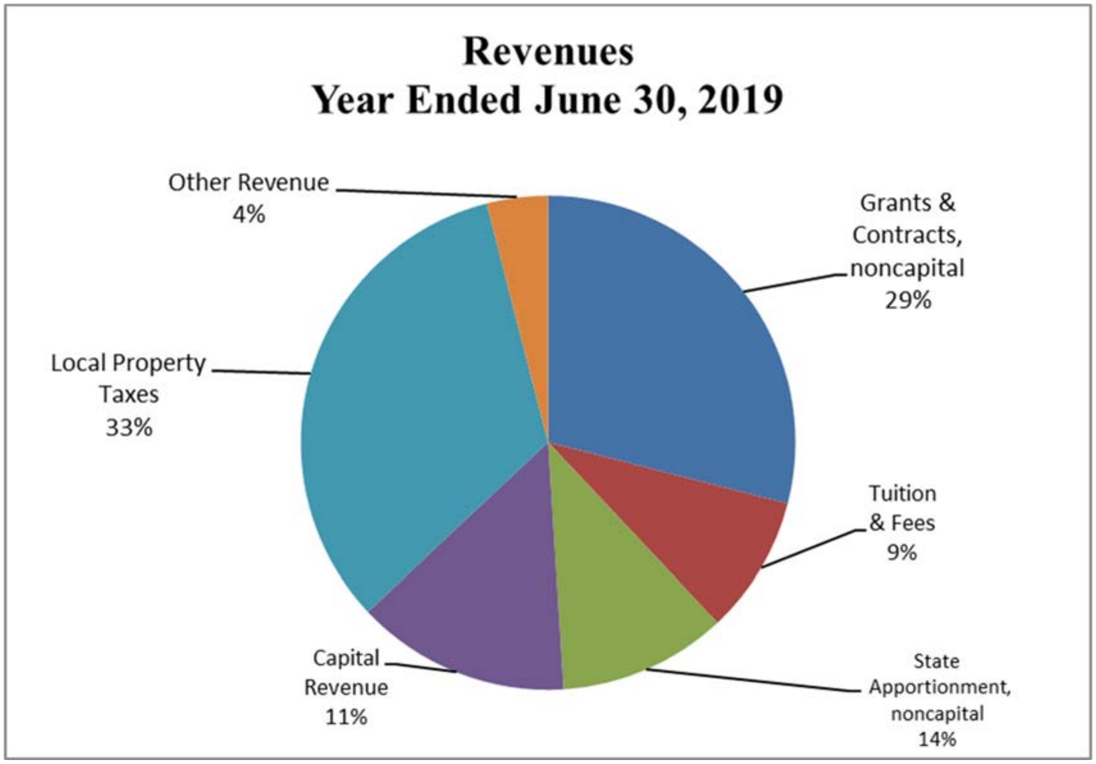
- The decrease in interest expense is due to the accreted interest is mostly recognized at the end of the current fiscal year. Payments on the accreted interest will be made at a future date.

- Capital revenues increased from local property taxes.

- Investment income increase was primarily due to the interest earnings from the General Obligation Series E endowment funds.

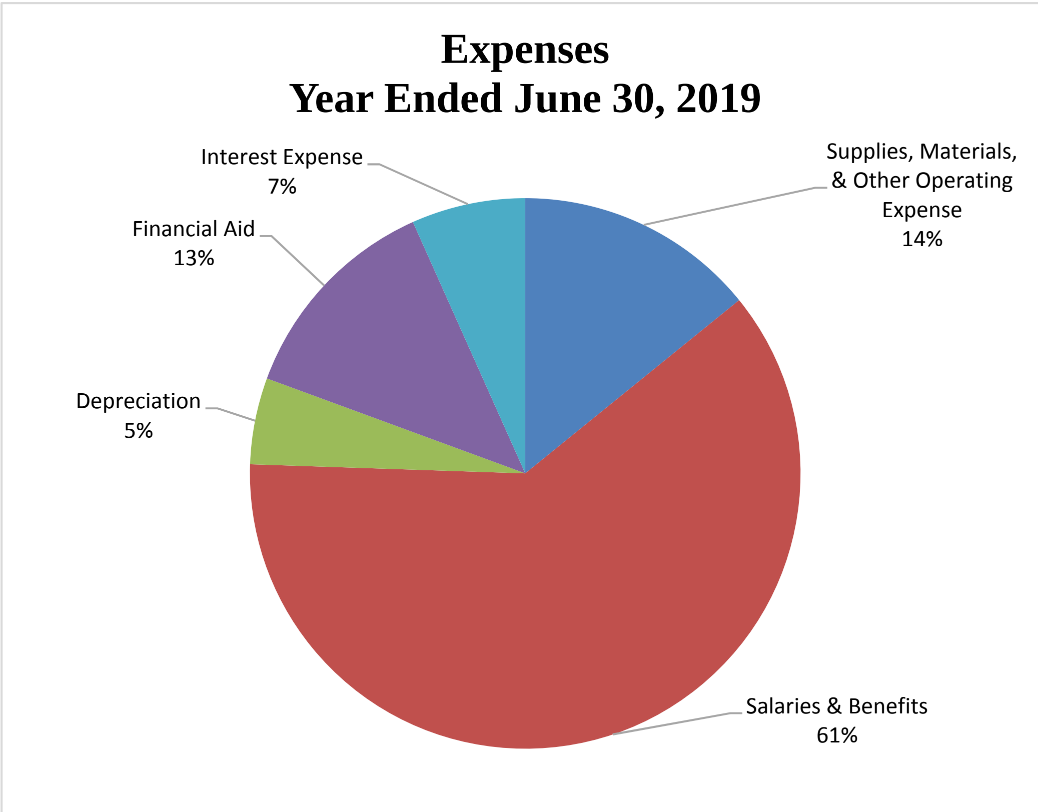
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019



Statement of Cash Flows

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

	(in thousands) 2019	2018	Change
Cash Provided By (Used in)			
Operating activities	$ (197,866)	$ (171,778)	-15%
Noncapital financing activities	190,884	179,037	7%
Capital and related financing activities	(96,863)	(101,643)	5%
Investing activities	(3,243)	1,082	-400%
Net change in cash and cash equivalents	(107,088)	(93,302)	15%
Cash balance, beginning of year	434,361	527,663	-18%
Cash balance, end of year	$ 327,273	$ 434,361	-25%

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

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

District's Fiduciary Responsibility

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

Capital Asset and Debt Administration

<u>Capital Assets</u>

As of June 30, 2019, the District had over $662.1 million invested in net capital assets. Total capital assets of $999.5 million consist of land, buildings and building improvements, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of $337.3 million. New additions for construction and equipment of $103.3 million occurred during 2018-19, and depreciation expense of $21.2 million was recorded for the fiscal year. During the current fiscal year, the District removed some buildings for new construction projects and that resulted in a net loss of $2.5 million. Construction in progress of $88.8 million was completed and placed into service as buildings and site improvements. Note 5 to the financial statements provides additional information on capital assets. A summary of capital assets net of depreciation is presented below.

	Balance June 30, 2019
Land	$ 24,141,969
Buildings and site improvements	765,192,943
Equipment	50,789,895
Construction in progress	159,381,967
Totals at historical cost	999,506,774
Less accumulated depreciation for:	
Buildings and site improvements	(299,333,439)
Equipment	(38,010,689)
Total accumulated depreciation	(337,344,128)
Governmental capital assets, net	$ 662,162,646

Debt

At June 30, 2019, the District had $872.6 million in debt for the General Obligation bonds. The payments for general obligation bond debt are funded through property tax assessments. Notes 6 and 9 to the financial statements provide additional information on long-term liabilities.

Economic Factors That May Affect the Future

State Economy

On January 10, 2019, Governor Gavin Newsom released his proposal for the 2019-20 FY State Budget. Key highlights of that proposal include Proposition 98 funding of $80.7 billion, $3 billion in one-time non-Proposition 98 payments to CalSTRS to reduce long-term liabilities for employers, $40 million to fund a second year of the California Promise, a limit on the year-over-year increases in resources a community college could receive through the Student Success Allocation (capping those year-over-year increases to 10%), a clarification that the transfer outcome measure in the Student Success Allocation reflects an unduplicated count of students, a 3.46% proposed Cost of Living Adjustment (COLA), $359 million in general obligation bond funding [Proposition 51] for 12 new and 15 continuing projects, $10 million to provide legal services to undocumented and immigrant students, faculty, and staff on community college campuses, and $121.6 million to increase or provide access awards for students with dependent children attending any higher education segment. The May Revision builds on the January Budget Proposal but leaves the Governor's January proposal for Community Colleges largely unchanged. The proposal includes routine adjustments using updated estimates of revenue, enrollment, program participation, and inflation, but makes no major policy changes.

On June 27, 2019, Governor Newsom signed the $214.8 billion 2019-20 State Budget Bill (Assembly Bill 74). The State Budget includes a total investment in Proposition 98 of $81 billion, an increase of nearly $3 billion over last year's Budget.

Coast Budget Development & Assumptions

Following the release of the Governor's January Budget Proposal, a preliminary set of Budget Assumptions was developed and discussed with the District Consultation Council Budget Subcommittee, the Board of Trustees Audit/Budget Subcommittee and the Board of Trustees at the Budget Study Session on March 6, 2019. Since that time, Budget Assumptions have been refined based on new information emerging in the budget development process Key assumptions reflected in the Coast Adopted Budget include:

1) a 3.26% Cost of Living Adjustment,

2) Reserves of at least 10% consistent with Board Policy 6300,

3) No budgeted growth,

4) 1,604 "borrowed" FTES from Summer 2019 to ensure Coast closed the prior year at a base FTES level of 30,542.

Under the SCFF, apportionment revenue includes not only Enrollment and Basic Allocation revenue, but also a Supplemental and Success component. Under the Supplemental factor, we estimate Coast will receive $42.9 million, and $26.6 million under the Success factor. Significantly, the calculation of the Success component was changed as follows:

1. Counts only the highest of all awards (i.e., associate degree for transfer, associate degree, baccalaureate degree, and credit certificate) a student earned in the same year. Further, it counts an award only if the student was enrolled in the district in the year the award was granted.
2. Amends the definition of a transfer student. A student who transferred to a four-year university would be included in the district's count only if the student completed 12 or more units in the district in the year prior to transfer.
3. Calculates the student success allocation based on three-year averages of each of the measures in the allocation

<u>Revenue Estimates</u>

Revenues include a Cost of Living Adjustment (COLA) at $6.4 million, $153.00 per FTES Unrestricted Lottery funding. Local revenue reflects enrollment fees of $46 per unit and interest earnings of $1 million. Other local revenue totals $943 thousand. Total revenue, less the current year effects of enrollment decline of $1.8 million, and a funding constraint of $5.1 million reflecting the most recent construct of SCFF (July 2019), is projected to be a negative $520 thousand.

<u>Expense Estimates</u>

Major new expenses reflected a health benefit increase of $379 thousand, Classification/compensation Study Cost of $931 thousand, on-schedule salary increases of $5.8 million, net Step/column cost of $400 thousand, and pension increases of $2.0 million. Total new expenses are estimated at $10 million

Coast carried forward a structural budget imbalance from the 2018-19 FY of $1.2 million. When new on-going revenues, including the effects of declining enrollments and an estimated deficit factor/funding constraint, are netted against new estimated expenses, Coast is projecting an estimated budgetary deficit of $11.7 million.

Significant Future Events

The 2019-20 fiscal year budget plan outlines several areas of budgetary concern largely focused on enrollment, spending, and implementation of the new Student Centered Funding Formula (SCFF). These concerns are complicated by staffing volatility and turnover within the California Community Colleges Chancellor's Office (CCCCO), and continued evolution of the factors within the SCFF.

While our budget management work involves monitoring both revenue and expense, there is no evidence to suggest that we will grow out of this current enrollment decline. Thus, much of our attention will be focused on the plan of expenditures as we examine means to constrain spending and maintain a balanced budget.

We may see a continuation of the funding constraints and deficit factors that emerged last spring. However, we will not have definitive information in this regard until the release of the First Principal Apportionment report in February 2020.

With respect to our Measure M local GO Bond program, we are anticipating the sixth and final issuance (Series 2019F) of $168 million late in calendar year 2019. We also anticipate executing a Refunding Action pertaining to the 2013A Series that is estimated to reduce taxpayer obligations by an estimated $10 million.

Not unlike the District's retiree health benefit plan, both the California State Teachers Retirement System (STRS) and the California Public Employee Retirement System (PERS) have significant unfunded liabilities. This phenomenon reflects a mismatch between the pension plan's estimated obligations and its assets. In theory, these plans should be prefunded, meaning regular contributions for each employee are made into the retirement fund during the course of that employee's career. However, because of underfunding in prior years, employer costs for retirement benefits for both STRS and PERS are projected to nearly double over the next several years. Projections for Coast to include $2 million in on-going cost for 2020-21 FY and a cumulative cost of $18 million since FY 2015-16.

The most recent actuarial study was completed for OPEB liability as of June 30, 2019. The net OPEB liability has decreased from 107.8 million in the 2016-17 FY to 103.5 million in the 2018-19 FY. The District has budgeted sufficient funds to meet the actuarially determined contribution for fiscal year 2018-19.

The Governmental Accounting Standards Board (GASB). Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of Statement No. 27, establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members. Districts' financial reports must begin to show the full effect of pension liabilities. The PERS program involves an employer and an employee contribution. In contrast, the STRS program includes both an employer and an employee contribution, along with a state contribution. In practice, most Local Education Agencies (LEA's) did not recognize the states "on-behalf" contributions to CalSTRS, primarily based on 1996 guidance from the California Department of Education. More recently, GASB 68 now requires districts to recognize the "on-behalf" contribution by the state by debiting pension contribution expenditures and crediting revenues. For Coast, this amount is estimated at $6.24 million.

California continues to rely heavily on the Personal Income Tax (PIT) for education funding, specifically from very high income earners many of whom derive their wealth from capital gains rather than wages, creating a significant degree of funding volatility. Further, the current economic recovery is among the longest in the post-war period and history suggests the state is ripe for a downturn. Looking outside California, the federal government is imposing tariffs and speaking openly about trade wars. Looking beyond the 2019-20 FY, continued tax reform efforts at the federal level are a definite wild card. California's high dependency on affluent taxpayers coupled with the limitation on the deductibility of State and Local Taxes (SALT) is expected to impact large high-taxation states the most. Lastly, a Presidential election looms in November 2020.

As has been our practice in the past, staff will continue to monitor and report on the status of the budget to the Board of Trustees throughout the year.

In conclusion, the 2019-20 FY Budget represents Governor Newsom's first budget as California's Chief Executive Officer.

Contacting the District's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Office of Fiscal Affairs at Coast Community College District, 1370 Adams Avenue, Costa Mesa, California 92626, or e-mail Daniela Thompson at DThompson@mail.cccd.edu.

BASIC FINANCIAL STATEMENTS

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government	Component Units
Assets		
Current assets:		
Cash and cash equivalents	$ 112,360,233	$ 4,575,886
Investments	65,443,879	34,667,248
Accounts receivable, net	20,147,644	83,424
Deferred tax asset	-	89,300
Pledges receivable, net	-	349,925
Beneficial interest in charitable gift annuity	-	7,209
Inventories	67,987	-
Notes receivable- current portion	750,000	-
Due from fiduciary funds	324,454	-
Prepaid expenses and other current assets	1,999,650	80,772
Total Current Assets	201,093,847	39,853,764
Non-Current Assets:		
Restricted cash and cash equivalents	214,913,303	-
Restricted student loans receivable, net	2,550,080	-
Contribution receivable from split-interest agreements	-	508,386
Notes receivable	10,687,500	-
Capital assets, net of accumulated depreciation	662,162,646	7,007,225
Total Non-Current Assets	890,313,529	7,515,611
Total Assets	1,091,407,376	47,369,375
Deferred Outflows of Resources		
Deferred charge on refunding	22,597,752	-
Deferred outflows- OPEB	5,151,329	-
Deferred outflows- pension	82,712,648	-
Total Deferred Outflows of Resources	110,461,729	-
Total Assets and Deferred Outflows of Resources	$ 1,201,869,105	$ 47,369,375

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government	Component Units
Liabilities		
Current Liabilities:		
Accounts payable	$ 27,844,533	$ 1,112,403
Accrued liabilities	13,373,068	-
Accrued interest payable	12,054,794	-
Unearned revenue	32,970,355	394,550
Amounts held in trust	187,262	-
Long-term liabilities-current portion	32,277,914	-
Current Liabilities	118,707,926	1,506,953
Non-Current Liabilities		
Compensated absences	6,762,432	-
Notes payable	2,600,000	-
Postemployment healthcare liabilities	23,364,015	-
Net pension liabilities	268,520,236	-
General obligation bonds payable	842,191,296	-
Other non-current liabilities	2,405,774	-
Non-Current Liabilities	1,145,843,753	-
Total Liabilities	1,264,551,679	1,506,953
Deferred Inflows of Resources		
Deferred inflows- OPEB	7,651,949	-
Deferred inflows- pension	11,692,737	-
Total Deferred Inflows of Resources	19,344,686	-
Net Position		
Net investment in capital assets	54,184,013	-
With donor restrictions	-	42,536,623
Restricted for:		
Capital projects	24,312,986	-
Debt service	33,857,466	-
Scholarship and loans	512,051	-
Unrestricted	(194,893,776)	2,675,625
Common stock	-	158
Retained earnings	-	650,016
Total Net Position	(82,027,260)	45,862,422
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,201,869,105	$ 47,369,375

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

	Primary Government	Component Units
Operating Revenues		
Tuition and fees (gross)	$ 57,937,515	$ -
Less: Scholarship discounts and allowances	(20,742,684)	-
Net tuition and fees	37,194,831	-
Grants and contracts, non-capital:		
Federal	47,965,525	-
State	46,441,152	-
Local	26,871,549	13,983,725
Sales, net of purchases	3,167,045	-
Total Operating Revenues	161,640,102	13,983,725
Operating Expenses		
Salaries	171,395,428	2,401,725
Employee benefits	86,268,257	525,279
Supplies, materials, and other operating expenses and services	53,204,223	9,429,026
Financial aid	53,364,955	-
Utilities	3,763,129	-
Depreciation	21,290,478	2,637,964
Total Operating Expenses	389,286,470	14,993,994
Operating Income (Loss)	(227,646,368)	(1,010,269)
Non-Operating Revenues (Expenses)		
State apportionments, non-capital	45,168,815	-
Local property taxes	136,564,381	-
States taxes and other revenue	9,183,396	-
Interest and investment income, non-capital	2,043,007	1,256,628
Loss on disposal of capital assets	(2,515,134)	(821,506)
Interest expense	(28,071,466)	-
Total Non-Operating Revenues (Expenses)	162,372,999	435,122
(Loss) Income/Gain Before Other Revenues, Expenses, Gains and Losses	(65,273,369)	(575,147)
Other Revenues, Expenses, Gains and Losses		
Local property taxes and revenues, capital	45,663,762	-
State apportionments, capital	575,196	-
Interest and investment income, capital	12,778,710	-
Total Other Revenues, Expenses, Gains and Losses	59,017,668	-
Changes in Net Position	(6,255,701)	(575,147)
Net Position, Beginning of Year	(75,771,559)	46,437,569
Net Position, End of Year	$ (82,027,260)	$ 45,862,422

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

	Primary Government	Component Units
Cash Flows From Operating Activities		
Tuition and fees	$ 37,934,655	$ -
Federal grants and contracts	45,959,359	-
State grants and contracts	50,454,745	-
Local grants and contracts	26,606,674	923,863
Sales	3,004,036	-
Auxiliary and component unit transfers	-	6,318,712
Administrative fees and interest	-	162,915
Donations	-	2,875,702
Payments to suppliers	(59,298,227)	(8,508,618)
Payments to/on-behalf of employees	(249,141,153)	(699,747)
Payments to/on-behalf of students	(53,427,849)	(1,411,337)
Other (payments) receipts	41,712	-
Net cash provided (used) by operating activities	(197,866,048)	(338,510)
Cash Flows From Non-Capital Financing Activities		
State apportionments and receipts	43,811,815	-
Property taxes	136,564,381	-
Grants and gifts for other than capital purposes	9,758,592	-
Proceeds from sale of capital assets	-	265,539
Principal collections on notes receivable	750,000	-
Net cash provided (used) by non-capital financing activities	190,884,788	265,539
Cash Flows From Capital and Related Financing Activities		
State apportionment for capital purposes	45,663,762	-
Net purchase of capital assets	(97,696,383)	(16,866)
Interest on investments, capital funds	11,975,597	713,029
Net sale(purchases) of investments	-	(2,805,830)
Principal paid on long-term debt	(27,605,000)	-
Interest paid on long-term debt	(29,201,147)	-
Net cash provided (used) by capital and financing activities	(96,863,171)	(2,109,667)
Cash Flows from Investing Activities		
Purchase of investments	(5,258,960)	-
Interest on investments	2,015,967	-
Net cash provided (used) by investing activities	(3,242,993)	-
Net Change in Cash and Cash Equivalents	(107,087,424)	(2,182,638)
Cash Balance - Beginning of Year	434,360,960	6,758,524
Cash Balance - End of Year	$ 327,273,536	$ 4,575,886

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

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

	Primary Government	Component units
Operating income (loss)	$ (227,646,368)	$ (1,010,269)
Net non-cash contributions	-	(1,684,445)
Change in value of FCCC investment	-	(12,556)
Realized and unrealized gains on investments, net	-	10,440
Gain on sale of fixed asset	-	-
Change in value of split-interest agreement	-	(68,972)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	21,290,478	2,637,964
Changes in assets and liabilities:		
Receivables, net	(51,663)	66,616
Amortization of pledge receivable present value	-	4,390
Pledge receivable	-	(162,719)
Contribution receivable from split-interest agreement	-	(70,200)
Note receivable	-	13,930
Student loans receivable	279,415	-
Inventory	4,581	-
Due from fiduciary funds	718,043	-
Prepaid expenses and other current assets	(1,977,383)	22,385
Deferred outflows of resources - OPEB and Pensions	(13,070,180)	-
Accounts payable	(358,073)	198,093
Accrued liabilities	(1,987,849)	-
Net pension liabilities	26,349,544	-
Unearned revenue	2,133,327	(235,400)
Due to District	-	(47,767)
Compensated absences	(715,099)	-
Amounts held in trusts for others	(62,894)	-
OPEB liability	(7,913,868)	-
Deferred inflows of resources - OPEB and Pensions	5,141,941	-
Net cash provided (used) by operating activities	$ (197,866,048)	$ (338,510)
Breakdown of ending cash balance:		
Cash and cash equivalents	$ 112,360,233	
Restricted cash and cash equivalents	214,913,303	
Total	$ 327,273,536	

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Ancillary Funds	Associated Student Body Funds
Assets		
Cash and cash equivalents	$ 6,862,834	$ 12,067,639
Accounts receivable:		
Miscellaneous	121,936	615,792
Inventories	155,692	
Other current assets	17,600	105,000
Total Assets	7,158,062	12,788,431
Deferred Outflows of Resources		
Deferred outflows - pension	-	846,714
Total Deferred Outflows of Resources	-	846,714
Total Assets and Deferred Outflows of Resources	$ 7,158,062	$ 13,635,145
Liabilities		
Current Liabilities		
Accounts payable	$ 457,472	$ 318,132
Due to governmental funds	-	324,454
Funds held in trust	6,700,590	5,016,147
Total Current Liabilities	7,158,062	5,658,733
Non-Current Liabilities		
Net pension liability	-	2,705,842
Total Non-Current Liabilities	-	2,705,842
Total Liabilities	7,158,062	8,364,575
Deferred Inflows of Resources		
Deferred inflows - pension costs	-	43,334
Total Deferred Inflows of Resources	-	43,334
Net Position		
Unrestricted	-	5,227,236
Total Net Position	-	5,227,236
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 7,158,062	$ 13,635,145

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

	Associated Student Body Funds
Additions	
Sales, net of purchases	$ 1,050,353
Interest and investment income	1,332
Student representation fee	1,499,252
Other local revenues	379,046
Total Additions	2,929,983
Deductions	
Classified salaries	737,671
Employee benefits	571,232
Services and other operating expenses	2,099,103
Capital outlay	45,380
Total Deductions	3,453,386
Change in net position	(523,403)
Net Position, Beginning of Year	5,750,639
Net Position- End of Year	$ 5,227,236

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

	Retiree (OPEB) Trust
Assets	
Investments	$ 80,187,983
Total Assets	$ 80,187,983
Net Position Held in Trust for Other Postemployment Benefits	$ 80,187,983

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

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

	Retiree (OPEB) Trust
Additions	
Employer contributions	$ 6,713,720
Dividends and interest	4,247,631
Total Additions	10,961,351
Deductions	
Benefit payments	6,713,720
Administrative expenses	191,502
Total Deductions	6,905,222
Net changes in net position	4,056,129
Net Position Held in Trust for Other Postemployment Benefits, Beginning of Year	76,131,854
Net Position Held in Trust for Other Postemployment Benefits, End of Year	$ 80,187,983

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Financial Statement Presentation

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

Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Cash and Cash Equivalents

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

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

Accounts Receivables

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

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

Inventories

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

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Restricted Cash and Cash Equivalents

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

Restricted Student Loans Receivable, Net

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

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

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method with a half-year convention over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for building, 10 years for land improvements, 8 years for equipment and vehicles and 3 years for technology.

Deferred Outflows of Resources

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

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

Deferred Outflows – OPEB and Pension: The deferred outflows of resources related to the OPEB and pension plans result from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the plans. These amounts are deferred and amortized as detailed in Notes 11 and 12 to the financial statements.

Accounts Payable and Accrued Liabilities

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

Unearned Revenue

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes summer enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

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

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

Perkins Loan Program Liability and Termination

The District administers Title IV Perkins Loans for the benefit of its students. Funds for the Perkins program were initially received through Federal Capital Contributions (FCC) from the US Department of Education (ED) and were supplemented with Institutional Capital Contributions (ICC). Over the years, the proportion of federal to institutional matching funds has varied, from a 90/10 split to a 75/25 split. Fiscal year 2017-2018 was the last year in which new Perkins loans were allowed to be disbursed as Congress did not renew the program. Districts have been given the option of assigning existing Perkins loans back to the federal government or continuing to collect on these loans while returning the FCC portion as loans are repaid. The District has elected to continue to collect on Perkins loans and return the FCC portion as it is collected. Historically, the balance of the Perkins loan was reported in student loans receivable and in restricted net position. Due to the termination of the program and the District being required to return the FCC in future years, a liability has been established for the amount of the remaining FCC due to the ED. On May 24, 2019, the ED issued a memo stating that a decision had been made not to require distribution of assets from institutions as the ED is continuing to explore options to reimburse institutions for loan service cancellations; therefore, the entire amount is shown as a noncurrent long-term liability.

Medicare Premium Payment Liability

For purposes of measuring the District’s liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Net Pension Liability

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

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period.

Deferred Inflows – OPEB and Pension: The deferred inflows of resources related to OPEB and pension plans result from the effects of actuarially-determined changes to the pension plans and the effect of changes in proportion of cost sharing plans, changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Notes 11 and 12 to the financial statements.

Net Position

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

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

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

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year.

Any prior year corrections due to the recalculation in February of 2020 will be recorded in the year computed by the State.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been accrued in these financial statements because it is not material. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the basic financial statements.

Classification of Revenues

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Scholarship Discounts and Allowances

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

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2019, $35,353,962 of the District's bank balance of $35,853,962 was exposed to credit risk as uninsured and collateral held by pledging bank's trust department not in the District's name.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash in County

In accordance with *The Budget and Accounting Manual*, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2019 is measured at 100.54% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

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

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

The pool sponsor's annual financial report may be obtained from the Auditor-Controller County of Orange, 12 Civic Center Plaza, Room 200, Santa Ana, CA 92702.

Investments

Policies

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

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

NOTE 2: DEPOSITS AND INVESTMENTS

The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2019.

Investments and investments with fiscal agent at June 30, 2019 are presented herein:

		Maturities (in Years)			
Investments	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bonds	$ 34,154,121	$ 1,266,256	$ 7,946,693	$ 7,374,546	$ 17,566,626
Federal Agency Bonds	10,237,608	-	1,198,570	4,676,073	4,362,965
Corporate Bonds	3,523,511	-	3,523,511	-	-
U.S. Government Sponsored Enterprise	17,528,639	19,330	-	7,222,345	10,286,964
Total	$ 65,443,879	$ 1,285,586	$ 12,668,774	$ 19,272,964	$ 32,216,555

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2019 are presented herein:

Investments	Fair Value	Standard & Poor's Rating	Level 1 Inputs	Level 2 Inputs
U.S. Treasury Bonds	$ 34,154,121	AA+	$ 34,154,121	$ -
Federal Agency Bonds	10,237,608	AA+	10,237,608	-
Corporate Bonds	3,523,511	AA+	3,523,511	-
U.S. Government Sponsored Enterprise	17,528,639	AAAm	-	17,528,639
Total	$ 65,443,879		$ 47,915,240	$ 17,528,639

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Board Policy 6320 Investments includes as the primary objectives 1) Safety: Preservation of principal is the foremost objective of the District; 2) Liquidity: The District's portfolio will remain sufficiently liquid to enable the District to meet its liquidity needs, and 3) Yield: The District's portfolio will be designed to obtain a market rate of return through economic cycles consistent with the constraints imposed by its safety objective and cash flow considerations. Board Policy 6320 does not specify limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates;

NOTE 2: DEPOSITS AND INVESTMENTS

however, the District has operated within parameters of the "Permitted Investments" as specified in the Measure M 2013 and 2016 Official Statements and the Board Resolution No. 13.06 authorizing the election. These parameters set up the outer boundaries of what the bond proceeds can be invested in. The District has since developed an investment strategy for those proceeds. Information about the exposure of the District's investments to this risk is provided above. Effective January 1, 2017, AB2738 prohibits the proceeds from the sale of bonds from being withdrawn for investment outside the county treasury. Therefore, the proceeds of the 2017E Series are managed by the Office of the Orange County Treasurer (Treasurer). These deposits may only be invested in U.S. Treasury Securities or U.S. Government-Sponsored Agencies (GSE) in a laddered portfolio to a period not to extend past 2036.

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 consists of the amounts shown herein.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts Receivable and Student Loans Receivable	June 30, 2019
Federal and state	$ 4,383,011
Tuition and fees	8,064,545
Student loans receivable, net	2,550,080
Miscellaneous	7,700,088
Total accounts receivable	$ 22,697,724

NOTE 4: NOTE RECEIVABLE

The District entered into a note receivable in the amount of $20,000,000 for the sale of KOCE and the KOCE-TV operating license on March 17, 2004. The payments are to be made to the District over 26 years. The District received $750,000 during this fiscal year and is expecting to receive $750,000 in the next fiscal year. The balance of the notes receivable as of June 30, 2019, is $11,437,500.

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

A summary of changes in capital assets for the year ended June 30, 2019 is shown herein.

	Balance July 1, 2018	Additions and Transfers	Retirements and Transfers	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 24,141,969	$ -	$ -	$ 24,141,969
Construction in progress	144,853,810	103,336,350	(88,808,193)	159,381,967
Total capital assets not being depreciated	168,995,779	103,336,350	(88,808,193)	183,523,936
Capital assets being depreciated:				
Buildings and improvements	691,534,865	88,688,235	(15,030,157)	765,192,943
Equipment and vehicles	46,649,168	4,829,136	(688,409)	50,789,895
Total capital assets being depreciated	738,184,033	93,517,371	(15,718,566)	815,982,838
Less accumulated depreciation for:				
Buildings and improvements	(294,305,494)	(17,567,526)	12,539,581	(299,333,439)
Equipment and vehicles	(34,951,588)	(3,722,952)	663,851	(38,010,689)
Total accumulated depreciation	(329,257,082)	(21,290,478)	13,203,432	(337,344,128)
Depreciable assets, net	408,926,951	72,226,893	(2,515,134)	478,638,710
Governmental activities capital assets, net	$ 577,922,730	$ 175,563,243	$ (91,323,327)	$ 662,162,646

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

The district has implemented GASB No. 89, therefore there is no capitalized interest for the year ended June 30, 2019.

NOTE 6: LONG-TERM DEBT – SCHEDULE OF CHANGES

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

Governmental	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
Direct Borrowing:					
Note payable	$ 3,285,000	$ -	$ 335,000	$ 2,950,000	$ 350,000
Direct Placement:					
General obligation bonds:					
Bonds payable	781,334,504		27,270,000	754,064,504	30,445,000
Accreted interest	53,440,340	1,510,542		54,950,882	
Bonds premium	68,049,275	-	4,428,365	63,620,910	-
Total general obligation bonds	902,824,119	1,510,542	31,698,365	872,636,296	30,445,000
Other Long-Term Liabilities:					
Compensated absences	8,960,445		715,099	8,245,346	1,482,914
Perkins loan program liability	2,405,774			2,405,774	
Postemployment healthcare liability	31,277,883		7,913,868	23,364,015	
Medicare premium payment liability	870,865		13,462	857,403	
Net pension liability	241,299,827	26,363,006	-	267,662,833	-
Total	$1,190,923,913	$ 27,873,548	$ 40,675,794	$1,178,121,667	$32,277,914

Fiduciary	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
Net pension liability	$ 2,235,644	$ 470,198	$ -	$ 2,705,842	$ -
Total	$ 2,235,644	$ 470,198	$ -	$ 2,705,842	$ -

Liabilities for compensated absences, postemployment healthcare liability, medicare premium payment liability, and the net pension liability are liquidated by the governmental funds in which related salaries and benefits are recorded. Note payable is liquidated by an auxiliary fund and the Perkins loan program liability will be paid by the Student Financial Aid fund. The general obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

NOTE 7: LEASES

Operating Leases

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

Year Ending June 30,	Lease Payment
2020	$ 752,043
2021	638,199
2022	505,019
2023	294,079
2024	133,600
Total	$ 2,322,940

Current year expenditures for operating leases is approximately $801,656. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

Ground Lease

On September 1, 2018, the District entered into a ground lease agreement with the National Campus and Community Development Corporation (the "Corporation"). The purpose of the Corporation is to acquire, construct, furnish and equip the Series 2018 Housing Facility, the parking lot and tennis courts and to operate the Housing Facility. The Housing Facility will be owned and operated by the Corporation. Construction began on the project during the fiscal year 2018-19 and is expected to be completed and ready for occupancy in the Fall of 2020.

NOTE 8: NOTE PAYABLE

On March 24, 2016, the District entered into a note payable in the amount of $3,765,000 at an interest rate of 3.75% to purchase the property on Newhope Street in the city of Fountain Valley, California. The indenture authorizes, upon default, the Trustee to declare immediately due and payable the total unpaid principal of the notes and accrued interest thereon. The payments are to be made over 10 years as presented herein.

NOTE 8: NOTE PAYABLE

Year Ending June 30,	Principal	Interest	Total
2020	$ 350,000	$ 107,437	$ 457,437
2021	360,000	94,219	454,219
2022	375,000	80,531	455,531
2023	385,000	66,375	451,375
2024	405,000	51,750	456,750
2025-2026	1,075,000	61,312	1,136,312
Total	$ 2,950,000	$ 461,624	$ 3,411,624

NOTE 9: PERKINS LOAN PROGRAM LIABILITY

During fiscal year 2017-18, the District established a liability of $2,405,774 for the Federal Capital Contributions (FCC) received from the US Department of Education (ED) which funded the Perkins loan program. With the close-out of the Perkins loan program, the FCC is due back to the ED. The District has elected to continue to collect on these loans and will return the FCC to the ED as it is collected. On May 24, 2019, the ED issued a memo stating that a decision had been made not to require distribution of assets from institutions as the ED is continuing to explore options to reimburse institutions for loan service cancellations. See Note 1, Perkins Loan Program Termination for additional information.

NOTE 10: GENERAL OBLIGATION BONDS

Measure C

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

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

Measure M

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

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

The balance of the bonds refunded was $28,645,281 less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of $2,012,843 was recognized during the year ended June 30, 2019.

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

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

The outstanding general obligation bonded debt of the District at June 30, 2019 is shown herein.

NOTE 10: GENERAL OBLIGATION BONDS

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
Measure C:					
2005 Refunding	3/10/2005	8/1/2022	3.00-5.25	$ 74,893,867	$ 2,618,867
Accreted Interest					11,113,059
Series B	6/28/2006	8/1/2030	3.63-5.00	149,859,831	48,859,831
Accreted Interest					39,839,373
Total Measure C				224,753,698	102,431,130
Measure M:					
Series A	5/29/2013	8/1/2038	1.50-5.00	190,000,000	152,470,000
Series B	5/29/2013	8/1/2018	0.45-1.64	10,000,000	-
Refunding Series A	5/29/2013	8/1/2024	2.00-5.00	80,265,000	69,520,000
Refunding Series B	5/29/2013	8/1/2020	0.35-2.27	35,475,000	12,015,000
2015 Refunding	10/29/2015	8/1/2036	2.00-5.00	162,855,806	161,135,806
Accreted Interest					3,998,450
Series C	8/31/2016	8/1/2023	0.80-1.98	30,000,000	17,095,000
Series D	3/29/2017	8/1/2042	4.00-5.00	280,000,000	280,000,000
Series E	3/29/2017	8/1/2019	1.43-1.69	20,000,000	10,350,000
Total Measure M				808,595,806	706,584,256
Total				$ 1,033,349,504	$ 809,015,386

Payments-Measure C

The annual requirements to amortize Measure C bonds payable, outstanding as of June 30, 2019, are as shown herein.

2005 Refunding Bonds

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

NOTE 10: GENERAL OBLIGATION BONDS

Series B

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2020	$ -	$ -	$ -	$ -
2021				
2022				
2023				
2024				
2025-2029	29,116,017	49,878,983		78,995,000
2030-2031	19,743,814	42,971,186	-	62,715,000
Total	$ 48,859,831	$ 92,850,169	$ -	$ 141,710,000

Payments-Measure M

The annual requirements to amortize Measure M bonds payable, outstanding as of June 30, 2019, are as shown herein.

Series A

Year Ending June 30,	Principal	Interest	Total
2020	$ 1,920,000	$ 6,630,700	$ 8,550,700
2021	2,335,000	6,545,600	8,880,600
2022	2,745,000	6,444,000	9,189,000
2023	3,175,000	6,325,600	9,500,600
2024	3,640,000	6,189,300	9,829,300
2025-2029	26,525,000	27,762,000	54,287,000
2030-2034	44,305,000	20,041,800	64,346,800
2035-2039	67,825,000	8,155,200	75,980,200
Total	$ 152,470,000	$ 88,094,200	$ 240,564,200

Tax-Exempt Refunding Series A

Year Ending June 30,	Principal	Interest	Total
2020	$ 6,225,000	$ 3,476,000	$ 9,701,000
2021	7,470,000	3,164,750	10,634,750
2022	8,845,000	2,791,250	11,636,250
2023	10,305,000	2,349,000	12,654,000
2024	19,110,000	1,833,750	20,943,750
2025	17,565,000	878,250	18,443,250
Total	$ 69,520,000	$ 14,493,000	$ 84,013,000

NOTE 10: GENERAL OBLIGATION BONDS

Taxable Refunding Series B

Year Ending June 30,	Principal	Interest	Total
2020	$ 7,140,000	$ 250,840	$ 7,390,840
2021	4,875,000	110,468	4,985,468
Total	$ 12,015,000	$ 361,308	$ 12,376,308

2015 Refunding Bonds

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2020	$ -	$ -	$ 5,177,950	$ 5,177,950
2021			5,177,950	5,177,950
2022			5,177,950	5,177,950
2023			5,177,950	5,177,950
2024			5,177,950	5,177,950
2025-2029			25,889,750	25,889,750
2030-2034	110,390,000		12,712,075	123,102,075
2035-2037	50,745,806	65,224,194	-	115,970,000
Total	$ 161,135,806	$ 65,224,194	$ 64,491,575	$ 290,851,575

Series C

Year Ending June 30,	Principal	Interest	Total
2020	$ 3,060,000	$ 254,084	$ 3,314,084
2021	3,220,000	214,465	3,434,465
2022	3,400,000	165,698	3,565,698
2023	3,600,000	107,296	3,707,296
2024	3,815,000	37,673	3,852,673
Total	$ 17,095,000	$ 779,216	$ 17,874,216

NOTE 10: GENERAL OBLIGATION BONDS

Series D

Year Ending June 30,	Principal	Interest	Total
2020	$ 1,750,000	$ 12,876,000	$ 14,626,000
2021	-	12,841,000	12,841,000
2022	-	12,841,000	12,841,000
2023	-	12,841,000	12,841,000
2024	-	12,841,000	12,841,000
2025-2029	32,385,000	60,247,125	92,632,125
2030-2034	46,175,000	51,723,125	97,898,125
2035-2039	101,690,000	32,874,750	134,564,750
2040-2043	98,000,000	7,322,500	105,322,500
Total	$ 280,000,000	$ 216,407,500	$ 496,407,500

Series E

Year Ending June 30,	Principal	Interest	Total
2020	$ 10,350,000	$ 87,613	$ 10,437,613
Total	$ 10,350,000	$ 87,613	$ 10,437,613

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Eligibility

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

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

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Participant Type:	Number of Participants
Inactive participants currently receiving benefits	790
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	1,344
Total	2,134

Funding Policy

The contribution requirements are established and may be amended by the District. All contributions are discretionary and an actuarial determined contribution was not calculated. Depending on the medical plan, the District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses up to age 70 and $3,000 or $4,000 maximum per year beyond age 70 until death. For fiscal year ended June 30, 2019, the District contributed $6,713,720 to the plan.

Net OPEB Liability (Asset)

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

	Balance June 30, 2019
Total OPEB liability	$ 103,551,998
Plan fiduciary net position	80,187,983
District's net OPEB liability (asset)	$ 23,364,015
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	77%

Investments

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

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

The JPA or Futuris did not violate any provisions of the investment policy during the fiscal year ended June 30, 2019.

The District participates with other colleges in the Balanced Fund Master Trust held by Union Bank as trustee for the JPA. The Balanced Fund is comprised of various mutual funds and the District owns a pro-rata interest in the pool. In a Master Trust, the market value of the pool is converted to units valued at $1.00 per unit and the District's individual statement reflects the units that they own in the pool. Master Trusts are unitized to the dollar and thus, the market and cost are the same. Income earnings, gains, losses and expense are allocated pro rata to all colleges participating in the Master Trust.

At June 30, 2019, all Plan investments were in either master trusts or mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position.

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was not available.

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The mutual funds held in the Master Trust are priced using a net asset value (NAV). The mutual funds may include several different underlying investments, including equities, bonds, real estate, and global securities. The NAV price is derived from the value of these investments, accrued income, anticipated cash flows (maturities), management fees, and other fund expenses. Certain investments within the fund may be deemed unobservable and not considered to be in an active market. The Plan's investments' fair value measurements at June 30, 2019, are presented herein.

		Fair Value Measurements Using		
Investment	Costs	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Master Trust	$ 41,453,552	$ -	$ -	$ 41,453,552
Mutual Fund - Fixed income	21,252,023	21,252,023	-	-
Mutual Fund - Domestic equity	12,838,526	12,838,526	-	-
Mutual Fund - International equity	2,788,516	2,788,516	-	-
Mutual Fund - Real estate	1,855,366	1,855,366	-	-
Total	$ 80,187,983	$ 38,734,431	$ -	$ 41,453,552

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Actuarial Methods and Assumptions

The District's total OPEB liability and the net OPEB liability were measured using an actuarial valuation as of June 30, 2019.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified herein.

Actuarial Methods and Assumptions	
Valuation date	June 30, 2019
Measurement date	June 30, 2019
Inflation	2.75%
Salary increases	2.75%
Investment rate of return	6%
Healthcare trend rate	4%

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 (see the discussion of the Plan's investment policy) are shown herein.

Asset Class - Community College League of California	Asset Allocation	Long-term Expected Real Rate of Return
US Large Cap	29%	7.80%
US Small Cap	13%	7.80%
All Foreign Stock	9%	7.80%
Other Fixed Income	49%	3.25%

Asset Class - Futuris	Asset Allocation	Long-term Expected Real Rate of Return
All Fixed Income	55%	4.50%
Real Estate Investment Trusts	4%	7.50%
All Domestic Equities	22%	7.50%
All International Equities	19%	7.50%

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

The discount rate used to measure the total OPEB liability was 6.0 percent. The valuation used historic 19 year real rates of return for each asset class along with assumed long-term inflation assumptions to set the discount rate. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Since the most recent GASB 74/75 valuation, the following changes have been made:

- Benefit terms increased eligibility requirements for newly hired employees as described in the Plan Description and Eligibility section and the removal of Delta Health Systems as an option for new retirees.

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	$ 107,409,737	$ 76,131,854	$ 31,277,883
Changes for the year:			
Service cost	5,038,775		5,038,775
Interest	6,394,336		6,394,336
Employer contributions		6,713,720	(6,713,720)
Net investment income		4,562,166	(4,562,166)
Changes in benefit terms	(5,671,949)		(5,671,949)
Changes in assumptions	5,642,082		5,642,082
Experience gains/losses	(8,547,263)		(8,547,263)
Investment gains/losses		(314,535)	314,535
Benefit payments	(6,713,720)	(6,713,720)	-
Administrative expenses		(191,502)	191,502
Net changes	(3,857,739)	4,056,129	(7,913,868)
Balances at June 30, 2019	$ 103,551,998	$ 80,187,983	$ 23,364,015

The District's net OPEB liability calculated using the discount rate of 6.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate is shown herein.

Discount rate	Net OPEB Liability
1% decrease (5.0%)	$ 32,231,370
Current discount rate (6.0%)	23,364,015
1% increase (7.0%)	15,596,954

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

The District's net OPEB liability calculated using the current healthcare cost trend rate of 6.5 percent decreasing to 4.0 percent, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.0 percent) than the current rate is shown herein.

Healthcare trend rate	Net OPEB Liability
1% decrease (3.0%)	$ 18,131,939
Current healthcare trend rate (4.0%)	23,364,015
1% increase (5.0%)	28,964,305

OPEB Expense and Deferred Inflows of Resources, Related to OPEB

For the year ended June 30, 2019 , the District's actuarially determined OPEB expense was $994,703. At June 30, 2019, the District reported deferred outflows of resources of $5,151,329 and deferred inflows of resources of $7,651,949.

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment gains and losses	$ 251,628	$ 229,326
Experience gains and losses		7,422,623
Changes of assumptions	4,899,701	-
Total	$ 5,151,329	$ 7,651,949

Deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the OPEB plan for the June 30, 2019 measurement date is five years. The first year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over 4 or 6.6 years. The remaining amount will be recognized in OPEB expense as follows:

Year Ending June 30,	Amortization
2020	$ 395,797
2021	395,797
2022	395,794
2023	319,354
2024	382,261
2025	382,261
2026	229,356
Total	$ 2,500,620

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2019, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as shown herein.

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	$ 131,427,010	$ 40,080,689	$ 9,628,193	$ 16,181,717
CalPERS (Schools Pool Plan)	138,941,665	43,478,673	2,107,878	27,190,976
Total	$ 270,368,675	$ 83,559,362	$ 11,736,071	$ 43,372,693

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

Entity:	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Governmental Fund	$ 267,662,833	$ 82,712,648	$ 11,692,737	$ 42,858,784
Fiduciary Fund	2,705,842	846,714	43,334	513,909
Total	$ 270,368,675	$ 83,559,362	$ 11,736,071	$ 43,372,693

The details of each plan are as included herein.

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

Benefits Provided

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

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

The STRP provisions and benefits in effect at June 30, 2019, are summarized as shown herein.

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

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2019 are presented above and the total District contributions were $14,100,932.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

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

Proportionate Share of Net Pension Liability	Balance June 30, 2019
District proportionate share of net pension liability	$ 131,427,010
State's proportionate share of the net pension liability associated with the District	75,248,479
Total	$ 206,675,489

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2018, the District's proportion was 0.1430%.

For the year ended June 30, 2019, the District recognized pension expense of $16,181,717. In addition, the District recognized revenue and corresponding expense of $8,839,999 for support provided by the state. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown herein.

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,100,932	$ -
Differences between expected and actual experience	407,550	1,909,050
Changes of assumptions	20,417,540	-
Changes in proportion	5,154,667	2,658,373
Net differences between projected and actual earnings on pension plan investments	-	5,060,770
Total	$ 40,080,689	$ 9,628,193

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

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

Year Ending June 30,	Amortization
2020	$ 5,471,040
2021	3,574,860
2022	126,414
2023	2,484,185
2024	4,375,454
2025	319,611
Total	$ 16,351,564

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each

NOTE 12: EMPLOYEE RETIREMENT PLANS

major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 192,525,190
Current discount rate (7.10%)	131,427,010
1% increase (8.10%)	80,770,690

NOTE 12: EMPLOYEE RETIREMENT PLANS

Plan Fiduciary Net Position

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

California Public Employees Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized herein.

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019 are as presented above and the total District contributions were $13,192,231.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $138,941,665. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.5211%.

For the year ended June 30, 2019, the District recognized pension expense of $27,190,976. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 12: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 13,192,231	$ -
Differences between expected and actual experience	9,108,507	-
Changes of assumptions	13,872,712	-
Changes in proportion	6,165,589	2,107,878
Net differences between projected and actual earnings on pension plan investments	1,139,634	-
Total	$ 43,478,673	$ 2,107,878

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

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

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

Year Ending June 30,	Amortization
2020	$ 15,001,214
2021	12,118,692
2022	1,878,751
2023	(820,093)
Total	$ 28,178,564

Actuarial Methods and Assumptions

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

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

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

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

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

Discount Rate

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 202,292,420
Current discount rate (7.15%)	138,941,665
1% increase (8.15%)	86,383,145

Changes of Assumptions

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

Plan Fiduciary Net Position

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

Public Agency Retirement System (PARS)

Plan Description

The Public Agency Retirement System (PARS) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the PARS Board of Trustees.

NOTE 12: EMPLOYEE RETIREMENT PLANS

Funding Policy

Contributions of 7.5% of covered compensation of eligible employees are made by the employer and employee. Total contributions, employer and employee combined, were made in the amount of $922,813 during the fiscal year. The total amount of covered compensation was $12,328,312. Total contributions made are 100% of the amount of contributions required for fiscal year 2018-19.

NOTE 13: INTERFUND TRANSACTIONS

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

NOTE 14: INTERNAL SERVICE FUNDS

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

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

At June 30, 2019, the District accrued the claims liability in accordance with GASB standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The present value of the liability, estimated at $3,096,345, is included in accrued liabilities.

Changes in the reported liability are shown herein.

NOTE 14: INTERNAL SERVICE FUNDS

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	$ 341,861	$ (83,158)	$ 2,890	$ 255,813
Health and Other Benefits	3,012,927	18,506,636	18,679,031	2,840,532
Total	$ 3,354,788	$ 18,423,478	$ 18,681,921	$ 3,096,345

NOTE 15: JOINT POWERS AGREEMENTS

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

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

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

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

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

Each of the above JPAs is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA, including selection of management and approval of members, independent of any influence by the District beyond the District’s representation on the governing boards.

NOTE 15: JOINT POWERS AGREEMENTS

Each JPA is independently accountable for its fiscal matters. Each JPA maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

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

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

JPA Condensed Financial Information	PIPS 6/30/2018 (Audited)	SAFER 6/30/2018 (Audited)	CSAC 6/30/2018 (Audited)	SWACC 6/30/2018 (Audited)
Total assets	$ 128,632,982	$ 39,841,694	$ 836,033,671	$ 52,332,118
Total liabilities	104,498,678	38,695,867	713,463,077	34,316,883
Fund balance	$ 24,134,304	$ 1,145,827	$ 122,570,594	$ 18,015,235
Total revenues	310,649,471	59,869,098	895,529,924	22,350,363
Total expenditures	303,959,631	59,413,248	913,480,592	29,435,155
Net increase/(decrease) in Fund Balance	$ 6,689,840	$ 455,850	$ (17,950,668)	$ (7,084,792)

NOTE 16: FUNCTIONAL EXPENSE

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

Functional Expense	Salaries	Employee Benefits	Supplies, materials, and other operating expenses and	Financial Aid	Depreciation	Total
Instructional activities	$ 71,263,693	$ 36,222,442	$ 7,431,999	$	$	$ 114,918,134
Academic support	22,327,311	11,348,693	5,877,927			39,553,930
Student services	24,934,244	12,673,764	4,011,352			41,619,359
Operation and maintenance of plant	7,857,642	3,993,941	5,490,282			17,341,865
Instructional support services	27,141,893	13,795,884	21,601,609			62,539,387
Community services and economic development	400,505	203,572	53,686			657,762
Ancillary services and auxiliary operations	16,257,163	7,412,415	5,699,149			29,368,727
Physical property and related acquisitions	1,212,978	617,547	6,801,349			8,631,873
Transfers, student aid and other outgo				53,364,955		53,364,955
Depreciation expense					21,290,478	21,290,478
Total	$ 171,395,428	$ 86,268,257	$ 56,967,352	$ 53,364,955	$ 21,290,478	$ 389,286,470

NOTE 17: COMMITMENTS AND CONTINGENCIES

Litigation

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

State and Federal Allowances, Awards, and Grants

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

Purchase Commitments

As of June 30, 2019, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $67,600,000. Projects will be funded through bond proceeds, state funds and general funds.

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

GASB has issued pronouncements prior to June 30, 2019, that have effective dates that may impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 84 – *Fiduciary Activities*

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

Statement No. 87 – *Leases*

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

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

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

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

Statement No. 91 – *Conduit Debt Obligations*

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

REQUIRED SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30, 2019

Total OPEB Liability	2017	2018	2019
Service Cost	$ 4,772,670	$ 4,903,918	$ 5,038,776
Interest	5,885,743	6,133,300	6,394,336
Benefit Payments	(6,533,048)	(6,794,370)	(6,713,720)
Changes in Benefit Terms			(5,671,949)
Changes in Assumptions			5,642,081
Experience Gains and Losses	-	-	(8,547,263)
Net Change in Total OPEB Liability	4,125,365	4,242,848	(3,857,739)
Total OPEB Liability - beginning	99,041,524	103,166,889	107,409,737
Total OPEB Liability - ending (a)	$ 103,166,889	$ 107,409,737	$ 103,551,998

Plan Fiduciary Net Position	2017	2018	2019
Contributions - Employer	$ 6,533,048	$ 6,794,370	$ 6,713,720
Net Investment Income	6,030,540	4,292,242	4,562,166
Investment gains/losses	-	382,212	(314,535)
Benefit Payments	(6,533,048)	(6,794,370)	(6,713,720)
Administrative Expense	(106,841)	(159,926)	(191,502)
Net Change in Plan Fiduciary Net Position	5,923,699	4,514,528	4,056,129
Plan Fiduciary Net Position - beginning	65,693,627	71,617,326	76,131,854
Plan Fiduciary Net Position - ending (b)	$ 71,617,326	$ 76,131,854	$ 80,187,983
Net OPEB Liability - ending (a) - (b)	$ 31,549,563	$ 31,277,883	$ 23,364,015
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.42%	70.88%	77.44%
Covered payroll	$ 110,477,993	$ 119,244,509	$ 124,441,825
Net OPEB liability as a percentage of covered payroll	28.56%	26.23%	18.78%

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

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
For the Fiscal Year Ended June 30, 2019

Year	Annual money-weighted rate of return, net of investment expense
2017	NA
2018	NA
2019	NA

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

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY For the Fiscal Year Ended June 30, 2019

State Teachers' Retirement Plan - State Teachers' Retirement Plan	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.1360%	0.1460%	0.1410%	0.1400%	0.1430%
District's proportionate share of the net pension liability	$ 79,474,320	$ 98,293,040	$ 114,042,210	$ 129,472,000	$ 131,427,010
State's proportionate share of the net pension liability associated with the District	47,990,508	51,986,043	64,931,754	76,595,165	75,248,479
Total	$ 127,464,828	$ 150,279,083	$ 178,973,964	$ 206,067,165	$ 206,675,489
District's covered payroll	$ 60,100,000	$ 67,800,000	$ 71,000,000	$ 77,100,000	$ 77,600,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	132%	145%	161%	168%	169%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%	71%

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

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

California Public Employees' Retirement Plan - Schools Pool Plan	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.5164%	0.5156%	0.4943%	0.4778%	0.5211%
District's proportionate share of the net pension liability	$ 58,623,973	$ 75,999,949	$ 97,624,556	$ 114,063,471	$ 138,941,665
District's covered payroll	$ 53,300,000	$ 56,700,000	$ 59,700,000	$ 60,300,000	$ 64,700,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	110%	134%	164%	189%	215%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%	71%

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

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

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS – STRP AND CALPERS
For the Fiscal Year Ended June 30, 2019

State Teachers' Retirement Plan - State Teachers' Retirement Plan	2015	2016	2017	2018	2019
Contractually required contribution	$ 6,022,305	$ 7,618,862	$ 9,698,103	$ 11,199,040	$ 14,100,932
Contributions in relation to the contractually required contributions	6,022,305	7,618,862	9,698,103	11,199,040	14,100,932
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 67,800,000	$ 71,000,000	$ 77,100,000	$ 77,600,000	$ 86,100,000
Contributions as a percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%

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

California Public Employees' Retirement Plan	2015	2016	2017	2018	2019
Contractually required contribution	$ 6,678,600	$ 7,075,135	$ 8,536,763	$ 10,974,290	$ 13,192,231
Contributions in relation to the contractually required contributions	6,678,600	7,075,135	8,536,763	10,974,290	13,192,231
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 56,742,566	$ 59,705,781	$ 61,459,777	$ 70,665,100	$ 73,046,683
Contributions as a percentage of its covered payroll	11.78%	11.85%	14.16%	16.96%	19.69%

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

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Benefit changes – Benefit terms increased eligibility requirements for newly hired employees as described in the Plan Description and Eligibility section and the removal of Delta Health Systems as an option for new retirees.

Changes of Assumptions - None

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

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

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

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

Schedules of District Contributions – STRP and CalPERS

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

SUPPLEMENTARY INFORMATION

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

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

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

BOARD OF TRUSTEES

Member	Office	Term Expires
Dr. Lorraine Prinsky	President	2020
Mr. Jerry Patterson	Vice President	2020
Mr. Jim Moreno	Clerk of the Board	2022
Mr. David A. Grant	Trustee	2022
Ms. Mary L. Hornbuckle	Trustee	2020
Mr. Spencer Finkbeiner	Student Trustee	2019-2020

DISTRICT ADMINISTRATORS

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

COAST COMMUNITY COLLEGE DISTRICT

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

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Education			
Direct:			
Student Financial Aid Cluster:			
Federal Work Study	84.033	(1)	$ 742,862
Financial Aid Administrative Allowance	84.063	(1)	36,222
Pell Grant	84.063	(1)	37,277,279
Federal Supplemental Education Opportunity Grant	84.007	(1)	648,064
Federal Direct Student Loans	84.268	(1)	6,346,653
Perkins Loans	84.038	(1)	1,236,469
Subtotal: Student Financial Aid Cluster			46,287,549
Higher Education Institutional Aid			
Direct:			
Title III - Access 2 Success	84.031A	(1)	186,965
Orange Coast College STEM Academy	84.031S	(1)	157,715
New Asian American Pacific Islander Generation Initiative	84.031L	(1)	365,852
Passed through from CSU Fullerton Auxiliary Services Cooporation:			
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	33,107
Passed through from CSU Fullerton Auxiliary Services Cooporation:			
Vista: Novel Approaches for Leveraging Tomorrow's Solutions with Today's Answers in Improving Education (Vista)	84.031S		125,503
Subtotal: Higher Educational Institutional Aid			869,142
Pass-Through Program From California Community Colleges Chancellor's Office:			
Career and Technical Education - Basic Grants to States (CTE):			
CTE Title I, Part C - Carl D. Perkins FYE	84.048A	(1)	1,340,057
CTE Transitions	84.048A	(1)	115,020
Subtotal: CTE			1,455,077
Pass-Through Program From California Department of Education:			
Adult Education - Basic Grants to States	84.002	(1)	95,847
Subtotal: Passed-Through Programs			1,550,924
Total: United States Department of Education			48,707,615
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Care Food Program	10.558	(1)	69,584
Total: United States Department of Agriculture			69,584

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Health and Human Services			
Pass-Through Program From California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (OCC)	93.558	(1)	55,862
Temporary Assistance for Needy Families (GWC)	93.558	(1)	44,981
Temporary Assistance for Needy Families (CCC)	93.558	(1)	34,382
Pass-Through Program From California Department of Education:			
Child Care and Development Block Grant	93.575	15136	30,440
Child Care and Development Fund	93.596	13609	66,219
Pass-Through Program From Yosemite Community College District:			
Child Development Training Consortium	93.575	(1)	20,513
Pass-Through Program From Regents of the University of California			
Biomedical Research and Research Training			
Orange County Bridges to the Baccalaurete Program	93.859	2018-3636	6,144
Subtotal: Passed-Through Programs			258,541
Total: United States Department of Health and Human Services			258,541
National Science Foundation (NSF)			
Direct:			
Cyberup! Digital Forensics and Incident Response	47.076	(1)	21,515
Total: National Science Foundation			21,515
United States Department of Defense			
Information Security Grants			
Direct:			
CAE-2Y Pilot Grant Program - CAE Development of CAE Regional Resource Centers (CRRCs)	12.902	(1)	10,474
CAE Cyber Defense National and Regional Resource Centers and FY 17 CY	12.902	(1)	41,493
Cybersecurity Workforce Education - FY17 CAE Regional Resource Center			13,497
DoD IASP Cybersecurity Workforce Education	12.902	(1)	32,537
Cyber Private Public Partnership (P3) Scholarship Program	12.902	(1)	3,524
Subtotal: Information Security Grants	12.902	(1)	101,525
GenCyber Grants Program	12.903	(1)	7,056
Total: United States Department of Defense			108,581
United States Department of Homeland Security			
Boating Safety Financial Assistance			
Passed through from California Department of Parks and Recreation			
Aquatic Center FY 17-18	97.012	C8962313	15,362
Aquatic Center Grant - Whaler FY 18-19	97.012	C8956316	20,796
Total: United States Department of Homeland Security			36,158
Total Federal Program Expenditures			$ 49,201,994
Reconciliation to Federal Revenue			
Total Expenditures Federal Programs			$ 49,201,994
Perkins Loan Program, loan balance outstanding	84.038		(1,236,469)
Total Federal Program Revenue			$ 47,965,525

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

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

	Program Revenues						
Program Name	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	Total Program Expenditures
State Categorical Aid Programs:							
AEBG Adult Block Grant	$ 1,582,030	$ 2,497,069	$ -	$ 1,978,216	$ -	$ 2,100,883	$ 2,100,883
Board Financial Assistance Admin Allowance	1,529,193	-	-	-	-	1,529,193	1,529,193
Basic Skills and Student Outcomes	-	201,236	817,912	-	-	201,236	201,236
Campus Safety & Sexual Assault	-	64,429	-	54,652	-	9,777	9,777
Cal Grant	-	3,344,392	2,782	-	-	3,344,392	3,344,392
California College Promise	1,463,028	-	-	1,160,296	-	302,732	302,732
California Cybersecurity Apprenticeship Prgm (CCAP)	253,836	-	-	123,345	-	130,491	130,491
CCC Innovation Maker 3	13,043	-	-	-	-	13,043	13,043
CCC Maker Grant - OCC Innovation	171,249	-	178,854	-	-	171,249	171,249
Child and Adult Care Food Program	2,419	-	534	-	-	2,419	2,419
Child Development: California State Preschool Program	177,882	-	80,486	-	-	177,882	177,882
Child Development: General Child Care & Development Program	223,964	-	4,054	-	-	223,964	223,964
Coast Mental Health Impact	-	-	184,390	-	-	-	-
Community College Completion Grant	-	547,860	-	-	-	547,860	547,860
Cooperating Agencies Foster Youth Education Support	492,749	-	-	229	-	492,520	492,520
CTE Data Unlocked Initiative	-	131,909	-	39,510	-	92,399	92,399
Disabled Student Programs & Service (DSPS)	3,186,120	-	-	-	-	3,186,120	3,186,120
DSN Advanced Transportation	80,000	-	-	23,007	-	56,993	56,993
DSN Health	80,000	-	55,200	-	-	80,000	80,000
DSN Retail Hospitality	80,000	-	-	17,616	-	62,384	62,384
Economic & Workforce Development- Deputy Sector Navigator - Health	66,336	-	-	-	-	66,336	66,336
Extended Opportunity Programs and Services (EOPS)	3,412,539	-	-	-	-	3,412,539	3,412,539
ED Futures Teacher Prep Pipeline	41,141	-	-	8,697	-	32,444	32,444
Equal Employment Opportunity	50,000	22,381	-	2,968	-	69,413	69,413
Cooperative Agency Resource Education (CARE)	292,666	-	-	-	-	292,666	292,666
CalWORKs	714,529	-	-	2,280	-	712,249	712,249
Financial Aid Technology	434,301	-	-	269,875	-	164,426	164,426
Full-time Student Success Grant	-	37,360	-	-	-	37,360	37,360
Guided Pathways	1,106,532	902,907	-	1,507,300	-	502,139	502,139
Hunger Free Campus	270,612	33,604	-	230,694	-	73,522	73,522
Innovation and Effectiveness / SCCCD	-	63,953	-	-	-	63,953	63,953
Mental Health Support	269,412	-	-	249,692	-	19,720	19,720
Mental Health Training CA Law Enforcement	222,159	123,801	19,949	81,031	-	264,929	264,929
Nonresident Dreamer Emergency Aid	-	45,295	-	24,161	-	21,134	21,134
Nursing Education - AS RN Enrollment Growth Retention	103,290	-	-	-	-	103,290	103,290
Peace Office Standards & Training (POST)	-	-	3,577	-	-	-	-
Professional Development for Classified Employees	-	-	5,042	-	-	-	-
Santa Ana TECH - California Career Pathways Grant	150,371	-	-	150,371	-	-	-
State Funded Equipment	-	-	218,403	-	-	-	-
State Hospitals (Fairview Handicapped)	337,000	-	-	-	-	337,000	337,000
Strong Workforce Program - Local	3,335,595	3,074,743	-	3,516,712	-	2,893,626	2,893,626
Strong Workforce Program - Regional	2,201,515	-	697,584	-	-	2,201,515	2,201,515
Student Equity and Achievement	8,435,925	4,201,541	29,331	4,514,498		8,122,968	8,122,968
Student Equity Program	3,284,538	1,707,030	-	1,650,428	-	3,341,140	3,341,140
Student Success Completion	671,429	1,621,360	-	245,046	-	2,047,743	2,047,743
Veteran Resource Center	156,595	155,822	-	182,549	-	129,868	129,868
Zero Textbook Cost Degree Planning & Phase II	37,801	-	-	7,686	-	30,115	30,115
Total State Categorical Aid Programs	$ 34,929,799	$ 18,776,692	$ 2,298,098	$ 16,040,859	$ -	$ 37,665,632	$ 37,665,632

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2018 only)			
1. Noncredit[1]	14.89		14.89
2. Credit[1]	1,684.16		1,684.16
B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)			
1. Noncredit[1]	0.09		0.09
2. Credit[1]	1,609.83		1,609.83
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	18,413.89		18,413.89
(b) Daily Census Contact Hours	1,033.76		1,033.76
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	463.58		463.58
(b) Credit[1]	1,136.34		1,136.34
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,234.71		4,234.71
(b) Daily Census Contact Hours	1,950.99		1,950.99
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	30,542.24	-	30,542.24
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	10.58		10.58
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	433.00		433.00
(b) Credit[1]	1,671.79		1,671.79
CCFS 320 Addendum			
CDCP Noncredit FTES	328.80		328.80
Centers FTES			
(a) Noncredit[1]	-		-
(b) Credit[1]	-		-

1 Including Career Development and College Preparation (CDCP) FTES

See the accompanying notes to the supplementary information.

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

The audit resulted in no adjustments to the fund balances reported on the June 30, 2019 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

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

General Fund Balance		$ 35,129,318
Bond Interest and Redemption Fund Balance		45,912,260
Capital Outlay Fund Balance		24,312,986
Measure M - Bond Construction Funds Balance		190,008,755
Self-Insurance Fund Balance	$ 119,417,091	
Amount reported as OPEB Plan Fund Balance	(80,187,983)	
Incurred but not reported liability	(3,096,345)	
Self-Insurance Fund Balance - Revised		36,132,763
All Other Funds		11,027,949
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)		$ 342,524,031

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 342,524,031
Amounts reported for governmental activities in the statement of net position are different because:	
Notes receivable is recognized in the statement of net position. The repayment of notes receivable is reported as revenue in the governmental funds, but the repayment reduces the notes receivable in the statement of net position.	11,437,500
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of $5,189,250 is already recorded in other governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	656,973,396
Deferred charges on refunding debt are recorded as deferred outflows and are amortized over the life of the refunded debt.	22,597,752
Deferred outflows of resources - OPEB and Pensions are for contributions made during the fiscal year that are removed from expenses and differences between estimated and actual results. The contributions will be recognized as a reduction of the net pension liability in the subsequent year and the differences will be amortized.	87,863,977
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of $741,457 is already recorded in the General Fund.	(7,503,889)
Long-term liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(872,636,296)
The liability of employers contributing for other post employment retirement plans in excess of annual required contributions is reported as a liability in the governmental funds.	(23,364,015)
The liability of employers contributing for the medicare premium payment plan.	(857,403)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(267,662,833)
Deferred inflows of resources - OPEB and Pensions represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from various differences between estimated and actual results. These amounts are deferred and amortized.	(19,344,686)
Interest expense related to bonds incurred through June 30, 2019 is accrued as a current lability on the statement of net position which reduces the total net assets reported.	(12,054,794)
Total net position	$ (82,027,260)

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	39,475,818		39,475,818	39,475,818		39,475,818
Instructional Salaries - Other	1300	30,560,662		30,560,662	30,569,584		30,569,584
Total Instructional Salaries		70,036,480	-	70,036,480	70,045,402	-	70,045,402
Non-Instructional Salaries - Contract or Regular	1200	-		-	16,893,363		16,893,363
Non-Instructional Salaries - Other	1400	-		-	2,388,883		2,388,883
Total Non-Instructional Salaries		-	-	-	19,282,246	-	19,282,246
Total Academic Salaries		70,036,480	-	70,036,480	89,327,648	-	89,327,648
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-		-	38,661,252		38,661,252
Non-Instructional Salaries - Other	2300	-		-	2,860,142		2,860,142
Total Non-Instructional Salaries		-	-	-	41,521,394	-	41,521,394
Instructional Aides - Regular Status	2200	3,736,146		3,736,146	3,736,146		3,736,146
Instructional Aides - Other	2400	1,163,124		1,163,124	1,163,124		1,163,124
Total Instructional Aides		4,899,270	-	4,899,270	4,899,270		4,899,270
Total Classified Salaries		4,899,270	-	4,899,270	46,420,664	-	46,420,664
Employee Benefits	3000	31,226,874		31,226,874	64,697,089		64,697,089
Supplies and Materials	4000			-	2,009,975		2,009,975
Other Operating Expenses	5000			-	17,229,194		17,229,194
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		106,162,624	-	106,162,624	219,684,570	-	219,684,570
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900	3,237,214		3,237,214	3,237,214		3,237,214
Student Health Services Above Amount Collected	6441			-	73,009		73,009
Student Transportation	6491			-	560,085		560,085
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-	6,011,968		6,011,968
Objects to Exclude							
Rents and Leases	5060			-	1,226,067		1,226,067
Lottery Expenditures					-		
Academic Salaries	1000			-	3,045,974		3,045,974
Classified Salaries	2000			-	-		-
Employee Benefits	3000			-	991,515		991,515
Software	4100			-	-		-
Books, Magazines, & Periodicals	4200			-	-		-
Instructional Supplies & Materials	4300			-	-		-
Noninstructional, Supplies & Materials	4400			-	-		-
Other Operating Expenses and Services	5000			-	1,721,192		1,721,192
Capital Outlay	6000			-	-		-
Library Books	6300			-	-		-
Equipment - Additional	6410			-	-		-
Equipment - Replacement	6420			-	-		-
Other Outgo	7000			-	-		-
Total Exclusions		3,237,214	-	3,237,214	16,867,024	-	16,867,024
Total for ECS 84362, 50% Law		102,925,410	-	102,925,410	202,817,546	-	202,817,546
Percent of CEE (Instructional Salary Cost/Total CEE)		50.75%	0%	50.75%	100%	0%	100%
50% of Current Expense of Education					101,408,773	-	101,408,773

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

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

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 29,204,271
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 29,204,271	$ -	$ -	$ 29,204,271
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 29,204,271	$ -	$ -	29,204,271
Revenue less Expenditures					

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

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

	2020 (Budgeted)	2019	2018	2017
Total revenues	$ 287,425,207	$ 275,728,899	$ 260,484,981	$ 250,569,791
Total expenditures	286,645,528	278,616,278	266,123,865	258,999,882
Total other sources	1,107,343	1,667,536	1,095,176	1,050,000
Change in fund balance	1,887,022	(1,219,839)	(4,543,708)	(7,380,091)
Ending fund balance	$ 37,016,340	$ 35,129,318	$ 36,349,157	$ 40,892,865
Available reserve	$ 36,045,345	$ 30,602,488	$ 31,141,380	$ 27,305,716
Available reserve %	12.57%	10.98%	11.70%	10.54%
Full-time equivalent students	30,542	30,542	32,626	30,292
Total long term debt	$ 853,959,502	$ 886,237,416	$ 917,475,338	$ 934,302,228

IMPORTANT NOTES:

Available reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the General Fund. The 2020 budget reserve balance was estimated using the budgeted contingency reserve balances less other 2019 amounts reserved.

The 2020 budget is the Plan and Budget adopted by the Board of Trustees on September 4, 2019.

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

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

See the accompanying notes to the supplementary information.

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

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Federal Student Loan Programs

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

Program Title	CFDA Number	Amount Outstanding
Perkins Loans	84.038	$1,060,324

Schedule of State Financial Assistance - Grants

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

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

NOTE 1: PURPOSE OF SCHEDULES

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the June 30, 2019 Annual Financial and Budget Report (Form CCFS-311). This schedule shows a reconciliation between the governmental fund balances on the June 30, 2019 CCFS-311, based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting shown.

Reconciliation of 50 Percent Law Calculation

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

Education Protection Account Expenditure Report

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

Schedule of General Fund Financial Trends and Analysis

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

OTHER INDEPENDENT AUDITORS' REPORT

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Coast Community College District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements and have issued our report thereon dated November 14, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 14, 2019

CliftonLarsonAllen

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 14, 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

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

Management's Responsibility

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

Auditors' Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-19 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

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

Opinion on State Compliance

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 14, 2019

FINDINGS AND QUESTIONED COSTS

COAST COMMUNITY COLLEGE DISTRICT

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

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:				*Unmodified*
Internal control over financial reporting:				
Material weakness(es) identified?		*Yes*	X	*No*
Significant deficiency(ies) identified?	X	*Yes*		*None Reported*
Noncompliance material to financial statements noted?		*Yes*	X	*No*

Federal Awards

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

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, and 84.268	Student Financial Aid Cluster

The Single Audit for fiscal year 2019 was performed in accordance with the August 2019 edition

Dollar threshold used to distinguish between type A and type B programs:				$1,216,756
Auditee qualified as low-risk auditee?		*Yes*	X	*No*

The Single Audit for fiscal year 2019 was performed in accordance with the August 2019 edition of the 2019 Compliance Supplement.

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

2019-001 CLOSING PROCEDURES

Finding: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements. We noted that the Measure M General Obligation Bond Fund incurred expenses related to services and equipment received prior to June 30, 2019 that were not accrued. Sixty-five invoices were identified as not accrued, resulting in an adjustment of $3,720,732 to the Measure M General Obligation Bond Fund.

Recommendation: Established procedures related to the closing process should be followed. Cross training of employees and/or documenting responsibilities of specific functions and key responsibilities should be done to ensure tasks are followed on a consistent basis. Review by individuals not immediately involved in the closing process should be done to identify error or omissions.

District Response:

The District concurs with the importance of ensuring all expenditures are charged to the appropriate period. The error in the accruals for the June 30, 2019 financial statements can betraced to our July 1, 2019 financial system conversion. Processes that are normally automatic in the system had to be replicated manually and the manual system was untested and inadequate to capture all of the required accruals.

The District shall update the closing procedures to include campus facility construction managers listing of outstanding payment applications as well as additional documentation and training for accounts payable staff. An internal review of the closing process will also be performed in thefiscal office outside of the accounts payable department to identify any errors or omissions.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

COAST COMMUNITY COLLEGE DISTRICT

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

There were no findings and questioned costs related to state awards for the year ended June 30, 2019.

COAST COMMUNITY COLLEGE DISTRICT

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

There were no findings and questioned costs in the prior year.

CONTINUING DISCLOSURE INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

2018-2019 LARGEST LOCAL SECURED TAXPAYERS (UNAUDITED)
June 30, 2019

2018-2019 Largest Local Secured Taxpayers

Property Owner	Land Use	2018-2019 Assessed Valuation	% of Total[(1)]
The Irvine Company	Commercial	$1,483,560,416	1.09%
Bella Terra Associates LLC	Commercial	347,015,923	0.25%
PH Finance LLC	Commercial	289,974,839	0.21%
South Coast Plaza	Commercial	280,695,159	0.21%
Villas at Fashion Island LLC	Apartments	257,687,777	0.19%
PR II/MCC South Coast Property Owner	Commercial	242,918,482	0.18%
PCH Beach Resort LLC	Commercial	206,143,963	0.15%
DCO Pacific City LLC	Apartments	203,514,519	0.15%
United Dominion Realty LP	Apartments	202,882,898	0.15%
McDonnell Douglas Corp.	Industrial	192,572,812	0.14%
Hyundai Motor America	Commercial	191,376,242	0.14%
SoCal Holding LLC	Oil & Gas	184,594,731	0.13%
JKS-CMFV LLC	Commercial	179,841,490	0.13%
520 Newport Center Drive LLC	Commercial	174,061,786	0.13%
650 Newport Center Drive LLC	Commercial	157,815,585	0.12%
S-Tract LLC	Commercial	150,089,235	0.11%
Insurance Exchange of the Automobile Club of America	Commercial	140,729,104	0.10%
Westminster Mall LLC	Commercial	139,522,097	0.10%
UDR Newport Beach North LP	Apartments	135,306,348	0.10%
Elan Multifamily LLC	Apartments	133,620,000	0.10%
		$5,293,923,406	3.88%

(1) 2018/19 Local Secured Assessed Valuation: $136,483,349,229.
Source: California Municipal Statistics. Inc.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	General Fund		
	Budget *	Actual	Variance Favorable (Unfavorable)
Revenue			
Revenue from Federal Sources			
Higher Education Act	$ 1,338,800	$ 1,144,936	$ (193,864)
Temporary Assistance for Needy Families (TANF)	135,226	135,225	(1)
Career and Technical Education Act	1,513,015	1,455,077	(57,938)
Other Federal Revenue	2,012,499	792,048	(1,220,451)
Revenue from State Sources			
General Apportionments	52,518,031	45,168,815	(7,349,216)
Categorical Apportionments	50,559,257	42,166,694	(8,392,563)
Other State Revenues	14,564,216	9,183,396	(5,380,820)
Revenue from Local Sources			
Property Taxes	134,270,432	136,564,381	2,293,949
Interest and Investment Income	677,463	1,275,218	597,755
Student Fees and Charges	32,296,735	33,885,789	1,589,054
Other Local Revenue	2,989,170	4,707,324	1,718,154
Total Revenue	292,874,844	276,478,903	(16,395,941)
Expenditures			
Academic Salaries	96,183,402	97,488,843	(1,305,441)
Classified Salaries	71,483,370	65,306,498	6,176,872
Employee Benefits	71,506,521	75,289,175	(3,782,654)
Supplies and Materials	8,190,675	5,087,186	3,103,489
Other Operating Expenses & Services	42,396,989	24,619,453	17,777,536
Capital Outlay	6,499,123	4,134,383	2,364,740
Other Uses	7,384,571	5,560,198	1,824,373
Total Expenditures	303,644,650	277,485,736	26,158,914
Excess (deficiency) of revenues over expenditures	(10,769,806)	(1,006,833)	9,762,973
Other Financing Sources (Uses)			
Interfund Transfers In	-	917,532	917,532
Interfund Transfers Out	(1,146,956)	(1,130,538)	16,418
Total Other Financing Sources (Uses)	(1,146,956)	(213,006)	933,950
Excess (deficiency) of revenues over expenditures and other sources (uses)	$ (11,916,762)	(1,219,839)	$ 10,696,923
Fund Balance at Beginning of Year		36,349,157	
Fund Balance at End of Year		$ 35,129,318	

* The budgets amounts were adjusted to include the STRS on-behalf payments for GASB 68.

Archives

Benefit Trust
Fiduciary Passport Services

Each User Requesting BTPassport Access Must Complete This Form

Terms and Conditions for Use of Benefit Trust Company *BTPassport*

The Client hereby requests remote access to the *BTPassport* system. In requesting remote access to the *BTPassport* system, the Client acknowledges that any information accessed through its log-in to *BTPassport* is confidential and shall be used only in conjunction with the account relationship with Benefit Trust Company ("BTC") and pursuant to the services it renders to the account. The Client (1) acknowledges that *BTPassport* and its related systems are proprietary to BTC or its licensors; (2) agrees to maintain the confidentiality of *BTPassport*, its related systems, and any documentation and information related thereto; and (3) agrees to abide by the terms set forth in the Terms and Conditions for use of Benefit Trust Company *BTPassport*.

> **EXCEPT AS EXPRESSLY SET FORTH IN THESE PROCEDURES, BTC FOR ITSELF AND ITS RELEVANT LICENSORS EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES CONCERNING BTPASSPORT AND THE SERVICES TO BE RENDERED HEREUNDER. WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

The Client shall indemnify BTC for any unauthorized acts by itself or any of its employees or agents. BTC shall have the right to suspend or terminate the Client's access for security breaches or breach of the Client's obligations as set forth herein. The Client agrees to notify BTC upon being informed of any compromised, misplaced or lost password by authorized users, and to report any unauthorized access violations or attempted violations.

By your use of the Benefit Trust Company ***BTPassport*** internet access system, you agree and understand the following:

1. The balances and information on this system are updated continually during each business day.

2. The market data that Benefit Trust Company, or any other affiliate, receives and makes available to customers is from sources believed to be accurate and reliable. The accuracy of information provided through BTPassport is governed by provisions of the controlling trust or custody agreement relating to the records and accounts of Benefit Trust Company.

3. Benefit Trust Company can not be held responsible for interruptions in ***BTPassport***'s availability. In cases where the ***BTPassport*** system is not available, information may still be obtained by contacting your Benefit Trust Company relationship manager. The ***BTPassport*** system capabilities are provided only as one method of delivery of account information.

4. You are responsible for maintaining the secrecy of your User ID and Password. Should your password be compromised, or should you misplace or lose it, you should immediately call your Benefit Trust Company relationship manager. A new password will be mailed to you. We cannot give you a new User ID and/or password over the telephone. Five unsuccessful

logon attempts will lock you out of the ***BTPassport*** system. You will then need to follow the same procedure for compromised/misplaced/lost User Ids and/or passwords as set forth above.

5. ***BTPassport*** is provided as an account information delivery system. Misuse or abuse of the system may result in your privileges being revoked.

Coast Community College District
Company Name

Date: 8-31-17

Connie Marten
Individual Name

By: Connie Marten

Title: Coast Federation of Classified Employees Representative (CFCE)

Email Address: cmarten@gwc.cccd.edu

ANNUAL REPORT FOR THE
COAST COMMUNITY COLLEGE DISTRICT
FUTURIS TRUST
JULY 2019

The Coast Community College District has established the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees and former employees of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as "other post-employment benefits," or "OPEB.") This Trust was established and is managed in compliance with the applicable Governmental Accounting Standards Board (GASB) standards for OPEB. GASB Statements 74 and 75 set the accounting standard for public sector employers to identify and report their (OPEB) liabilities.

The District has created a Retirement Board of Authority consisting of District Personnel to oversee and run the Futuris Trust. Benefit Trust Company is the qualified Discretionary Trustee for asset and fiduciary management and investment policy development. Keenan & Associates is the Program Coordinator for the Futuris Trust providing oversight of the Futuris program and guidance to the District.

Attached to this notice is the most recent annual statement for the Trust. This statement shows (as of the date of the statement); the total assets in the Trust, the market value, the book value, all contribution and distribution activity (including all fees and expenses associated with the Trust), income activity, purchase activity, sale activity, and realized gains and losses. Please note that the Trust is not itself an employee benefit plan. Rather, the assets in the Trust are irrevocably designated for the funding of employee benefit plans. You are being provided this information pursuant to California Government Code Section 53216.4.

For more information regarding the Futuris Public Entity Investment Trust, please contact Dr. Andy Dunn, Vice Chancellor of Administrative Services at (714) 438-4612 with the Coast Community College District.

AD/rt

Enclosure:
Independent Contractor Agreement

Cc: Dr. John Weispfenning
Dr. Jack Lipton

RBOA FUTURIS

KS 66211

ACCOUNT NUMBER 115150007400

FOR THE PERIOD FROM 07/01/2018 TO 06/30/2019

BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

TRUST EB FORMAT

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

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TRUST EB FORMAT

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Summary Of Fund

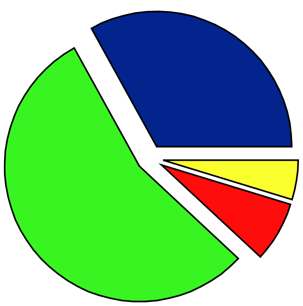
MARKET VALUE AS OF 07/01/2018			**37,001,473.64**
EARNINGS			
NET INCOME CASH RECEIPTS	1,620,377.00		
FEES AND OTHER EXPENSES	161,101.40-		
REALIZED GAIN OR LOSS	56,197.85		
UNREALIZED GAIN OR LOSS	217,483.56		
TOTAL EARNINGS		1,732,957.01	
TOTAL MARKET VALUE AS OF 06/30/2019			**38,734,430.65**

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Asset Summary As Of 06/30/2019

DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
MUTUAL FUND - FIXED INCOME	21,252,022.38	21,104,865.70	55
MUTUAL FUND - DOMESTIC EQUITY	12,838,526.28	12,618,896.60	33
MUTUAL FUND - INTERNATIONAL EQUITY	2,788,515.83	2,886,721.08	7
MUTUAL FUND - REAL ESTATE	1,855,366.16	1,716,772.46	5
TOTAL INVESTMENTS	**38,734,430.65**	**38,327,255.84**	
CASH	**99,522.05**		
DUE FROM BROKER	**0.00**		
DUE TO BROKER	**99,522.05**		
TOTAL MARKET VALUE	**38,734,430.65**		

Ending Asset Allocation



33.1%	**MUTUAL FUND - DOMESTIC EQUITY**	12,838,526.28
54.9%	**MUTUAL FUND - FIXED INCOME**	21,252,022.38
7.2%	**MUTUAL FUND - INTERNATIONAL EQUI**	2,788,515.83
4.8%	**MUTUAL FUND - REAL ESTATE**	1,855,366.16
100.0%	**Total**	38,734,430.65

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Asset Detail As Of 06/30/2019

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
	MUTUAL FUND - FIXED INCOME			
271,517.377	BLACKROCK TOTAL RETURN - K	3,203,905.05	3,187,375.61	8
116,147.026	GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.	3,012,853.85	3,091,409.25	8
165,489.938	GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND	3,099,626.54	3,055,352.13	8
145,576.679	HARTFORD WORLD BOND - Y	1,576,595.43	1,517,404.11	4
110,424.715	LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS	1,151,729.78	1,204,246.13	3
110,777.171	LEGG MASON BW ALTERNATIVE CREDIT	1,156,513.67	1,144,692.21	3
219,494.667	PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q	3,239,741.28	3,175,577.52	8
72,540.663	THORNBURG INVESTMENT INCOME BUILDER R6	1,571,230.76	1,534,038.86	4
272,254.287	WESTERN ASSET CORE PLUS BOND IS	3,239,826.02	3,194,769.88	8
		21,252,022.38	**21,104,865.70**	**55**
	MUTUAL FUND - DOMESTIC EQUITY			
74,848.228	ALGER FUNDS SMALL CAP FOCUS Z	1,695,312.36	1,114,046.66	4
63,739.438	ALGER FUNDS CAPITAL APPRECIATION FOCUS Y	2,386,404.56	2,333,796.27	6
61,804.195	BRANDES FUNDS INTERNATIONAL SMALL CAP R6	666,249.22	865,167.82	2
61,317.335	COLUMBIA CONTRARIAN CORE	1,603,448.31	1,549,020.59	4
41,785.89	OAKMARK SELECT FUND-INSTITUTIONAL	1,696,507.13	1,859,244.79	4

Asset Detail As Of 06/30/2019

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
44,561.957	OAKMARK INTERNATIONAL INST.	1,028,044.35	1,279,089.46	3
31,556.128	HARTFORD FUNDS MIDCAP CLASS Y	1,183,039.24	1,043,103.41	3
33,917.222	JOHN HANCOCK INTERNATIONAL GROWTH R6	950,699.73	962,755.59	2
22,918.595	PRUDENTIAL JENNISON GLOBAL OPPS Q	591,758.12	517,960.33	2
16,630.264	UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6	1,037,063.26	1,094,711.68	3
		12,838,526.28	**12,618,896.60**	**33**
	MUTUAL FUND - INTERNATIONAL EQUITY			
96,139.48	HARTFORD INTERNATIONAL VALUE - Y	1,402,675.01	1,619,325.26	4
17,733.209	AMERICAN FUNDS NEW PERSPECTIVE F2	791,078.45	731,874.72	2
8,803.469	AMERICAN FUNDS NEW WORLD F2	594,762.37	535,521.10	2
		2,788,515.83	**2,886,721.08**	**7**
	MUTUAL FUND - REAL ESTATE			
62,455.083	COHEN AND STEERS REAL ESTATE SECURITIES - Z	1,038,003.48	955,241.30	3
31,717.605	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q	817,362.68	761,531.16	2
		1,855,366.16	**1,716,772.46**	**5**

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Asset Detail As Of 06/30/2019

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
	TOTAL INVESTMENTS	38,734,430.65		
	CASH	99,522.05		
	DUE FROM BROKER	0.00		
	DUE TO BROKER	99,522.05		
	NET ASSETS	38,734,430.65		
	TOTAL MARKET VALUE	38,734,430.65		

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

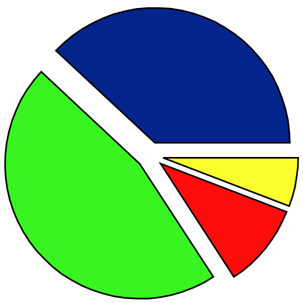
Summary Of Cash Receipts And Disbursements

	RECEIPTS		
CASH BALANCE AS OF 07/01/2018			**52,145.92**
INCOME RECEIVED			
DIVIDENDS	1,620,377.00		
TOTAL INCOME RECEIPTS		1,620,377.00	
PROCEEDS FROM THE DISPOSITION OF ASSETS		3,181,358.54	
TOTAL RECEIPTS			4,801,735.54
	DISBURSEMENTS		
FEES AND OTHER EXPENSES			
ADMINISTRATIVE FEES AND EXPENSES	161,101.40		
TOTAL FEES AND OTHER EXPENSES		161,101.40	
COST OF ACQUISITION OF ASSETS		4,593,258.01	
TOTAL DISBURSEMENTS			4,754,359.41
CASH BALANCE AS OF 06/30/2019			**99,522.05**

Statement Period	07/01/2018 through 06/30/2019
Account Number	115150007400

Schedule Of Income

Income Allocation



38.1%	**MUTUAL FUND - DOMESTIC EQUITY**	617,090.14
46.2%	**MUTUAL FUND - FIXED INCOME**	748,120.37
9.9%	**MUTUAL FUND - INTERNATIONAL EQUI**	161,598.87
5.8%	**MUTUAL FUND - REAL ESTATE**	93,567.62
100.0%	**Total**	1,620,377.00

Income Schedule

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
DIVIDENDS				
	MUTUAL FUND - FIXED INCOME BLACKROCK TOTAL RETURN - K			
08/02/2018	DIVIDEND ON 263,347.924 SHS BLACKROCK TOTAL RETURN - K AT .031187 PER SHARE EFFECTIVE 07/31/2018	8,212.99		
09/04/2018	DIVIDEND ON 263,979.64 SHS BLACKROCK TOTAL RETURN - K AT .031541 PER SHARE EFFECTIVE 08/31/2018	8,326.06		
10/01/2018	DIVIDEND ON 264,618.146 SHS BLACKROCK TOTAL RETURN - K AT .030531 PER SHARE EFFECTIVE 09/28/2018	8,079.14		
11/01/2018	DIVIDEND ON 265,240.867 SHS BLACKROCK TOTAL RETURN - K AT .03121 PER SHARE EFFECTIVE 10/31/2018	8,278.12		

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Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
12/03/2018	DIVIDEND ON 265,893.857 SHS BLACKROCK TOTAL RETURN - K AT .02945 PER SHARE EFFECTIVE 11/30/2018	7,830.58		
01/02/2019	DIVIDEND ON 266,505.331 SHS BLACKROCK TOTAL RETURN - K AT .035541 PER SHARE EFFECTIVE 12/31/2018	9,471.77		
02/04/2019	DIVIDEND ON 267,257.939 SHS BLACKROCK TOTAL RETURN - K AT .03576 PER SHARE EFFECTIVE 01/31/2019	9,557.21		
03/01/2019	DIVIDEND ON 268,005.858 SHS BLACKROCK TOTAL RETURN - K AT .032109 PER SHARE EFFECTIVE 02/28/2019	8,605.36		
04/01/2019	DIVIDEND ON 268,671.955 SHS BLACKROCK TOTAL RETURN - K AT .03432 PER SHARE EFFECTIVE 03/29/2019	9,220.86		
05/01/2019	DIVIDEND ON 269,379.126 SHS BLACKROCK TOTAL RETURN - K AT .033332 PER SHARE EFFECTIVE 04/30/2019	8,979.00		
06/03/2019	DIVIDEND ON 270,065.018 SHS BLACKROCK TOTAL RETURN - K AT .033575 PER SHARE EFFECTIVE 05/31/2019	9,067.42		
07/01/2019	DIVIDEND ON 270,750.507 SHS BLACKROCK TOTAL RETURN - K AT .033422 PER SHARE EFFECTIVE 06/28/2019	9,049.07		
	SECURITY TOTAL	**104,677.58**	**104,677.58**	
	GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.			
08/02/2018	DIVIDEND ON 112,437.499 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .094654 PER SHARE EFFECTIVE 07/31/2018	10,642.70		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
09/04/2018	DIVIDEND ON 112,797.367 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .081191 PER SHARE EFFECTIVE 08/31/2018	9,158.17		
10/01/2018	DIVIDEND ON 113,101.04 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .078651 PER SHARE EFFECTIVE 09/28/2018	8,895.54		
11/01/2018	DIVIDEND ON 113,394.734 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .088533 PER SHARE EFFECTIVE 10/31/2018	10,039.23		
12/03/2018	DIVIDEND ON 113,734.678 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .085299 PER SHARE EFFECTIVE 11/30/2018	9,701.46		
12/21/2018	DIVIDEND ON 114,063.22 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .022216 PER SHARE EFFECTIVE 12/20/2018	2,534.03		
12/21/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 114,063.22 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .025 PER SHARE EFFECTIVE 12/20/2018	2,832.65		
01/02/2019	DIVIDEND ON 114,269.235 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .054861 PER SHARE EFFECTIVE 12/31/2018	6,268.89		
02/04/2019	DIVIDEND ON 114,470.771 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .076494 PER SHARE EFFECTIVE 01/31/2019	8,756.35		
03/01/2019	DIVIDEND ON 114,766.76 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .060305 PER SHARE EFFECTIVE 02/28/2019	6,921.02		
04/01/2019	DIVIDEND ON 114,991.377 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .067265 PER SHARE EFFECTIVE 03/29/2019	7,734.85		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
05/01/2019	DIVIDEND ON 115,247.447 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .076302 PER SHARE EFFECTIVE 04/30/2019	8,793.66		
06/03/2019	DIVIDEND ON 115,543.483 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .077385 PER SHARE EFFECTIVE 05/31/2019	8,941.34		
07/01/2019	DIVIDEND ON 115,845.173 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. AT .067591 PER SHARE EFFECTIVE 06/28/2019	7,830.06		
	SECURITY TOTAL	**109,049.95**	**109,049.95**	
	GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND			
08/02/2018	DIVIDEND ON 161,771.804 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .047814 PER SHARE EFFECTIVE 07/31/2018	7,734.93		
09/04/2018	DIVIDEND ON 162,133.997 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .048311 PER SHARE EFFECTIVE 08/31/2018	7,832.86		
10/01/2018	DIVIDEND ON 162,499.56 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .040839 PER SHARE EFFECTIVE 09/28/2018	6,636.35		
11/01/2018	DIVIDEND ON 162,802.3 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .044341 PER SHARE EFFECTIVE 10/31/2018	7,218.81		
12/03/2018	DIVIDEND ON 163,142.612 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .039924 PER SHARE EFFECTIVE 11/30/2018	6,513.36		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
01/02/2019	DIVIDEND ON 163,443.448 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .02662 PER SHARE EFFECTIVE 12/31/2018	4,350.91		
02/04/2019	DIVIDEND ON 163,624.504 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .03765 PER SHARE EFFECTIVE 01/31/2019	6,160.43		
03/01/2019	DIVIDEND ON 163,902.572 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .037277 PER SHARE EFFECTIVE 02/28/2019	6,109.74		
04/01/2019	DIVIDEND ON 164,178.052 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .040669 PER SHARE EFFECTIVE 03/29/2019	6,676.88		
05/01/2019	DIVIDEND ON 164,480.748 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .039806 PER SHARE EFFECTIVE 04/30/2019	6,547.31		
06/03/2019	DIVIDEND ON 164,776.714 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .045643 PER SHARE EFFECTIVE 05/31/2019	7,520.89		
07/01/2019	DIVIDEND ON 165,120.68 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .041886 PER SHARE EFFECTIVE 06/28/2019	6,916.20		
	SECURITY TOTAL	**80,218.67**	**80,218.67**	
	HARTFORD WORLD BOND - Y			
10/01/2018	DIVIDEND ON 139,057.224 SHS HARTFORD WORLD BOND - Y AT .034581 PER SHARE EFFECTIVE 09/27/2018	4,808.74		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
12/19/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 139,358.074 SHS HARTFORD WORLD BOND - Y AT .010049 PER SHARE EFFECTIVE 12/17/2018	1,400.41		
12/31/2018	DIVIDEND ON 139,487.742 SHS HARTFORD WORLD BOND - Y AT .409106 PER SHARE EFFECTIVE 12/27/2018	57,065.27		
04/01/2019	DIVIDEND ON 144,793.404 SHS HARTFORD WORLD BOND - Y AT .034689 PER SHARE EFFECTIVE 03/28/2019	5,022.74		
07/01/2019	DIVIDEND ON 145,111.331 SHS HARTFORD WORLD BOND - Y AT .034698 PER SHARE EFFECTIVE 06/27/2019	5,035.07		
	SECURITY TOTAL	**73,332.23**	**73,332.23**	
	LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS			
09/28/2018	DIVIDEND ON 106,981.551 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS AT .092015 PER SHARE EFFECTIVE 09/27/2018	9,843.91		
12/21/2018	DIVIDEND ON 107,831.371 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS AT .132811 PER SHARE EFFECTIVE 12/20/2018	14,321.19		
04/01/2019	DIVIDEND ON 109,170.172 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS AT .043048 PER SHARE EFFECTIVE 03/29/2019	4,699.56		
07/01/2019	DIVIDEND ON 109,512.589 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS AT .086871 PER SHARE EFFECTIVE 06/28/2019	9,513.47		
	SECURITY TOTAL	**38,378.13**	**38,378.13**	

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	LEGG MASON BW ALTERNATIVE CREDIT			
09/28/2018	DIVIDEND ON 108,017.75 SHS LEGG MASON BW ALTERNATIVE CREDIT AT .097303 PER SHARE EFFECTIVE 09/27/2018	10,510.45		
12/21/2018	DIVIDEND ON 108,921.94 SHS LEGG MASON BW ALTERNATIVE CREDIT AT .045933 PER SHARE EFFECTIVE 12/20/2018	5,003.11		
04/01/2019	DIVIDEND ON 109,299.259 SHS LEGG MASON BW ALTERNATIVE CREDIT AT .074539 PER SHARE EFFECTIVE 03/29/2019	8,147.06		
07/01/2019	DIVIDEND ON 109,973.522 SHS LEGG MASON BW ALTERNATIVE CREDIT AT .076292 PER SHARE EFFECTIVE 06/28/2019	8,390.10		
	SECURITY TOTAL	**32,050.72**	**32,050.72**	
	PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q			
08/02/2018	DIVIDEND ON 211,350.363 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .037004 PER SHARE EFFECTIVE 07/31/2018	7,820.73		
09/04/2018	DIVIDEND ON 211,829.111 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .045025 PER SHARE EFFECTIVE 08/31/2018	9,537.70		
10/01/2018	DIVIDEND ON 212,427.645 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .034993 PER SHARE EFFECTIVE 09/28/2018	7,433.54		
11/01/2018	DIVIDEND ON 212,881.461 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .046051 PER SHARE EFFECTIVE 10/31/2018	9,803.36		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
12/03/2018	DIVIDEND ON 213,514.31 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .044152 PER SHARE EFFECTIVE 11/30/2018	9,427.18		
12/24/2018	DIVIDEND ON 214,119.223 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .08616 PER SHARE EFFECTIVE 12/21/2018	18,448.51		
01/02/2019	DIVIDEND ON 215,448.366 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .041918 PER SHARE EFFECTIVE 12/31/2018	9,031.23		
02/04/2019	DIVIDEND ON 216,022.96 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .043918 PER SHARE EFFECTIVE 01/31/2019	9,487.32		
03/01/2019	DIVIDEND ON 216,619.697 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .040516 PER SHARE EFFECTIVE 02/28/2019	8,776.46		
04/01/2019	DIVIDEND ON 217,166.931 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .043431 PER SHARE EFFECTIVE 03/29/2019	9,431.82		
05/01/2019	DIVIDEND ON 217,747.937 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .041315 PER SHARE EFFECTIVE 04/30/2019	8,996.28		
06/03/2019	DIVIDEND ON 218,298.344 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .045703 PER SHARE EFFECTIVE 05/31/2019	9,976.86		
07/01/2019	DIVIDEND ON 218,908.962 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q AT .039491 PER SHARE EFFECTIVE 06/28/2019	8,645.01		
	SECURITY TOTAL	**126,816.00**	**126,816.00**	

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	THORNBURG INVESTMENT INCOME BUILDER R6			
09/25/2018	DIVIDEND ON 69,445.079 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .257568 PER SHARE EFFECTIVE 09/21/2018	17,886.80		
12/28/2018	DIVIDEND ON 70,178.442 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .299074 PER SHARE EFFECTIVE 12/26/2018	20,988.57		
03/26/2019	DIVIDEND ON 71,153.426 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .206438 PER SHARE EFFECTIVE 03/22/2019	14,688.76		
06/25/2019	DIVIDEND ON 71,766.66 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .233711 PER SHARE EFFECTIVE 06/21/2019	16,772.64		
	SECURITY TOTAL	**70,336.77**	**70,336.77**	
	WESTERN ASSET CORE PLUS BOND IS			
08/02/2018	DIVIDEND ON 263,349.316 SHS WESTERN ASSET CORE PLUS BOND IS AT .03239 PER SHARE EFFECTIVE 07/31/2018	8,529.89		
09/04/2018	DIVIDEND ON 264,005.685 SHS WESTERN ASSET CORE PLUS BOND IS AT .038112 PER SHARE EFFECTIVE 08/31/2018	10,061.79		
10/01/2018	DIVIDEND ON 264,799.627 SHS WESTERN ASSET CORE PLUS BOND IS AT .032219 PER SHARE EFFECTIVE 09/28/2018	8,531.51		
11/01/2018	DIVIDEND ON 265,462.024 SHS WESTERN ASSET CORE PLUS BOND IS AT .033584 PER SHARE EFFECTIVE 10/31/2018	8,915.15		
12/03/2018	DIVIDEND ON 266,176.906 SHS WESTERN ASSET CORE PLUS BOND IS AT .037354 PER SHARE EFFECTIVE 11/30/2018	9,942.73		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
01/02/2019	DIVIDEND ON 266,985.659 SHS WESTERN ASSET CORE PLUS BOND IS AT .03569 PER SHARE EFFECTIVE 12/31/2018	9,528.75		
02/04/2019	DIVIDEND ON 267,745.267 SHS WESTERN ASSET CORE PLUS BOND IS AT .034388 PER SHARE EFFECTIVE 01/31/2019	9,207.31		
03/01/2019	DIVIDEND ON 268,455.686 SHS WESTERN ASSET CORE PLUS BOND IS AT .033226 PER SHARE EFFECTIVE 02/28/2019	8,919.67		
04/01/2019	DIVIDEND ON 269,143.927 SHS WESTERN ASSET CORE PLUS BOND IS AT .035962 PER SHARE EFFECTIVE 03/29/2019	9,678.91		
05/01/2019	DIVIDEND ON 269,886.572 SHS WESTERN ASSET CORE PLUS BOND IS AT .036032 PER SHARE EFFECTIVE 04/30/2019	9,724.58		
06/03/2019	DIVIDEND ON 270,631.915 SHS WESTERN ASSET CORE PLUS BOND IS AT .03943 PER SHARE EFFECTIVE 05/31/2019	10,671.04		
07/01/2019	DIVIDEND ON 271,451.851 SHS WESTERN ASSET CORE PLUS BOND IS AT .035177 PER SHARE EFFECTIVE 06/28/2019	9,548.99		
	SECURITY TOTAL	**113,260.32**	**113,260.32**	
	TOTAL MUTUAL FUND - FIXED INCOME	**748,120.37**	**748,120.37**	
	MUTUAL FUND - DOMESTIC EQUITY ALGER FUNDS SMALL CAP FOCUS Z			
12/20/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 74,382.8 SHS ALGER FUNDS SMALL CAP FOCUS Z AT .1474 PER SHARE EFFECTIVE 12/18/2018	10,964.02		
	SECURITY TOTAL	**10,964.02**	**10,964.02**	

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Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	ALGER FUNDS CAPITAL APPRECIATION FOCUS Y			
12/20/2018	DIVIDEND ON 60,555.236 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y AT .081 PER SHARE EFFECTIVE 12/18/2018	4,904.97		
12/20/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 60,555.236 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y AT .168 PER SHARE EFFECTIVE 12/18/2018	10,173.28		
12/20/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 60,555.236 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y AT 1.4549 PER SHARE EFFECTIVE 12/18/2018	88,101.81		
	SECURITY TOTAL	**103,180.06**	**103,180.06**	
	BRANDES FUNDS INTERNATIONAL SMALL CAP R6			
10/02/2018	DIVIDEND ON 59,606.988 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 AT .020704 PER SHARE EFFECTIVE 09/28/2018	1,234.11		
12/11/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 59,662.642 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 AT .13415 PER SHARE EFFECTIVE 12/07/2018	8,003.74		
01/03/2019	DIVIDEND ON 60,361.944 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 AT .247566 PER SHARE EFFECTIVE 12/31/2018	14,943.57		
04/02/2019	DIVIDEND ON 61,722.063 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 AT .027677 PER SHARE EFFECTIVE 03/29/2019	1,708.30		
	SECURITY TOTAL	**25,889.72**	**25,889.72**	

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	COLUMBIA CONTRARIAN CORE			
12/12/2018	DIVIDEND ON 56,097.569 SHS COLUMBIA CONTRARIAN CORE AT .32554 PER SHARE EFFECTIVE 12/10/2018	18,262.00		
12/12/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 56,097.569 SHS COLUMBIA CONTRARIAN CORE AT .00652 PER SHARE EFFECTIVE 12/10/2018	365.76		
12/12/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 56,097.569 SHS COLUMBIA CONTRARIAN CORE AT 1.88861 PER SHARE EFFECTIVE 12/10/2018	105,946.43		
	SECURITY TOTAL	**124,574.19**	**124,574.19**	
	OAKMARK SELECT FUND-INSTITUTIONAL			
12/17/2018	DIVIDEND ON 39,867.408 SHS OAKMARK SELECT FUND-INSTITUTIONAL AT .1562 PER SHARE EFFECTIVE 12/13/2018	6,227.29		
12/17/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 39,867.408 SHS OAKMARK SELECT FUND-INSTITUTIONAL AT 1.6647 PER SHARE EFFECTIVE 12/13/2018	66,367.27		
	SECURITY TOTAL	**72,594.56**	**72,594.56**	
	OAKMARK INTERNATIONAL INST.			
12/17/2018	DIVIDEND ON 41,669.465 SHS OAKMARK INTERNATIONAL INST. AT .504 PER SHARE EFFECTIVE 12/13/2018	21,001.41		
12/17/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 41,669.465 SHS OAKMARK INTERNATIONAL INST. AT 1.026 PER SHARE EFFECTIVE 12/13/2018	42,752.87		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	SECURITY TOTAL	**63,754.28**	**63,754.28**	
	HARTFORD FUNDS MIDCAP CLASS Y			
12/19/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 28,417.97 SHS HARTFORD FUNDS MIDCAP CLASS Y AT .245196 PER SHARE EFFECTIVE 12/17/2018	6,967.97		
12/19/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 28,417.97 SHS HARTFORD FUNDS MIDCAP CLASS Y AT 3.155441 PER SHARE EFFECTIVE 12/17/2018	89,671.23		
	SECURITY TOTAL	**96,639.20**	**96,639.20**	
	JOHN HANCOCK INTERNATIONAL GROWTH R6			
12/18/2018	DIVIDEND ON 33,011.279 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 AT .26364 PER SHARE EFFECTIVE 12/14/2018	8,706.69		
12/18/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 33,011.279 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 AT .01184 PER SHARE EFFECTIVE 12/14/2018	391.01		
12/18/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 33,011.279 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 AT .44505 PER SHARE EFFECTIVE 12/14/2018	14,697.74		
	SECURITY TOTAL	**23,795.44**	**23,795.44**	
	UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6			
12/14/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 15,034.26 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT .53427 PER SHARE EFFECTIVE 12/12/2018	8,032.35		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
12/14/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 15,034.26 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT 4.85242 PER SHARE EFFECTIVE 12/12/2018	72,952.54		
12/21/2018	DIVIDEND ON 16,397.659 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT .89731 PER SHARE EFFECTIVE 12/19/2018	14,713.78		
	SECURITY TOTAL	**95,698.67**	**95,698.67**	
	TOTAL MUTUAL FUND - DOMESTIC EQUITY	**617,090.14**	**617,090.14**	
	MUTUAL FUND - INTERNATIONAL EQUITY HARTFORD INTERNATIONAL VALUE - Y			
12/19/2018	SHORT TERM CAPITAL GAINS DIVIDEND ON 89,034.561 SHS HARTFORD INTERNATIONAL VALUE - Y AT .133133 PER SHARE EFFECTIVE 12/17/2018	11,853.44		
12/19/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 89,034.561 SHS HARTFORD INTERNATIONAL VALUE - Y AT .569823 PER SHARE EFFECTIVE 12/17/2018	50,733.94		
12/31/2018	DIVIDEND ON 93,524.331 SHS HARTFORD INTERNATIONAL VALUE - Y AT .401618 PER SHARE EFFECTIVE 12/27/2018	37,561.05		
	SECURITY TOTAL	**100,148.43**	**100,148.43**	
	AMERICAN FUNDS NEW PERSPECTIVE F2			
12/26/2018	DIVIDEND ON 16,427.409 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 AT .5462 PER SHARE EFFECTIVE 12/21/2018	8,972.65		
12/26/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 16,427.409 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 AT 2.412 PER SHARE EFFECTIVE 12/21/2018	39,622.91		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	SECURITY TOTAL	**48,595.56**	**48,595.56**	
	AMERICAN FUNDS NEW WORLD F2			
12/26/2018	DIVIDEND ON 8,591.687 SHS AMERICAN FUNDS NEW WORLD F2 AT .7827 PER SHARE EFFECTIVE 12/21/2018	6,724.71		
12/26/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 8,591.687 SHS AMERICAN FUNDS NEW WORLD F2 AT .7135 PER SHARE EFFECTIVE 12/21/2018	6,130.17		
	SECURITY TOTAL	**12,854.88**	**12,854.88**	
	TOTAL MUTUAL FUND - INTERNATIONAL EQUITY	**161,598.87**	**161,598.87**	
	MUTUAL FUND - REAL ESTATE			
	COHEN AND STEERS REAL ESTATE SECURITIES - Z			
10/02/2018	DIVIDEND ON 58,953.138 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .174 PER SHARE EFFECTIVE 09/28/2018	10,257.85		
12/10/2018	DIVIDEND ON 59,567.802 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .129 PER SHARE EFFECTIVE 12/06/2018	7,684.25		
04/02/2019	DIVIDEND ON 59,967.181 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT 0.13 PER SHARE EFFECTIVE 03/29/2019	7,795.73		
07/02/2019	DIVIDEND ON 60,373.611 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .108 PER SHARE EFFECTIVE 06/28/2019	6,520.35		
07/02/2019	SHORT TERM CAPITAL GAINS DIVIDEND ON 60,373.611 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .155 PER SHARE EFFECTIVE 06/28/2019	9,357.91		

Schedule Of Income

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
07/02/2019	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 60,373.611 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT 0.31 PER SHARE EFFECTIVE 06/28/2019	18,715.82		
	SECURITY TOTAL	**60,331.91**	**60,331.91**	
	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q			
07/23/2018	DIVIDEND ON 30,396.994 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .19309 PER SHARE EFFECTIVE 07/20/2018	5,869.36		
10/22/2018	DIVIDEND ON 30,606.958 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .09563 PER SHARE EFFECTIVE 10/19/2018	2,926.94		
12/20/2018	DIVIDEND ON 30,710.722 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .31115 PER SHARE EFFECTIVE 12/19/2018	9,555.64		
12/20/2018	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 30,710.722 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .38134 PER SHARE EFFECTIVE 12/19/2018	11,711.23		
04/15/2019	DIVIDEND ON 31,614.743 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .10035 PER SHARE EFFECTIVE 04/12/2019	3,172.54		
	SECURITY TOTAL	**33,235.71**	**33,235.71**	
	TOTAL MUTUAL FUND - REAL ESTATE	**93,567.62**	**93,567.62**	
TOTAL DIVIDENDS		**1,620,377.00**	**1,620,377.00**	
TOTAL INCOME		**1,620,377.00**	**1,620,377.00**	

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Schedule Of Fees And Other Expenses

DATE	DESCRIPTION	CASH
	ADMINISTRATIVE FEES AND EXPENSES	
07/20/2018	MONTHLY FEE TO BENEFIT TRUST COMPANY JUNE 2018	4,429.31
07/20/2018	MONTHLY FEE TO KEENAN AND ASSOCIATES JUNE 2018	4,733.43
07/20/2018	MONTHLY FEE TO MORGAN STANLEY JUNE 2018	4,270.99
08/16/2018	MONTHLY FEE TO BENEFIT TRUST COMPANY JULY 2018	4,471.27
08/16/2018	MONTHLY FEE TO KEENAN AND ASSOCIATES JULY 2018	4,761.40
08/16/2018	MONTHLY FEE TO MORGAN STANLEY JULY 2018	4,314.69
09/14/2018	MONTHLY FEE TO BENEFIT TRUST COMPANY EFFECTIVE 09/13/2018 AUGUST 2018	4,506.31
09/14/2018	MONTHLY FEE TO KEENAN AND ASSOCIATES EFFECTIVE 09/13/2018 AUGUST 2018	4,784.76
09/14/2018	MONTHLY FEE TO MORGAN STANLEY EFFECTIVE 09/13/2018 AUGUST 2018	4,351.19
10/16/2018	MONTHLY FEE TO KEENAN AND ASSOCIATES EFFECTIVE 10/15/2018 SEPTEMBER 2018	4,779.35
10/16/2018	MONTHLY FEE TO MORGAN STANLEY EFFECTIVE 10/15/2018 SEPTEMBER 2018	4,342.73
10/16/2018	MONTHLY FEE TO BENEFIT TRUST COMPANY EFFECTIVE 10/15/2018 SEPTEMBER 2018	4,498.19
11/16/2018	MONTHLY FEE TO BENEFIT TRUST COMPANY EFFECTIVE 11/15/2018 OCTOBER 2018	4,313.14
11/16/2018	MONTHLY FEE TO KEENAN AND ASSOCIATES EFFECTIVE 11/15/2018 OCTOBER 2018	4,655.98

Schedule Of Fees And Other Expenses

DATE	DESCRIPTION	CASH
11/16/2018	MONTHLY FEE TO MORGAN STANLEY EFFECTIVE 11/15/2018 OCTOBER 2018	4,149.97
12/17/2018	MONTHLY FEE TO BENEFIT TRUST COMPANY EFFECTIVE 12/14/2018 NOVEMBER 2018	4,342.82
12/17/2018	MONTHLY FEE TO KEENAN AND ASSOCIATES EFFECTIVE 12/14/2018 NOVEMBER 2018	4,675.77
12/17/2018	MONTHLY FEE TO MORGAN STANLEY EFFECTIVE 12/14/2018 NOVEMBER 2018	4,180.89
01/18/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY DECEMBER 2018	4,219.97
01/18/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES DECEMBER 2018	4,593.87
01/18/2019	MONTHLY FEE TO MORGAN STANLEY DECEMBER 2018	4,052.92
02/12/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY JANUARY 2019	4,395.57
02/12/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES JANUARY 2019	4,710.93
02/12/2019	MONTHLY FEE TO MORGAN STANLEY JANUARY 2019	4,235.83
03/13/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY EFFECTIVE 03/12/2019 FEBRUARY 2019	4,442.19
03/13/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES EFFECTIVE 03/12/2019 FEBRUARY 2019	4,742.02
03/13/2019	MONTHLY FEE TO MORGAN STANLEY EFFECTIVE 03/12/2019 FEBRUARY 2019	4,284.40
04/08/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY MARCH 2019	4,479.42

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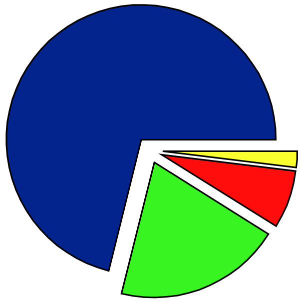
Schedule Of Fees And Other Expenses

DATE	DESCRIPTION	CASH
04/08/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES MARCH 2019	4,766.84
04/08/2019	MONTHLY FEE TO MORGAN STANLEY MARCH 2019	4,323.18
05/14/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY APRIL 2019	4,550.56
05/14/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES EFFECTIVE 05/13/2019 APRIL 2019	4,814.26
05/14/2019	MONTHLY FEE TO MORGAN STANLEY APRIL 2019	4,397.28
06/11/2019	MONTHLY FEE TO BENEFIT TRUST COMPANY MAY 2019	4,464.85
06/11/2019	MONTHLY FEE TO KEENAN AND ASSOCIATES MAY 2019	4,757.12
06/11/2019	MONTHLY FEE TO MORGAN STANLEY MAY 2019	4,308.00
TOTAL ADMINISTRATIVE FEES AND EXPENSES		**161,101.40**
TOTAL FEES AND OTHER EXPENSES		**161,101.40**

Schedule Of Purchases

Purchase Allocation



71.2%	MUTUAL FUND - DOMESTIC EQUITY	3,303,050.15
19.9%	MUTUAL FUND - FIXED INCOME	926,246.44
6.9%	MUTUAL FUND - INTERNATIONAL EQUI	317,768.99
2.0%	MUTUAL FUND - REAL ESTATE	93,568.56
100.0%	**Total**	4,640,634.14

Purchase Schedule

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
MUTUAL FUND - FIXED INCOME				
		BLACKROCK TOTAL RETURN - K		
07/09/2018	07/10/2018	PURCHASED 2,934.045 SHS BLACKROCK TOTAL RETURN - K ON 07/09/2018 AT 11.33	2,934.045	33,242.73
07/11/2018	07/12/2018	PURCHASED .148 SHS BLACKROCK TOTAL RETURN - K ON 07/11/2018 AT 11.34	.148	1.68
07/31/2018	08/02/2018	PURCHASED 727.457 SHS BLACKROCK TOTAL RETURN - K ON 07/31/2018 AT 11.29 FOR REINVESTMENT	727.457	8,212.99
08/31/2018	09/04/2018	PURCHASED 735.518 SHS BLACKROCK TOTAL RETURN - K ON 08/31/2018 AT 11.32 FOR REINVESTMENT	735.518	8,326.06
09/28/2018	10/01/2018	PURCHASED 720.708 SHS BLACKROCK TOTAL RETURN - K ON 09/28/2018 AT 11.21 FOR REINVESTMENT	720.708	8,079.14

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Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
10/31/2018	11/01/2018	PURCHASED 747.798 SHS BLACKROCK TOTAL RETURN - K ON 10/31/2018 AT 11.07 FOR REINVESTMENT	747.798	8,278.12
11/30/2018	12/03/2018	PURCHASED 706.094 SHS BLACKROCK TOTAL RETURN - K ON 11/30/2018 AT 11.09 FOR REINVESTMENT	706.094	7,830.58
12/31/2018	01/02/2019	PURCHASED 844.186 SHS BLACKROCK TOTAL RETURN - K ON 12/31/2018 AT 11.22 FOR REINVESTMENT	844.186	9,471.77
01/31/2019	02/04/2019	PURCHASED 842.045 SHS BLACKROCK TOTAL RETURN - K ON 01/31/2019 AT 11.35 FOR REINVESTMENT	842.045	9,557.21
02/28/2019	03/01/2019	PURCHASED 760.863 SHS BLACKROCK TOTAL RETURN - K ON 02/28/2019 AT 11.31 FOR REINVESTMENT	760.863	8,605.36
03/29/2019	04/01/2019	PURCHASED 801.814 SHS BLACKROCK TOTAL RETURN - K ON 03/29/2019 AT 11.50 FOR REINVESTMENT	801.814	9,220.86
04/30/2019	05/01/2019	PURCHASED 781.462 SHS BLACKROCK TOTAL RETURN - K ON 04/30/2019 AT 11.49 FOR REINVESTMENT	781.462	8,979.00
05/31/2019	06/03/2019	PURCHASED 778.319 SHS BLACKROCK TOTAL RETURN - K ON 05/31/2019 AT 11.65 FOR REINVESTMENT	778.319	9,067.42
06/28/2019	07/01/2019	PURCHASED 766.87 SHS BLACKROCK TOTAL RETURN - K ON 06/28/2019 AT 11.80 FOR REINVESTMENT	766.87	9,049.07
		TOTAL	12,147.327	137,921.99
		GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.		
07/11/2018	07/12/2018	PURCHASED .063 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 07/11/2018 AT 26.55	.063	1.68
07/31/2018	08/02/2018	PURCHASED 400.704 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 07/31/2018 AT 26.56 FOR REINVESTMENT	400.704	10,642.70

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Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
08/31/2018	09/04/2018	PURCHASED 344.811 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 08/31/2018 AT 26.56 FOR REINVESTMENT	344.811	9,158.17
09/28/2018	10/01/2018	PURCHASED 334.796 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 09/28/2018 AT 26.57 FOR REINVESTMENT	334.796	8,895.54
10/31/2018	11/01/2018	PURCHASED 379.699 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 10/31/2018 AT 26.44 FOR REINVESTMENT	379.699	10,039.23
11/30/2018	12/03/2018	PURCHASED 368.877 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 11/30/2018 AT 26.30 FOR REINVESTMENT	368.877	9,701.46
12/20/2018	12/21/2018	PURCHASED 97.276 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 12/20/2018 AT 26.05 FOR REINVESTMENT	97.276	2,534.03
12/20/2018	12/21/2018	PURCHASED 108.739 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 12/20/2018 AT 26.05 FOR REINVESTMENT	108.739	2,832.65
12/31/2018	01/02/2019	PURCHASED 241.111 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 12/31/2018 AT 26.00 FOR REINVESTMENT	241.111	6,268.89
01/31/2019	02/04/2019	PURCHASED 337.042 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 01/31/2019 AT 25.98 FOR REINVESTMENT	337.042	8,756.35
02/28/2019	03/01/2019	PURCHASED 266.091 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 02/28/2019 AT 26.01 FOR REINVESTMENT	266.091	6,921.02
03/29/2019	04/01/2019	PURCHASED 297.838 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 03/29/2019 AT 25.97 FOR REINVESTMENT	297.838	7,734.85

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
04/30/2019	05/01/2019	PURCHASED 338.348 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 04/30/2019 AT 25.99 FOR REINVESTMENT	338.348	8,793.66
05/31/2019	06/03/2019	PURCHASED 343.369 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 05/31/2019 AT 26.04 FOR REINVESTMENT	343.369	8,941.34
06/28/2019	07/01/2019	PURCHASED 301.853 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 06/28/2019 AT 25.94 FOR REINVESTMENT	301.853	7,830.06
TOTAL			4,160.617	109,051.63
		GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND		
07/11/2018	07/12/2018	PURCHASED .091 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/11/2018 AT 18.46	.091	1.68
07/31/2018	08/02/2018	PURCHASED 421.063 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/31/2018 AT 18.37 FOR REINVESTMENT	421.063	7,734.93
08/31/2018	09/04/2018	PURCHASED 425.006 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 08/31/2018 AT 18.43 FOR REINVESTMENT	425.006	7,832.86
09/28/2018	10/01/2018	PURCHASED 362.642 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 09/28/2018 AT 18.30 FOR REINVESTMENT	362.642	6,636.35
10/31/2018	11/01/2018	PURCHASED 398.169 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 10/31/2018 AT 18.13 FOR REINVESTMENT	398.169	7,218.81
11/30/2018	12/03/2018	PURCHASED 358.665 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 11/30/2018 AT 18.16 FOR REINVESTMENT	358.665	6,513.36

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
12/31/2018	01/02/2019	PURCHASED 237.366 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/31/2018 AT 18.33 FOR REINVESTMENT	237.366	4,350.91
01/31/2019	02/04/2019	PURCHASED 336.268 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 01/31/2019 AT 18.32 FOR REINVESTMENT	336.268	6,160.43
02/28/2019	03/01/2019	PURCHASED 334.231 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 02/28/2019 AT 18.28 FOR REINVESTMENT	334.231	6,109.74
03/29/2019	04/01/2019	PURCHASED 361.694 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 03/29/2019 AT 18.46 FOR REINVESTMENT	361.694	6,676.88
04/30/2019	05/01/2019	PURCHASED 355.446 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 04/30/2019 AT 18.42 FOR REINVESTMENT	355.446	6,547.31
05/31/2019	06/03/2019	PURCHASED 401.972 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 05/31/2019 AT 18.71 FOR REINVESTMENT	401.972	7,520.89
06/28/2019	07/01/2019	PURCHASED 369.258 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/28/2019 AT 18.73 FOR REINVESTMENT	369.258	6,916.20
	TOTAL		4,361.871	80,220.35
	HARTFORD WORLD BOND - Y			
07/11/2018	07/12/2018	PURCHASED .078 SHS HARTFORD WORLD BOND - Y ON 07/11/2018 AT 10.72	.078	0.84
09/27/2018	10/01/2018	PURCHASED 449.415 SHS HARTFORD WORLD BOND - Y ON 09/27/2018 AT 10.70 FOR REINVESTMENT	449.415	4,808.74
12/17/2018	12/19/2018	PURCHASED 129.668 SHS HARTFORD WORLD BOND - Y ON 12/17/2018 AT 10.80 FOR REINVESTMENT	129.668	1,400.41

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
12/27/2018	12/31/2018	PURCHASED 5,455.571 SHS HARTFORD WORLD BOND - Y ON 12/27/2018 AT 10.46 FOR REINVESTMENT	5,455.571	57,065.27
03/28/2019	04/01/2019	PURCHASED 470.735 SHS HARTFORD WORLD BOND - Y ON 03/28/2019 AT 10.67 FOR REINVESTMENT	470.735	5,022.74
06/27/2019	07/01/2019	PURCHASED 465.348 SHS HARTFORD WORLD BOND - Y ON 06/27/2019 AT 10.82 FOR REINVESTMENT	465.348	5,035.07
	TOTAL		6,970.815	73,333.07
	LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS			
07/09/2018	07/10/2018	PURCHASED 2,908.126 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 07/09/2018 AT 10.46	2,908.126	30,419.00
07/11/2018	07/12/2018	PURCHASED .061 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 07/11/2018 AT 10.39	.061	0.63
09/27/2018	09/28/2018	PURCHASED 970.8 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 09/27/2018 AT 10.14 FOR REINVESTMENT	970.8	9,843.91
12/20/2018	12/21/2018	PURCHASED 1,456.886 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 12/20/2018 AT 9.83 FOR REINVESTMENT	1,456.886	14,321.19
03/29/2019	04/01/2019	PURCHASED 463.011 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 03/29/2019 AT 10.15 FOR REINVESTMENT	463.011	4,699.56
06/28/2019	07/01/2019	PURCHASED 912.126 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 06/28/2019 AT 10.43 FOR REINVESTMENT	912.126	9,513.47
	TOTAL		6,711.01	68,797.76

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
		LEGG MASON BW ALTERNATIVE CREDIT		
07/11/2018	07/12/2018	PURCHASED .061 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 07/11/2018 AT 10.36	.061	0.63
09/27/2018	09/28/2018	PURCHASED 1,021.424 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 09/27/2018 AT 10.29 FOR REINVESTMENT	1,021.424	10,510.45
12/20/2018	12/21/2018	PURCHASED 493.403 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 12/20/2018 AT 10.14 FOR REINVESTMENT	493.403	5,003.11
03/29/2019	04/01/2019	PURCHASED 792.516 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 03/29/2019 AT 10.28 FOR REINVESTMENT	792.516	8,147.06
06/28/2019	07/01/2019	PURCHASED 803.649 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 06/28/2019 AT 10.44 FOR REINVESTMENT	803.649	8,390.10
		TOTAL	3,111.053	32,051.35
		PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q		
07/09/2018	07/10/2018	PURCHASED 2,149.538 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 07/09/2018 AT 14.11	2,149.538	30,329.98
07/11/2018	07/12/2018	PURCHASED .119 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 07/11/2018 AT 14.14	.119	1.68
07/31/2018	08/02/2018	PURCHASED 555.45 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 07/31/2018 AT 14.08 FOR REINVESTMENT	555.45	7,820.73
08/31/2018	09/04/2018	PURCHASED 676.433 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 08/31/2018 AT 14.10 FOR REINVESTMENT	676.433	9,537.70

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Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
09/28/2018	10/01/2018	PURCHASED 532.489 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 09/28/2018 AT 13.96 FOR REINVESTMENT	532.489	7,433.54
10/31/2018	11/01/2018	PURCHASED 708.847 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 10/31/2018 AT 13.83 FOR REINVESTMENT	708.847	9,803.36
11/30/2018	12/03/2018	PURCHASED 680.663 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 11/30/2018 AT 13.85 FOR REINVESTMENT	680.663	9,427.18
12/21/2018	12/24/2018	PURCHASED 1,329.143 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/21/2018 AT 13.88 FOR REINVESTMENT	1,329.143	18,448.51
12/31/2018	01/02/2019	PURCHASED 648.33 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/31/2018 AT 13.93 FOR REINVESTMENT	648.33	9,031.23
01/31/2019	02/04/2019	PURCHASED 672.383 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 01/31/2019 AT 14.11 FOR REINVESTMENT	672.383	9,487.32
02/28/2019	03/01/2019	PURCHASED 623.328 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 02/28/2019 AT 14.08 FOR REINVESTMENT	623.328	8,776.46
03/29/2019	04/01/2019	PURCHASED 656.812 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 03/29/2019 AT 14.36 FOR REINVESTMENT	656.812	9,431.82
04/30/2019	05/01/2019	PURCHASED 626.918 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 04/30/2019 AT 14.35 FOR REINVESTMENT	626.918	8,996.28
05/31/2019	06/03/2019	PURCHASED 684.754 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 05/31/2019 AT 14.57 FOR REINVESTMENT	684.754	9,976.86

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Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
06/28/2019	07/01/2019	PURCHASED 585.705 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 06/28/2019 AT 14.76 FOR REINVESTMENT	585.705	8,645.01
		TOTAL	11,130.912	157,147.66
		THORNBURG INVESTMENT INCOME BUILDER R6		
07/09/2018	07/10/2018	PURCHASED 1,575.519 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 07/09/2018 AT 21.63	1,575.519	34,078.48
07/11/2018	07/12/2018	PURCHASED .039 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 07/11/2018 AT 21.44	.039	0.84
09/21/2018	09/25/2018	PURCHASED 809.724 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 09/21/2018 AT 22.09 FOR REINVESTMENT	809.724	17,886.80
12/26/2018	12/28/2018	PURCHASED 1,051.005 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 12/26/2018 AT 19.97 FOR REINVESTMENT	1,051.005	20,988.57
03/22/2019	03/26/2019	PURCHASED 689.613 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 03/22/2019 AT 21.30 FOR REINVESTMENT	689.613	14,688.76
06/21/2019	06/25/2019	PURCHASED 774.003 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 06/21/2019 AT 21.67 FOR REINVESTMENT	774.003	16,772.64
		TOTAL	4,899.903	104,416.09
		WESTERN ASSET CORE PLUS BOND IS		
07/09/2018	07/10/2018	PURCHASED 4,416.994 SHS WESTERN ASSET CORE PLUS BOND IS ON 07/09/2018 AT 11.33	4,416.994	50,044.54
07/11/2018	07/12/2018	PURCHASED .148 SHS WESTERN ASSET CORE PLUS BOND IS ON 07/11/2018 AT 11.35	.148	1.68

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
07/31/2018	08/02/2018	PURCHASED 752.195 SHS WESTERN ASSET CORE PLUS BOND IS ON 07/31/2018 AT 11.34 FOR REINVESTMENT	752.195	8,529.89
08/31/2018	09/04/2018	PURCHASED 891.213 SHS WESTERN ASSET CORE PLUS BOND IS ON 08/31/2018 AT 11.29 FOR REINVESTMENT	891.213	10,061.79
09/28/2018	10/01/2018	PURCHASED 760.384 SHS WESTERN ASSET CORE PLUS BOND IS ON 09/28/2018 AT 11.22 FOR REINVESTMENT	760.384	8,531.51
10/31/2018	11/01/2018	PURCHASED 810.468 SHS WESTERN ASSET CORE PLUS BOND IS ON 10/31/2018 AT 11.00 FOR REINVESTMENT	810.468	8,915.15
11/30/2018	12/03/2018	PURCHASED 903.885 SHS WESTERN ASSET CORE PLUS BOND IS ON 11/30/2018 AT 11.00 FOR REINVESTMENT	903.885	9,942.73
12/31/2018	01/02/2019	PURCHASED 850.781 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/31/2018 AT 11.20 FOR REINVESTMENT	850.781	9,528.75
01/31/2019	02/04/2019	PURCHASED 804.132 SHS WESTERN ASSET CORE PLUS BOND IS ON 01/31/2019 AT 11.45 FOR REINVESTMENT	804.132	9,207.31
02/28/2019	03/01/2019	PURCHASED 782.427 SHS WESTERN ASSET CORE PLUS BOND IS ON 02/28/2019 AT 11.40 FOR REINVESTMENT	782.427	8,919.67
03/29/2019	04/01/2019	PURCHASED 836.552 SHS WESTERN ASSET CORE PLUS BOND IS ON 03/29/2019 AT 11.57 FOR REINVESTMENT	836.552	9,678.91
04/30/2019	05/01/2019	PURCHASED 840.5 SHS WESTERN ASSET CORE PLUS BOND IS ON 04/30/2019 AT 11.57 FOR REINVESTMENT	840.5	9,724.58

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
05/31/2019	06/03/2019	PURCHASED 912.055 SHS WESTERN ASSET CORE PLUS BOND IS ON 05/31/2019 AT 11.70 FOR REINVESTMENT	912.055	10,671.04
06/28/2019	07/01/2019	PURCHASED 802.436 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/28/2019 AT 11.90 FOR REINVESTMENT	802.436	9,548.99
TOTAL			14,364.17	163,306.54
TOTAL MUTUAL FUND - FIXED INCOME			**67,857.678**	**926,246.44**
MUTUAL FUND - DOMESTIC EQUITY				
ALGER FUNDS SMALL CAP FOCUS Z				
07/09/2018	07/10/2018	PURCHASED 5,262.989 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 07/09/2018 AT 20.16	5,262.989	106,101.86
07/11/2018	07/12/2018	PURCHASED .042 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 07/11/2018 AT 19.96	.042	0.84
12/18/2018	12/20/2018	PURCHASED 622.249 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 12/18/2018 AT 17.62 FOR REINVESTMENT	622.249	10,964.02
TOTAL			5,885.28	117,066.72
ALGER FUNDS CAPITAL APPRECIATION FOCUS Y				
07/09/2018	07/10/2018	PURCHASED 60,689.84 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 07/09/2018 AT 36.92	60,689.84	2,240,668.88
07/11/2018	07/12/2018	PURCHASED .034 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 07/11/2018 AT 36.81	.034	1.26
12/18/2018	12/20/2018	PURCHASED 157.97 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 12/18/2018 AT 31.05 FOR REINVESTMENT	157.97	4,904.97

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
12/18/2018	12/20/2018	PURCHASED 327.642 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 12/18/2018 AT 31.05 FOR REINVESTMENT	327.642	10,173.28
12/18/2018	12/20/2018	PURCHASED 2,837.417 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 12/18/2018 AT 31.05 FOR REINVESTMENT	2,837.417	88,101.81
	TOTAL		64,012.903	2,343,850.20
	BRANDES FUNDS INTERNATIONAL SMALL CAP R6			
07/09/2018	07/10/2018	PURCHASED 5,744.119 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 07/09/2018 AT 12.62	5,744.119	72,490.78
07/11/2018	07/12/2018	PURCHASED .034 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 07/11/2018 AT 12.45	.034	0.42
09/28/2018	10/02/2018	PURCHASED 101.573 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 09/28/2018 AT 12.15 FOR REINVESTMENT	101.573	1,234.11
12/07/2018	12/11/2018	PURCHASED 723.665 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 12/07/2018 AT 11.06 FOR REINVESTMENT	723.665	8,003.74
12/31/2018	01/03/2019	PURCHASED 1,432.749 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 12/31/2018 AT 10.43 FOR REINVESTMENT	1,432.749	14,943.57
03/29/2019	04/02/2019	PURCHASED 158.469 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 03/29/2019 AT 10.78 FOR REINVESTMENT	158.469	1,708.30
	TOTAL		8,160.609	98,380.92

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Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
		COLUMBIA CONTRARIAN CORE		
07/09/2018	07/10/2018	PURCHASED 988.457 SHS COLUMBIA CONTRARIAN CORE ON 07/09/2018 AT 26.82	988.457	26,510.41
07/11/2018	07/12/2018	PURCHASED .031 SHS COLUMBIA CONTRARIAN CORE ON 07/11/2018 AT 26.71	.031	0.84
12/10/2018	12/12/2018	PURCHASED 787.834 SHS COLUMBIA CONTRARIAN CORE ON 12/10/2018 AT 23.18 FOR REINVESTMENT	787.834	18,262.00
12/10/2018	12/12/2018	PURCHASED 15.779 SHS COLUMBIA CONTRARIAN CORE ON 12/10/2018 AT 23.18 FOR REINVESTMENT	15.779	365.76
12/10/2018	12/12/2018	PURCHASED 4,570.597 SHS COLUMBIA CONTRARIAN CORE ON 12/10/2018 AT 23.18 FOR REINVESTMENT	4,570.597	105,946.43
		TOTAL	6,362.698	151,085.44
		OAKMARK SELECT FUND-INSTITUTIONAL		
07/09/2018	07/10/2018	PURCHASED 2,674.525 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 07/09/2018 AT 47.46	2,674.525	126,932.94
07/11/2018	07/12/2018	PURCHASED .022 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 07/11/2018 AT 46.84	.022	1.05
12/13/2018	12/17/2018	PURCHASED 175.022 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 12/13/2018 AT 35.58 FOR REINVESTMENT	175.022	6,227.29
12/13/2018	12/17/2018	PURCHASED 1,865.297 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 12/13/2018 AT 35.58 FOR REINVESTMENT	1,865.297	66,367.27
		TOTAL	4,714.866	199,528.55

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
		OAKMARK INTERNATIONAL INST.		
07/09/2018	07/10/2018	PURCHASED 3,769.149 SHS OAKMARK INTERNATIONAL INST. ON 07/09/2018 AT 27.08	3,769.149	102,068.56
07/11/2018	07/12/2018	PURCHASED .024 SHS OAKMARK INTERNATIONAL INST. ON 07/11/2018 AT 26.54	.024	0.63
12/13/2018	12/17/2018	PURCHASED 994.856 SHS OAKMARK INTERNATIONAL INST. ON 12/13/2018 AT 21.11 FOR REINVESTMENT	994.856	21,001.41
12/13/2018	12/17/2018	PURCHASED 2,025.243 SHS OAKMARK INTERNATIONAL INST. ON 12/13/2018 AT 21.11 FOR REINVESTMENT	2,025.243	42,752.87
		TOTAL	6,789.272	165,823.47
		HARTFORD FUNDS MIDCAP CLASS Y		
07/11/2018	07/12/2018	PURCHASED .016 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 07/11/2018 AT 39.61	.016	0.63
12/17/2018	12/19/2018	PURCHASED 231.264 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 12/17/2018 AT 30.13 FOR REINVESTMENT	231.264	6,967.97
12/17/2018	12/19/2018	PURCHASED 2,976.144 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 12/17/2018 AT 30.13 FOR REINVESTMENT	2,976.144	89,671.23
		TOTAL	3,207.424	96,639.83
		JOHN HANCOCK INTERNATIONAL GROWTH R6		
07/09/2018	07/10/2018	PURCHASED 391.986 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 07/09/2018 AT 28.52	391.986	11,179.45
07/11/2018	07/12/2018	PURCHASED .018 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 07/11/2018 AT 28.23	.018	0.52

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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
12/14/2018	12/18/2018	PURCHASED 359.781 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/14/2018 AT 24.20 FOR REINVESTMENT	359.781	8,706.69
12/14/2018	12/18/2018	PURCHASED 16.157 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/14/2018 AT 24.20 FOR REINVESTMENT	16.157	391.01
12/14/2018	12/18/2018	PURCHASED 607.345 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/14/2018 AT 24.20 FOR REINVESTMENT	607.345	14,697.74
	TOTAL		1,375.287	34,975.41
	PRUDENTIAL JENNISON GLOBAL OPPS Q			
07/11/2018	07/12/2018	PURCHASED .013 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 07/11/2018 AT 24.42	.013	0.31
	TOTAL		.013	0.31
	UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6			
07/11/2018	07/12/2018	PURCHASED .009 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 07/11/2018 AT 74.10	.009	0.63
12/12/2018	12/14/2018	PURCHASED 135.911 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/12/2018 AT 59.10 FOR REINVESTMENT	135.911	8,032.35
12/12/2018	12/14/2018	PURCHASED 1,234.392 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/12/2018 AT 59.10 FOR REINVESTMENT	1,234.392	72,952.54
12/19/2018	12/21/2018	PURCHASED 272.074 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/19/2018 AT 54.08 FOR REINVESTMENT	272.074	14,713.78
	TOTAL		1,642.386	95,699.30

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
TOTAL MUTUAL FUND - DOMESTIC EQUITY			**102,150.738**	**3,303,050.15**
MUTUAL FUND - INTERNATIONAL EQUITY				
		HARTFORD INTERNATIONAL VALUE - Y		
07/09/2018	07/10/2018	PURCHASED 7,483.113 SHS HARTFORD INTERNATIONAL VALUE - Y ON 07/09/2018 AT 16.92	7,483.113	126,614.28
07/11/2018	07/12/2018	PURCHASED .051 SHS HARTFORD INTERNATIONAL VALUE - Y ON 07/11/2018 AT 16.60	.051	0.84
12/17/2018	12/19/2018	PURCHASED 850.319 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/17/2018 AT 13.94 FOR REINVESTMENT	850.319	11,853.44
12/17/2018	12/19/2018	PURCHASED 3,639.451 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/17/2018 AT 13.94 FOR REINVESTMENT	3,639.451	50,733.94
12/27/2018	12/31/2018	PURCHASED 2,841.229 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/27/2018 AT 13.22 FOR REINVESTMENT	2,841.229	37,561.05
	TOTAL		14,814.163	226,763.55
		AMERICAN FUNDS NEW PERSPECTIVE F2		
07/11/2018	07/12/2018	PURCHASED .009 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 07/11/2018 AT 45.59	.009	0.42
12/21/2018	12/26/2018	PURCHASED 248.206 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/21/2018 AT 36.15 FOR REINVESTMENT	248.206	8,972.65
12/21/2018	12/26/2018	PURCHASED 1,096.069 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/21/2018 AT 36.15 FOR REINVESTMENT	1,096.069	39,622.91
	TOTAL		1,344.284	48,595.98

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
		AMERICAN FUNDS NEW WORLD F2		
07/09/2018	07/10/2018	PURCHASED 448.744 SHS AMERICAN FUNDS NEW WORLD F2 ON 07/09/2018 AT 65.86	448.744	29,554.27
07/11/2018	07/12/2018	PURCHASED .005 SHS AMERICAN FUNDS NEW WORLD F2 ON 07/11/2018 AT 65.19	.005	0.31
12/21/2018	12/26/2018	PURCHASED 120.774 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/21/2018 AT 55.68 FOR REINVESTMENT	120.774	6,724.71
12/21/2018	12/26/2018	PURCHASED 110.096 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/21/2018 AT 55.68 FOR REINVESTMENT	110.096	6,130.17
TOTAL			679.619	42,409.46
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY			**16,838.066**	**317,768.99**
MUTUAL FUND - REAL ESTATE				
		COHEN AND STEERS REAL ESTATE SECURITIES - Z		
07/11/2018	07/12/2018	PURCHASED .033 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 07/11/2018 AT 15.72	.033	0.52
09/28/2018	10/02/2018	PURCHASED 659.245 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 09/28/2018 AT 15.56 FOR REINVESTMENT	659.245	10,257.85
12/06/2018	12/10/2018	PURCHASED 482.679 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 12/06/2018 AT 15.92 FOR REINVESTMENT	482.679	7,684.25
03/29/2019	04/02/2019	PURCHASED 466.531 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 03/29/2019 AT 16.71 FOR REINVESTMENT	466.531	7,795.73
06/28/2019	07/02/2019	PURCHASED 392.319 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT	392.319	6,520.35

Schedule Of Purchases

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
06/28/2019	07/02/2019	PURCHASED 563.051 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT	563.051	9,357.91
06/28/2019	07/02/2019	PURCHASED 1,126.102 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT	1,126.102	18,715.82
	TOTAL		3,689.96	60,332.43
	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q			
07/11/2018	07/12/2018	PURCHASED .017 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 07/11/2018 AT 24.28	.017	0.42
07/20/2018	07/23/2018	PURCHASED 244.353 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 07/20/2018 AT 24.02 FOR REINVESTMENT	244.353	5,869.36
10/19/2018	10/22/2018	PURCHASED 125.998 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 10/19/2018 AT 23.23 FOR REINVESTMENT	125.998	2,926.94
12/19/2018	12/20/2018	PURCHASED 425.641 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/19/2018 AT 22.45 FOR REINVESTMENT	425.641	9,555.64
12/19/2018	12/20/2018	PURCHASED 521.658 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/19/2018 AT 22.45 FOR REINVESTMENT	521.658	11,711.23
04/12/2019	04/15/2019	PURCHASED 124.218 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 04/12/2019 AT 25.54 FOR REINVESTMENT	124.218	3,172.54
	TOTAL		1,441.885	33,236.13
TOTAL MUTUAL FUND - REAL ESTATE			**5,131.845**	**93,568.56**
TOTAL PURCHASES				**4,640,634.14**

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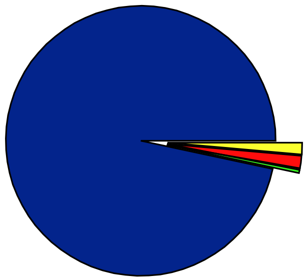
Schedule Of Sales

Realized Gains & Losses Allocation



97.5%		**MUTUAL FUND - DOMESTIC EQUITY**	54,766.43
0.4-%		**MUTUAL FUND - FIXED INCOME**	255.99-
1.5%		**MUTUAL FUND - INTERNATIONAL EQUI**	897.13
1.4%		**MUTUAL FUND - REAL ESTATE**	790.28
100.0%		**Total**	56,197.85

Realized Gains & Losses Schedule

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
MUTUAL FUND - FIXED INCOME					
		BLACKROCK TOTAL RETURN - K			
07/19/2018	07/20/2018	SOLD 94.771 SHS BLACKROCK TOTAL RETURN - K ON 07/19/2018 AT 11.34	1,074.70	1,072.82 1,113.78	1.88 39.08-
08/15/2018	08/16/2018	SOLD 95.741 SHS BLACKROCK TOTAL RETURN - K ON 08/15/2018 AT 11.32	1,083.79	1,083.79 1,125.06	 41.27-
09/12/2018	09/13/2018	SOLD 97.012 SHS BLACKROCK TOTAL RETURN - K ON 09/12/2018 AT 11.25	1,091.38	1,098.18 1,139.88	6.80- 48.50-
10/15/2018	10/16/2018	SOLD 97.987 SHS BLACKROCK TOTAL RETURN - K ON 10/15/2018 AT 11.12	1,089.62	1,109.19 1,151.19	19.57- 61.57-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
11/15/2018	11/16/2018	SOLD 94.808 SHS BLACKROCK TOTAL RETURN - K ON 11/15/2018 AT 11.07	1,049.53	1,073.13 1,113.66	23.60- 64.13-
12/14/2018	12/17/2018	SOLD 94.62 SHS BLACKROCK TOTAL RETURN - K ON 12/14/2018 AT 11.16	1,055.96	1,070.95 1,111.29	14.99- 55.33-
01/17/2019	01/18/2019	SOLD 91.578 SHS BLACKROCK TOTAL RETURN - K ON 01/17/2019 AT 11.24	1,029.34	1,036.49 1,075.41	7.15- 46.07-
02/11/2019	02/12/2019	SOLD 94.126 SHS BLACKROCK TOTAL RETURN - K ON 02/11/2019 AT 11.34	1,067.39	1,065.34 1,105.22	2.05 37.83-
03/12/2019	03/13/2019	SOLD 94.766 SHS BLACKROCK TOTAL RETURN - K ON 03/12/2019 AT 11.37	1,077.49	1,072.58 1,112.61	4.91 35.12-
04/05/2019	04/08/2019	SOLD 94.643 SHS BLACKROCK TOTAL RETURN - K ON 04/05/2019 AT 11.47	1,085.56	1,071.24 1,111.10	14.32 25.54-
05/13/2019	05/14/2019	SOLD 95.57 SHS BLACKROCK TOTAL RETURN - K ON 05/13/2019 AT 11.52	1,100.97	1,081.78 1,121.92	19.19 20.95-
06/10/2019	06/11/2019	SOLD 92.83 SHS BLACKROCK TOTAL RETURN - K ON 06/10/2019 AT 11.66	1,082.40	1,050.85 1,089.73	31.55 7.33-
		TOTAL 1,138.452 SHS	12,888.13	12,886.34 13,370.85	1.79 482.72-
		GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.			
07/09/2018	07/10/2018	SOLD 384.725 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 07/09/2018 AT 26.57	10,222.15	10,214.45 10,245.77	7.70 23.62-
07/19/2018	07/20/2018	SOLD 40.463 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 07/19/2018 AT 26.56	1,074.70	1,074.29 1,077.59	0.41 2.89-

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08/15/2018	08/16/2018	SOLD 40.836 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 08/15/2018 AT 26.54	1,083.79	1,084.20 1,087.51	0.41- 3.72-
09/12/2018	09/13/2018	SOLD 41.138 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 09/12/2018 AT 26.53	1,091.38	1,092.22 1,095.54	0.84- 4.16-
10/15/2018	10/16/2018	SOLD 41.102 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 10/15/2018 AT 26.51	1,089.62	1,091.26 1,094.58	1.64- 4.96-
11/15/2018	11/16/2018	SOLD 39.755 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 11/15/2018 AT 26.40	1,049.53	1,055.49 1,058.68	5.96- 9.15-
12/14/2018	12/17/2018	SOLD 40.335 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 12/14/2018 AT 26.18	1,055.96	1,070.85 1,074.08	14.89- 18.12-
01/17/2019	01/18/2019	SOLD 39.575 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 01/17/2019 AT 26.01	1,029.34	1,050.59 1,053.75	21.25- 24.41-
02/11/2019	02/12/2019	SOLD 41.053 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 02/11/2019 AT 26.00	1,067.39	1,089.76 1,093.03	22.37- 25.64-
03/12/2019	03/13/2019	SOLD 41.474 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 03/12/2019 AT 25.98	1,077.49	1,100.89 1,104.18	23.40- 26.69-
04/05/2019	04/08/2019	SOLD 41.768 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 04/05/2019 AT 25.99	1,085.56	1,108.63 1,111.93	23.07- 26.37-
05/13/2019	05/14/2019	SOLD 42.312 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 05/13/2019 AT 26.02	1,100.97	1,123.00 1,126.34	22.03- 25.37-
06/10/2019	06/11/2019	SOLD 41.679 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 06/10/2019 AT 25.97	1,082.40	1,106.14 1,109.42	23.74- 27.02-
TOTAL 876.215 SHS			23,110.28	23,261.77 23,332.40	151.49- 222.12-

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
		GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND			
07/09/2018	07/10/2018	SOLD 1,401.883 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/09/2018 AT 18.44	25,850.72	25,836.70 25,884.91	14.02 34.19-
07/19/2018	07/20/2018	SOLD 58.249 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/19/2018 AT 18.45	1,074.70	1,073.53 1,075.53	1.17 0.83-
08/15/2018	08/16/2018	SOLD 58.87 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 08/15/2018 AT 18.41	1,083.79	1,084.96 1,086.98	1.17- 3.19-
09/12/2018	09/13/2018	SOLD 59.443 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 09/12/2018 AT 18.36	1,091.38	1,095.53 1,097.56	4.15- 6.18-
10/15/2018	10/16/2018	SOLD 59.902 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 10/15/2018 AT 18.19	1,089.62	1,103.97 1,106.01	14.35- 16.39-
11/15/2018	11/16/2018	SOLD 57.857 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 11/15/2018 AT 18.14	1,049.53	1,066.24 1,068.21	16.71- 18.68-
12/14/2018	12/17/2018	SOLD 57.829 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/14/2018 AT 18.26	1,055.96	1,065.69 1,067.65	9.73- 11.69-
01/17/2019	01/18/2019	SOLD 56.31 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 01/17/2019 AT 18.28	1,029.34	1,037.69 1,039.60	8.35- 10.26-
02/11/2019	02/12/2019	SOLD 58.2 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 02/11/2019 AT 18.34	1,067.39	1,072.50 1,074.47	5.11- 7.08-
03/12/2019	03/13/2019	SOLD 58.751 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 03/12/2019 AT 18.34	1,077.49	1,082.64 1,084.62	5.15- 7.13-
04/05/2019	04/08/2019	SOLD 58.998 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 04/05/2019 AT 18.40	1,085.56	1,087.19 1,089.18	1.63- 3.62-

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
05/13/2019	05/14/2019	SOLD 59.48 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 05/13/2019 AT 18.51	1,100.97	1,096.08 1,098.08	4.89 2.89
06/10/2019	06/11/2019	SOLD 58.006 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/10/2019 AT 18.66	1,082.40	1,068.95 1,070.90	13.45 11.50
		TOTAL 2,103.778 SHS	38,738.85	38,771.67 38,843.70	32.82- 104.85-
		HARTFORD WORLD BOND - Y			
07/09/2018	07/10/2018	SOLD 1,976.705 SHS HARTFORD WORLD BOND - Y ON 07/09/2018 AT 10.73	21,210.05	21,190.28 20,594.40	19.77 615.65
07/19/2018	07/20/2018	SOLD 50.173 SHS HARTFORD WORLD BOND - Y ON 07/19/2018 AT 10.71	537.35	537.85 522.73	0.50- 14.62
08/15/2018	08/16/2018	SOLD 50.268 SHS HARTFORD WORLD BOND - Y ON 08/15/2018 AT 10.78	541.89	538.87 523.72	3.02 18.17
09/12/2018	09/13/2018	SOLD 50.668 SHS HARTFORD WORLD BOND - Y ON 09/12/2018 AT 10.77	545.69	543.16 527.89	2.53 17.80
10/15/2018	10/16/2018	SOLD 50.727 SHS HARTFORD WORLD BOND - Y ON 10/15/2018 AT 10.74	544.81	543.79 528.55	1.02 16.26
11/15/2018	11/16/2018	SOLD 48.906 SHS HARTFORD WORLD BOND - Y ON 11/15/2018 AT 10.73	524.76	524.27 509.57	0.49 15.19
12/14/2018	12/17/2018	SOLD 48.932 SHS HARTFORD WORLD BOND - Y ON 12/14/2018 AT 10.79	527.98	524.55 509.84	3.43 18.14
01/17/2019	01/18/2019	SOLD 48.784 SHS HARTFORD WORLD BOND - Y ON 01/17/2019 AT 10.55	514.67	522.49 508.39	7.82- 6.28
02/11/2019	02/12/2019	SOLD 50.396 SHS HARTFORD WORLD BOND - Y ON 02/11/2019 AT 10.59	533.69	539.75 525.19	6.06- 8.50
03/12/2019	03/13/2019	SOLD 50.729 SHS HARTFORD WORLD BOND - Y ON 03/12/2019 AT 10.62	538.74	543.32 528.66	4.58- 10.08
04/05/2019	04/08/2019	SOLD 51.157 SHS HARTFORD WORLD BOND - Y ON 04/05/2019 AT 10.61	542.78	547.90 533.16	5.12- 9.62

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
05/13/2019	05/14/2019	SOLD 51.447 SHS HARTFORD WORLD BOND - Y ON 05/13/2019 AT 10.70	550.48	551.00 536.19	0.52- 14.29
06/10/2019	06/11/2019	SOLD 50.204 SHS HARTFORD WORLD BOND - Y ON 06/10/2019 AT 10.78	541.20	537.69 523.23	3.51 17.97
		TOTAL 2,579.096 SHS	27,654.09	27,644.92 26,871.52	9.17 782.57
		LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS			
07/19/2018	07/20/2018	SOLD 38.976 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 07/19/2018 AT 10.34	403.01	402.38 426.18	0.63 23.17-
08/15/2018	08/16/2018	SOLD 40.16 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 08/15/2018 AT 10.12	406.42	414.60 439.13	8.18- 32.71-
09/12/2018	09/13/2018	SOLD 40.562 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 09/12/2018 AT 10.09	409.27	418.75 443.53	9.48- 34.26-
10/15/2018	10/16/2018	SOLD 40.537 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 10/15/2018 AT 10.08	408.61	418.43 442.96	9.82- 34.35-
11/15/2018	11/16/2018	SOLD 40.078 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 11/15/2018 AT 9.82	393.57	413.69 437.95	20.12- 44.38-
12/14/2018	12/17/2018	SOLD 40.365 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 12/14/2018 AT 9.81	395.98	416.65 441.08	20.67- 45.10-
01/17/2019	01/18/2019	SOLD 38.37 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 01/17/2019 AT 10.06	386.00	395.81 418.72	9.81- 32.72-
02/11/2019	02/12/2019	SOLD 39.788 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 02/11/2019 AT 10.06	400.27	410.44 434.20	10.17- 33.93-
03/12/2019	03/13/2019	SOLD 39.927 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 03/12/2019 AT 10.12	404.06	411.87 435.71	7.81- 31.65-

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Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
04/05/2019	04/08/2019	SOLD 39.988 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 04/05/2019 AT 10.18	407.08	412.47 436.25	5.39- 29.17-
05/13/2019	05/14/2019	SOLD 41.122 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 05/13/2019 AT 10.04	412.86	424.17 448.62	11.31- 35.76-
06/10/2019	06/11/2019	SOLD 39.484 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 06/10/2019 AT 10.28	405.90	407.27 430.75	1.37- 24.85-
	TOTAL 479.357 SHS		4,833.03	4,946.53 5,235.08	113.50- 402.05-
	LEGG MASON BW ALTERNATIVE CREDIT				
07/09/2018	07/10/2018	SOLD 174.473 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 07/09/2018 AT 10.36	1,807.54	1,807.54 1,803.03	 4.51
07/19/2018	07/20/2018	SOLD 38.863 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 07/19/2018 AT 10.37	403.01	402.62 401.62	0.39 1.39
08/15/2018	08/16/2018	SOLD 39.079 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 08/15/2018 AT 10.40	406.42	404.86 403.85	1.56 2.57
09/12/2018	09/13/2018	SOLD 39.353 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 09/12/2018 AT 10.40	409.27	407.70 406.68	1.57 2.59
10/15/2018	10/16/2018	SOLD 39.826 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 10/15/2018 AT 10.26	408.61	412.57 411.55	3.96- 2.94-
11/15/2018	11/16/2018	SOLD 38.548 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 11/15/2018 AT 10.21	393.57	399.33 398.35	5.76- 4.78-
12/14/2018	12/17/2018	SOLD 38.86 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 12/14/2018 AT 10.19	395.98	402.56 401.57	6.58- 5.59-

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
01/17/2019	01/18/2019	SOLD 37.88 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 01/17/2019 AT 10.19	386.00	392.37 391.41	6.37- 5.41-
02/11/2019	02/12/2019	SOLD 39.013 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 02/11/2019 AT 10.26	400.27	404.11 403.12	3.84- 2.85-
03/12/2019	03/13/2019	SOLD 39.191 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 03/12/2019 AT 10.31	404.06	405.95 404.96	1.89- 0.90-
04/05/2019	04/08/2019	SOLD 39.561 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 04/05/2019 AT 10.29	407.08	409.76 408.76	2.68- 1.68-
05/13/2019	05/14/2019	SOLD 39.813 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 05/13/2019 AT 10.37	412.86	412.37 411.37	0.49 1.49
06/10/2019	06/11/2019	SOLD 38.879 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 06/10/2019 AT 10.44	405.90	402.70 401.72	3.20 4.18
TOTAL 643.339 SHS			6,640.57	6,664.44 6,647.99	23.87- 7.42-
PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q					
07/19/2018	07/20/2018	SOLD 75.951 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 07/19/2018 AT 14.15	1,074.70	1,070.17 1,099.96	4.53 25.26-
08/15/2018	08/16/2018	SOLD 76.702 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 08/15/2018 AT 14.13	1,083.80	1,080.74 1,110.75	3.06 26.95-
09/12/2018	09/13/2018	SOLD 77.899 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 09/12/2018 AT 14.01	1,091.37	1,097.61 1,127.99	6.24- 36.62-
10/15/2018	10/16/2018	SOLD 78.673 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 10/15/2018 AT 13.85	1,089.62	1,108.49 1,139.10	18.87- 49.48-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN/LOSS
11/15/2018	11/16/2018	SOLD 75.998 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 11/15/2018 AT 13.81	1,049.53	1,070.74 1,100.20	21.21- 50.67-
12/14/2018	12/17/2018	SOLD 75.75 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 12/14/2018 AT 13.94	1,055.96	1,067.19 1,096.46	11.23- 40.50-
01/17/2019	01/18/2019	SOLD 73.736 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 01/17/2019 AT 13.96	1,029.35	1,038.68 1,066.92	9.33- 37.57-
02/11/2019	02/12/2019	SOLD 75.646 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 02/11/2019 AT 14.11	1,067.37	1,065.59 1,094.47	1.78 27.10-
03/12/2019	03/13/2019	SOLD 76.094 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 03/12/2019 AT 14.16	1,077.49	1,071.90 1,100.87	5.59 23.38-
04/05/2019	04/08/2019	SOLD 75.806 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 04/05/2019 AT 14.32	1,085.54	1,067.91 1,096.68	17.63 11.14-
05/13/2019	05/14/2019	SOLD 76.511 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 05/13/2019 AT 14.39	1,100.99	1,077.90 1,106.85	23.09 5.86-
06/10/2019	06/11/2019	SOLD 74.136 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 06/10/2019 AT 14.60	1,082.38	1,044.55 1,072.52	37.83 9.86
	TOTAL 912.902 SHS		12,888.10	12,861.47 13,212.77	26.63 324.67-
	THORNBURG INVESTMENT INCOME BUILDER R6				
07/19/2018	07/20/2018	SOLD 24.979 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 07/19/2018 AT 21.51	537.29	531.26 528.23	6.03 9.06
08/15/2018	08/16/2018	SOLD 25.26 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 08/15/2018 AT 21.45	541.83	537.24 534.17	4.59 7.66

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
09/12/2018	09/13/2018	SOLD 25.214 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 09/12/2018 AT 21.64	545.63	536.26 533.19	9.37 12.44
10/15/2018	10/16/2018	SOLD 25.867 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 10/15/2018 AT 21.06	544.75	550.39 547.28	5.64- 2.53-
11/15/2018	11/16/2018	SOLD 24.879 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 11/15/2018 AT 21.09	524.70	529.37 526.38	4.67- 1.68-
12/14/2018	12/17/2018	SOLD 25.615 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 12/14/2018 AT 20.61	527.92	545.03 541.95	17.11- 14.03-
01/17/2019	01/18/2019	SOLD 24.945 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 01/17/2019 AT 20.63	514.61	530.29 527.34	15.68- 12.73-
02/11/2019	02/12/2019	SOLD 25.594 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 02/11/2019 AT 20.85	533.63	544.09 541.06	10.46- 7.43-
03/12/2019	03/13/2019	SOLD 25.482 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 03/12/2019 AT 21.14	538.68	541.71 538.69	3.03- 0.01-
04/05/2019	04/08/2019	SOLD 25.079 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 04/05/2019 AT 21.64	542.72	533.15 530.21	9.57 12.51
05/13/2019	05/14/2019	SOLD 26.037 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 05/13/2019 AT 21.14	550.42	553.52 550.47	3.10- 0.05-
06/10/2019	06/11/2019	SOLD 25.263 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 06/10/2019 AT 21.42	541.14	537.06 534.10	4.08 7.04
TOTAL 304.214 SHS			6,443.32	6,469.37 6,433.07	26.05- 10.25

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
		WESTERN ASSET CORE PLUS BOND IS			
07/19/2018	07/20/2018	SOLD 94.687 SHS WESTERN ASSET CORE PLUS BOND IS ON 07/19/2018 AT 11.35	1,074.70	1,069.08 1,112.35	5.62 37.65-
08/15/2018	08/16/2018	SOLD 95.826 SHS WESTERN ASSET CORE PLUS BOND IS ON 08/15/2018 AT 11.31	1,083.79	1,081.95 1,125.62	1.84 41.83-
09/12/2018	09/13/2018	SOLD 97.271 SHS WESTERN ASSET CORE PLUS BOND IS ON 09/12/2018 AT 11.22	1,091.38	1,098.27 1,142.45	6.89- 51.07-
10/15/2018	10/16/2018	SOLD 97.987 SHS WESTERN ASSET CORE PLUS BOND IS ON 10/15/2018 AT 11.12	1,089.62	1,106.33 1,150.71	16.71- 61.09-
11/15/2018	11/16/2018	SOLD 95.586 SHS WESTERN ASSET CORE PLUS BOND IS ON 11/15/2018 AT 10.98	1,049.53	1,079.14 1,122.30	29.61- 72.77-
12/14/2018	12/17/2018	SOLD 95.132 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/14/2018 AT 11.10	1,055.96	1,073.92 1,116.73	17.96- 60.77-
01/17/2019	01/18/2019	SOLD 91.173 SHS WESTERN ASSET CORE PLUS BOND IS ON 01/17/2019 AT 11.29	1,029.34	1,029.20 1,070.10	0.14 40.76-
02/11/2019	02/12/2019	SOLD 93.713 SHS WESTERN ASSET CORE PLUS BOND IS ON 02/11/2019 AT 11.39	1,067.39	1,057.92 1,099.83	9.47 32.44-
03/12/2019	03/13/2019	SOLD 94.186 SHS WESTERN ASSET CORE PLUS BOND IS ON 03/12/2019 AT 11.44	1,077.49	1,063.29 1,105.29	14.20 27.80-
04/05/2019	04/08/2019	SOLD 93.907 SHS WESTERN ASSET CORE PLUS BOND IS ON 04/05/2019 AT 11.56	1,085.56	1,060.22 1,101.97	25.34 16.41-
05/13/2019	05/14/2019	SOLD 95.157 SHS WESTERN ASSET CORE PLUS BOND IS ON 05/13/2019 AT 11.57	1,100.97	1,074.42 1,116.58	26.55 15.61-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
06/10/2019	06/11/2019	SOLD 92.119 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/10/2019 AT 11.75	1,082.40	1,040.24 1,080.93	42.16 1.47
		TOTAL 1,136.744 SHS	12,888.13	12,833.98 13,344.86	54.15 456.73-
		TOTAL MUTUAL FUND - FIXED INCOME	**146,084.50**	**146,340.49** **147,292.24**	**255.99-** **1,207.74-**
		MUTUAL FUND - DOMESTIC EQUITY			
		ALGER FUNDS SMALL CAP FOCUS Z			
07/19/2018	07/20/2018	SOLD 26.239 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 07/19/2018 AT 20.48	537.38	510.69 389.94	26.69 147.44
08/15/2018	08/16/2018	SOLD 26.526 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 08/15/2018 AT 20.43	541.92	516.27 394.21	25.65 147.71
09/12/2018	09/13/2018	SOLD 23.862 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 09/12/2018 AT 22.87	545.72	464.42 354.62	81.30 191.10
10/15/2018	10/16/2018	SOLD 27.559 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 10/15/2018 AT 19.77	544.84	536.38 409.56	8.46 135.28
11/15/2018	11/16/2018	SOLD 27.079 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 11/15/2018 AT 19.38	524.79	527.04 402.43	2.25- 122.36
12/14/2018	12/17/2018	SOLD 28.916 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 12/14/2018 AT 18.26	528.01	562.79 429.73	34.78- 98.28
01/17/2019	01/18/2019	SOLD 27.276 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 01/17/2019 AT 18.87	514.70	530.45 405.98	15.75- 108.72
02/11/2019	02/12/2019	SOLD 26.292 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 02/11/2019 AT 20.30	533.72	511.32 391.33	22.40 142.39

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
03/12/2019	03/13/2019	SOLD 25.94 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 03/12/2019 AT 20.77	538.77	504.47 386.09	34.30 152.68
04/05/2019	04/08/2019	SOLD 26.248 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 04/05/2019 AT 20.68	542.80	510.46 390.68	32.34 152.12
05/13/2019	05/14/2019	SOLD 26.441 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 05/13/2019 AT 20.82	550.51	514.22 393.55	36.29 156.96
06/10/2019	06/11/2019	SOLD 24.624 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 06/10/2019 AT 21.98	541.23	478.88 366.51	62.35 174.72
	TOTAL 317.002 SHS		6,444.39	6,167.39 4,714.63	277.00 1,729.76
	ALGER FUNDS SPECTRA Z				
07/09/2018	07/10/2018	SOLD 84,931.903 SHS ALGER FUNDS SPECTRA Z ON 07/09/2018 AT 23.85	2,025,625.89	1,972,968.11 1,723,899.98	52,657.78 301,725.91
07/10/2018	07/11/2018	SOLD .5 SHS ALGER FUNDS SPECTRA Z ON 07/10/2018 AT 23.92	11.96	11.61 10.15	0.35 1.81
	TOTAL 84,932.403 SHS		2,025,637.85	1,972,979.72 1,723,910.13	52,658.13 301,727.72
	ALGER FUNDS CAPITAL APPRECIATION FOCUS Y				
07/19/2018	07/20/2018	SOLD 21.651 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 07/19/2018 AT 37.23	806.06	799.35 799.35	6.71 6.71
08/15/2018	08/16/2018	SOLD 21.999 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 08/15/2018 AT 36.95	812.88	812.20 812.20	0.68 0.68
09/12/2018	09/13/2018	SOLD 21.547 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 09/12/2018 AT 37.99	818.58	795.52 795.52	23.06 23.06

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
10/15/2018	10/16/2018	SOLD 22.95 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 10/15/2018 AT 35.61	817.26	847.31 847.31	30.05- 30.05-
11/15/2018	11/16/2018	SOLD 22.757 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 11/15/2018 AT 34.59	787.18	840.19 840.19	53.01- 53.01-
12/14/2018	12/17/2018	SOLD 23.734 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 12/14/2018 AT 33.37	792.01	876.26 876.26	84.25- 84.25-
01/17/2019	01/18/2019	SOLD 23.843 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 01/17/2019 AT 32.38	772.04	873.00 873.00	100.96- 100.96-
02/11/2019	02/12/2019	SOLD 23.941 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 02/11/2019 AT 33.44	800.58	876.59 876.59	76.01- 76.01-
03/12/2019	03/13/2019	SOLD 23.203 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 03/12/2019 AT 34.83	808.16	849.57 849.57	41.41- 41.41-
04/05/2019	04/08/2019	SOLD 22.504 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 04/05/2019 AT 36.18	814.21	823.98 823.98	9.77- 9.77-
05/13/2019	05/14/2019	SOLD 23.215 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 05/13/2019 AT 35.57	825.77	850.01 850.01	24.24- 24.24-
06/10/2019	06/11/2019	SOLD 22.121 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 06/10/2019 AT 36.70	811.84	809.95 809.95	1.89 1.89
TOTAL 273.465 SHS			9,666.57	10,053.93 10,053.93	387.36- 387.36-
BRANDES FUNDS INTERNATIONAL SMALL CAP R6					
07/19/2018	07/20/2018	SOLD 21.676 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 07/19/2018 AT 12.40	268.78	270.42 306.32	1.64- 37.54-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN/LOSS
08/15/2018	08/16/2018	SOLD 22.57 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 08/15/2018 AT 12.01	271.06	281.57 318.96	10.51- 47.90-
09/12/2018	09/13/2018	SOLD 22.595 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 09/12/2018 AT 12.08	272.95	281.88 319.31	8.93- 46.36-
10/15/2018	10/16/2018	SOLD 23.094 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 10/15/2018 AT 11.80	272.51	288.09 326.28	15.58- 53.77-
11/15/2018	11/16/2018	SOLD 22.825 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 11/15/2018 AT 11.50	262.49	284.74 322.48	22.25- 59.99-
12/14/2018	12/17/2018	SOLD 24.363 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 12/14/2018 AT 10.84	264.10	303.51 343.32	39.41- 79.22-
01/17/2019	01/18/2019	SOLD 23.618 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 01/17/2019 AT 10.90	257.44	293.12 330.81	35.68- 73.37-
02/11/2019	02/12/2019	SOLD 24.558 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 02/11/2019 AT 10.87	266.95	304.79 343.98	37.84- 77.03-
03/12/2019	03/13/2019	SOLD 24.454 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 03/12/2019 AT 11.02	269.48	303.50 342.52	34.02- 73.04-
04/05/2019	04/08/2019	SOLD 24.772 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 04/05/2019 AT 10.96	271.50	307.34 346.77	35.84- 75.27-
05/13/2019	05/14/2019	SOLD 26.05 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 05/13/2019 AT 10.57	275.35	323.19 364.66	47.84- 89.31-
06/10/2019	06/11/2019	SOLD 25.515 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 06/10/2019 AT 10.61	270.71	316.56 357.17	45.85- 86.46-
TOTAL 286.09 SHS			3,223.32	3,558.71 4,022.58	335.39- 799.26-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
		COLUMBIA CONTRARIAN CORE			
07/19/2018	07/20/2018	SOLD 19.92 SHS COLUMBIA CONTRARIAN CORE ON 07/19/2018 AT 26.98	537.44	520.36 507.20	17.08 30.24
08/15/2018	08/16/2018	SOLD 19.933 SHS COLUMBIA CONTRARIAN CORE ON 08/15/2018 AT 27.19	541.99	520.70 507.53	21.29 34.46
09/12/2018	09/13/2018	SOLD 19.668 SHS COLUMBIA CONTRARIAN CORE ON 09/12/2018 AT 27.75	545.79	513.78 500.78	32.01 45.01
10/15/2018	10/16/2018	SOLD 20.447 SHS COLUMBIA CONTRARIAN CORE ON 10/15/2018 AT 26.65	544.91	534.13 520.62	10.78 24.29
11/15/2018	11/16/2018	SOLD 19.964 SHS COLUMBIA CONTRARIAN CORE ON 11/15/2018 AT 26.29	524.86	521.51 508.32	3.35 16.54
12/14/2018	12/17/2018	SOLD 23.151 SHS COLUMBIA CONTRARIAN CORE ON 12/14/2018 AT 22.81	528.07	598.81 584.85	70.74- 56.78-
01/17/2019	01/18/2019	SOLD 22.332 SHS COLUMBIA CONTRARIAN CORE ON 01/17/2019 AT 23.05	514.76	577.62 564.16	62.86- 49.40-
02/11/2019	02/12/2019	SOLD 22.494 SHS COLUMBIA CONTRARIAN CORE ON 02/11/2019 AT 23.73	533.79	581.81 568.25	48.02- 34.46-
03/12/2019	03/13/2019	SOLD 21.94 SHS COLUMBIA CONTRARIAN CORE ON 03/12/2019 AT 24.56	538.84	567.48 554.26	28.64- 15.42-
04/05/2019	04/08/2019	SOLD 21.281 SHS COLUMBIA CONTRARIAN CORE ON 04/05/2019 AT 25.51	542.87	550.44 537.61	7.57- 5.26
05/13/2019	05/14/2019	SOLD 22.085 SHS COLUMBIA CONTRARIAN CORE ON 05/13/2019 AT 24.93	550.58	571.23 557.92	20.65- 7.34-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
06/10/2019	06/11/2019	SOLD 21.161 SHS COLUMBIA CONTRARIAN CORE ON 06/10/2019 AT 25.58	541.29	547.33 534.58	6.04- 6.71
		TOTAL 254.376 SHS	6,445.19	6,605.20 6,446.08	160.01- 0.89-
		OAKMARK SELECT FUND-INSTITUTIONAL			
07/19/2018	07/20/2018	SOLD 14.281 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 07/19/2018 AT 47.03	671.65	655.12 641.95	16.53 29.70
08/15/2018	08/16/2018	SOLD 14.992 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 08/15/2018 AT 45.18	677.33	687.74 673.91	10.41- 3.42
09/12/2018	09/13/2018	SOLD 15.007 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 09/12/2018 AT 45.45	682.08	688.43 674.58	6.35- 7.50
10/15/2018	10/16/2018	SOLD 15.896 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 10/15/2018 AT 42.84	680.98	729.21 714.54	48.23- 33.56-
11/15/2018	11/16/2018	SOLD 16.28 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 11/15/2018 AT 40.29	655.92	746.83 731.80	90.91- 75.88-
12/14/2018	12/17/2018	SOLD 18.823 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 12/14/2018 AT 35.06	659.94	854.05 846.11	194.11- 186.17-
01/17/2019	01/18/2019	SOLD 16.88 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 01/17/2019 AT 38.11	643.31	765.89 751.07	122.58- 107.76-
02/11/2019	02/12/2019	SOLD 17.313 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 02/11/2019 AT 38.53	667.08	785.54 770.33	118.46- 103.25-
03/12/2019	03/13/2019	SOLD 17.267 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 03/12/2019 AT 39.00	673.40	783.45 768.29	110.05- 94.89-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN/LOSS
04/05/2019	04/08/2019	SOLD 16.814 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 04/05/2019 AT 40.35	678.44	762.90 748.13	84.46- 69.69-
05/13/2019	05/14/2019	SOLD 17.679 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 05/13/2019 AT 38.92	688.07	802.14 786.62	114.07- 98.55-
06/10/2019	06/11/2019	SOLD 17.061 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 06/10/2019 AT 39.65	676.46	774.10 759.12	97.64- 82.66-
		TOTAL 198.293 SHS	8,054.66	9,035.40 8,866.45	980.74- 811.79-
		OAKMARK INTERNATIONAL INST.			
07/19/2018	07/20/2018	SOLD 15.152 SHS OAKMARK INTERNATIONAL INST. ON 07/19/2018 AT 26.59	402.90	401.22 443.26	1.68 40.36-
08/15/2018	08/16/2018	SOLD 16.034 SHS OAKMARK INTERNATIONAL INST. ON 08/15/2018 AT 25.34	406.31	424.57 469.06	18.26- 62.75-
09/12/2018	09/13/2018	SOLD 16.14 SHS OAKMARK INTERNATIONAL INST. ON 09/12/2018 AT 25.35	409.15	427.38 472.16	18.23- 63.01-
10/15/2018	10/16/2018	SOLD 16.687 SHS OAKMARK INTERNATIONAL INST. ON 10/15/2018 AT 24.48	408.49	441.86 488.17	33.37- 79.68-
11/15/2018	11/16/2018	SOLD 16.757 SHS OAKMARK INTERNATIONAL INST. ON 11/15/2018 AT 23.48	393.46	443.72 490.21	50.26- 96.75-
12/14/2018	12/17/2018	SOLD 19.032 SHS OAKMARK INTERNATIONAL INST. ON 12/14/2018 AT 20.80	395.87	497.05 556.77	101.18- 160.90-
01/17/2019	01/18/2019	SOLD 17.808 SHS OAKMARK INTERNATIONAL INST. ON 01/17/2019 AT 21.67	385.89	465.09 511.15	79.20- 125.26-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
02/11/2019	02/12/2019	SOLD 18.458 SHS OAKMARK INTERNATIONAL INST. ON 02/11/2019 AT 21.68	400.16	482.06 529.81	81.90- 129.65-
03/12/2019	03/13/2019	SOLD 18.073 SHS OAKMARK INTERNATIONAL INST. ON 03/12/2019 AT 22.35	403.94	472.01 518.76	68.07- 114.82-
04/05/2019	04/08/2019	SOLD 17.407 SHS OAKMARK INTERNATIONAL INST. ON 04/05/2019 AT 23.38	406.97	454.61 499.64	47.64- 92.67-
05/13/2019	05/14/2019	SOLD 18.526 SHS OAKMARK INTERNATIONAL INST. ON 05/13/2019 AT 22.28	412.75	483.84 531.76	71.09- 119.01-
06/10/2019	06/11/2019	SOLD 18.303 SHS OAKMARK INTERNATIONAL INST. ON 06/10/2019 AT 22.17	405.78	478.01 525.36	72.23- 119.58-
TOTAL 208.377 SHS			4,831.67	5,471.42 6,036.11	639.75- 1,204.44-
HARTFORD FUNDS MIDCAP CLASS Y					
07/09/2018	07/10/2018	SOLD 2,001.058 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 07/09/2018 AT 39.72	79,482.03	76,920.67 66,806.68	2,561.36 12,675.35
07/19/2018	07/20/2018	SOLD 10.006 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 07/19/2018 AT 40.28	403.03	384.63 334.06	18.40 68.97
08/15/2018	08/16/2018	SOLD 10.355 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 08/15/2018 AT 39.25	406.44	398.05 345.71	8.39 60.73
09/12/2018	09/13/2018	SOLD 10.128 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 09/12/2018 AT 40.41	409.29	389.32 338.13	19.97 71.16
10/15/2018	10/16/2018	SOLD 11.208 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 10/15/2018 AT 36.46	408.63	430.84 374.19	22.21- 34.44

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
11/15/2018	11/16/2018	SOLD 10.891 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 11/15/2018 AT 36.14	393.59	418.65 363.60	25.06- 29.99
12/14/2018	12/17/2018	SOLD 11.542 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 12/14/2018 AT 34.31	396.00	443.67 385.34	47.67- 10.66
01/17/2019	01/18/2019	SOLD 11.958 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 01/17/2019 AT 32.28	386.02	449.59 395.28	63.57- 9.26-
02/11/2019	02/12/2019	SOLD 11.875 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 02/11/2019 AT 33.71	400.29	446.47 392.53	46.18- 7.76
03/12/2019	03/13/2019	SOLD 11.529 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 03/12/2019 AT 35.05	404.08	433.46 381.10	29.38- 22.98
04/05/2019	04/08/2019	SOLD 11.126 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 04/05/2019 AT 36.59	407.10	418.31 367.78	11.21- 39.32
05/13/2019	05/14/2019	SOLD 11.726 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 05/13/2019 AT 35.21	412.88	440.86 387.61	27.98- 25.27
06/10/2019	06/11/2019	SOLD 11.036 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 06/10/2019 AT 36.78	405.92	414.92 364.80	9.00- 41.12
	TOTAL 2,134.438 SHS		84,315.30	81,989.44 71,236.81	2,325.86 13,078.49
	JOHN HANCOCK INTERNATIONAL GROWTH R6				
07/19/2018	07/20/2018	SOLD 11.738 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 07/19/2018 AT 28.60	335.70	330.94 334.65	4.76 1.05
08/15/2018	08/16/2018	SOLD 12.2 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 08/15/2018 AT 27.75	338.54	343.97 347.82	5.43- 9.28-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN/LOSS
09/12/2018	09/13/2018	SOLD 12.228 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 09/12/2018 AT 27.88	340.91	344.76 348.62	3.85- 7.71-
10/15/2018	10/16/2018	SOLD 13.126 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 10/15/2018 AT 25.93	340.36	370.07 374.22	29.71- 33.86-
11/15/2018	11/16/2018	SOLD 12.619 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 11/15/2018 AT 25.98	327.84	355.78 359.77	27.94- 31.93-
12/14/2018	12/17/2018	SOLD 13.63 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/14/2018 AT 24.20	329.85	384.28 388.59	54.43- 58.74-
01/17/2019	01/18/2019	SOLD 13.167 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 01/17/2019 AT 24.42	321.53	369.71 373.75	48.18- 52.22-
02/11/2019	02/12/2019	SOLD 13.263 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 02/11/2019 AT 25.14	333.42	372.40 376.48	38.98- 43.06-
03/12/2019	03/13/2019	SOLD 12.871 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 03/12/2019 AT 26.15	336.57	361.40 365.35	24.83- 28.78-
04/05/2019	04/08/2019	SOLD 12.376 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 04/05/2019 AT 27.40	339.09	347.50 351.30	8.41- 12.21-
05/13/2019	05/14/2019	SOLD 13.131 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 05/13/2019 AT 26.19	343.91	368.70 372.73	24.79- 28.82-
06/10/2019	06/11/2019	SOLD 12.532 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 06/10/2019 AT 26.98	338.11	351.88 355.73	13.77- 17.62-
	TOTAL 152.881 SHS		4,025.83	4,301.39 4,349.01	275.56- 323.18-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
		PRUDENTIAL JENNISON GLOBAL OPPS Q			
07/09/2018	07/10/2018	SOLD 1,754.701 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 07/09/2018 AT 24.61	43,183.18	42,165.46 39,656.25	1,017.72 3,526.93
07/19/2018	07/20/2018	SOLD 8.175 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 07/19/2018 AT 24.66	201.59	196.45 184.76	5.14 16.83
08/15/2018	08/16/2018	SOLD 8.614 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 08/15/2018 AT 23.60	203.29	206.99 194.68	3.70- 8.61
09/12/2018	09/13/2018	SOLD 8.39 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 09/12/2018 AT 24.40	204.72	201.61 189.61	3.11 15.11
10/15/2018	10/16/2018	SOLD 9.282 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 10/15/2018 AT 22.02	204.39	223.05 209.77	18.66- 5.38-
11/15/2018	11/16/2018	SOLD 8.981 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 11/15/2018 AT 21.92	196.87	215.81 202.97	18.94- 6.10-
12/14/2018	12/17/2018	SOLD 9.269 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 12/14/2018 AT 21.37	198.07	222.73 209.48	24.66- 11.41-
01/17/2019	01/18/2019	SOLD 8.498 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 01/17/2019 AT 22.72	193.08	204.21 192.05	11.13- 1.03
02/11/2019	02/12/2019	SOLD 8.578 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 02/11/2019 AT 23.34	200.22	206.13 193.86	5.91- 6.36
03/12/2019	03/13/2019	SOLD 8.369 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 03/12/2019 AT 24.15	202.11	201.11 189.14	1.00 12.97
04/05/2019	04/08/2019	SOLD 8.109 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 04/05/2019 AT 25.11	203.62	194.86 183.26	8.76 20.36

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
05/13/2019	05/14/2019	SOLD 8.551 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 05/13/2019 AT 24.15	206.51	205.48 193.25	1.03 13.26
06/10/2019	06/11/2019	SOLD 8.028 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 06/10/2019 AT 25.29	203.03	192.91 181.43	10.12 21.60
		TOTAL 1,857.545 SHS	45,600.68	44,636.80 41,980.51	963.88 3,620.17
		UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6			
07/09/2018	07/10/2018	SOLD 750.897 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 07/09/2018 AT 75.00	56,317.29	54,500.10 50,048.96	1,817.19 6,268.33
07/19/2018	07/20/2018	SOLD 5.415 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 07/19/2018 AT 74.43	403.03	393.02 360.92	10.01 42.11
08/15/2018	08/16/2018	SOLD 5.514 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 08/15/2018 AT 73.71	406.44	400.21 367.52	6.23 38.92
09/12/2018	09/13/2018	SOLD 5.435 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 09/12/2018 AT 75.31	409.29	394.47 362.25	14.82 47.04
10/15/2018	10/16/2018	SOLD 5.876 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 10/15/2018 AT 69.54	408.63	426.48 391.65	17.85- 16.98
11/15/2018	11/16/2018	SOLD 5.698 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 11/15/2018 AT 69.08	393.59	413.56 379.78	19.97- 13.81
12/14/2018	12/17/2018	SOLD 6.904 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/14/2018 AT 57.36	396.00	493.32 455.81	97.32- 59.81-
01/17/2019	01/18/2019	SOLD 6.509 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 01/17/2019 AT 59.31	386.02	463.25 428.46	77.23- 42.44-

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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
02/11/2019	02/12/2019	SOLD 6.501 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 02/11/2019 AT 61.57	400.29	462.68 427.94	62.39- 27.65-
03/12/2019	03/13/2019	SOLD 6.526 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 03/12/2019 AT 61.92	404.08	464.46 429.58	60.38- 25.50-
04/05/2019	04/08/2019	SOLD 6.417 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 04/05/2019 AT 63.44	407.10	456.70 422.41	49.60- 15.31-
05/13/2019	05/14/2019	SOLD 6.793 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 05/13/2019 AT 60.78	412.88	483.46 447.16	70.58- 34.28-
06/10/2019	06/11/2019	SOLD 6.723 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 06/10/2019 AT 60.38	405.92	478.48 442.55	72.56- 36.63-
		TOTAL 825.208 SHS	61,150.56	59,830.19 54,964.99	1,320.37 6,185.57
TOTAL MUTUAL FUND - DOMESTIC EQUITY			**2,259,396.02**	**2,204,629.59** **1,936,581.23**	**54,766.43** **322,814.79**
MUTUAL FUND - INTERNATIONAL EQUITY					
		HARTFORD INTERNATIONAL VALUE - Y			
07/19/2018	07/20/2018	SOLD 32.328 SHS HARTFORD INTERNATIONAL VALUE - Y ON 07/19/2018 AT 16.62	537.29	540.47 552.99	3.18- 15.70-
08/15/2018	08/16/2018	SOLD 33.633 SHS HARTFORD INTERNATIONAL VALUE - Y ON 08/15/2018 AT 16.11	541.83	562.29 575.31	20.46- 33.48-
09/12/2018	09/13/2018	SOLD 33.536 SHS HARTFORD INTERNATIONAL VALUE - Y ON 09/12/2018 AT 16.27	545.63	560.67 573.65	15.04- 28.02-
10/15/2018	10/16/2018	SOLD 33.752 SHS HARTFORD INTERNATIONAL VALUE - Y ON 10/15/2018 AT 16.14	544.75	564.28 577.35	19.53- 32.60-

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
11/15/2018	11/16/2018	SOLD 33.527 SHS HARTFORD INTERNATIONAL VALUE - Y ON 11/15/2018 AT 15.65	524.70	560.52 573.50	35.82- 48.80-
12/14/2018	12/17/2018	SOLD 35.55 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/14/2018 AT 14.85	527.92	594.34 608.10	66.42- 80.18-
01/17/2019	01/18/2019	SOLD 36.601 SHS HARTFORD INTERNATIONAL VALUE - Y ON 01/17/2019 AT 14.06	514.61	603.40 616.49	88.79- 101.88-
02/11/2019	02/12/2019	SOLD 37.9 SHS HARTFORD INTERNATIONAL VALUE - Y ON 02/11/2019 AT 14.08	533.63	624.81 638.37	91.18- 104.74-
03/12/2019	03/13/2019	SOLD 37.46 SHS HARTFORD INTERNATIONAL VALUE - Y ON 03/12/2019 AT 14.38	538.68	617.56 630.96	78.88- 92.28-
04/05/2019	04/08/2019	SOLD 36.695 SHS HARTFORD INTERNATIONAL VALUE - Y ON 04/05/2019 AT 14.79	542.72	604.95 618.07	62.23- 75.35-
05/13/2019	05/14/2019	SOLD 39.316 SHS HARTFORD INTERNATIONAL VALUE - Y ON 05/13/2019 AT 14.00	550.42	648.16 662.22	97.74- 111.80-
06/10/2019	06/11/2019	SOLD 38.108 SHS HARTFORD INTERNATIONAL VALUE - Y ON 06/10/2019 AT 14.20	541.14	628.24 641.87	87.10- 100.73-
	TOTAL 428.406 SHS		6,443.32	7,109.69 7,268.88	666.37- 825.56-
	CLEARBRIDGE INTERNATIONAL CM CAP - IS				
07/09/2018	07/10/2018	SOLD 38,052.382 SHS CLEARBRIDGE INTERNATIONAL CM CAP - IS ON 07/09/2018 AT 17.97	683,801.30	682,279.21 662,333.27	1,522.09 21,468.03
07/10/2018	07/11/2018	SOLD .5 SHS CLEARBRIDGE INTERNATIONAL CM CAP - IS ON 07/10/2018 AT 18.05	9.03	8.96 8.70	0.07 0.33
	TOTAL 38,052.882 SHS		683,810.33	682,288.17 662,341.97	1,522.16 21,468.36

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
		AMERICAN FUNDS NEW PERSPECTIVE F2			
07/09/2018	07/10/2018	SOLD 284.462 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 07/09/2018 AT 45.91	13,059.67	12,797.95 11,859.37	261.72 1,200.30
07/19/2018	07/20/2018	SOLD 5.828 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 07/19/2018 AT 46.12	268.78	262.20 242.97	6.58 25.81
08/15/2018	08/16/2018	SOLD 5.99 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 08/15/2018 AT 45.25	271.06	269.49 249.73	1.57 21.33
09/12/2018	09/13/2018	SOLD 5.936 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 09/12/2018 AT 45.98	272.95	267.06 247.47	5.89 25.48
10/15/2018	10/16/2018	SOLD 6.286 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 10/15/2018 AT 43.35	272.51	282.81 262.07	10.30- 10.44
11/15/2018	11/16/2018	SOLD 6.14 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 11/15/2018 AT 42.75	262.49	276.24 255.98	13.75- 6.51
12/14/2018	12/17/2018	SOLD 6.376 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/14/2018 AT 41.42	264.10	286.86 265.82	22.76- 1.72-
01/17/2019	01/18/2019	SOLD 6.503 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 01/17/2019 AT 39.59	257.44	288.22 268.39	30.78- 10.95-
02/11/2019	02/12/2019	SOLD 6.586 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 02/11/2019 AT 40.53	266.95	291.90 271.81	24.95- 4.86-
03/12/2019	03/13/2019	SOLD 6.412 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 03/12/2019 AT 42.03	269.48	284.19 264.63	14.71- 4.85
04/05/2019	04/08/2019	SOLD 6.216 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 04/05/2019 AT 43.68	271.50	275.50 256.54	4.00- 14.96

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN/LOSS
05/13/2019	05/14/2019	SOLD 6.526 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 05/13/2019 AT 42.19	275.35	289.24 269.34	13.89- 6.01
06/10/2019	06/11/2019	SOLD 6.232 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 06/10/2019 AT 43.44	270.71	276.21 257.20	5.50- 13.51
	TOTAL 359.493 SHS		16,282.99	16,147.87 14,971.32	135.12 1,311.67
	AMERICAN FUNDS NEW WORLD F2				
07/19/2018	07/20/2018	SOLD 3.073 SHS AMERICAN FUNDS NEW WORLD F2 ON 07/19/2018 AT 65.61	201.59	199.91 187.36	1.68 14.23
08/15/2018	08/16/2018	SOLD 3.222 SHS AMERICAN FUNDS NEW WORLD F2 ON 08/15/2018 AT 63.10	203.29	209.60 196.44	6.31- 6.85
09/12/2018	09/13/2018	SOLD 3.287 SHS AMERICAN FUNDS NEW WORLD F2 ON 09/12/2018 AT 62.29	204.72	213.83 200.41	9.11- 4.31
10/15/2018	10/16/2018	SOLD 3.393 SHS AMERICAN FUNDS NEW WORLD F2 ON 10/15/2018 AT 60.23	204.39	220.73 206.87	16.34- 2.48-
11/15/2018	11/16/2018	SOLD 3.264 SHS AMERICAN FUNDS NEW WORLD F2 ON 11/15/2018 AT 60.31	196.87	212.34 199.00	15.47- 2.13-
12/14/2018	12/17/2018	SOLD 3.348 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/14/2018 AT 59.16	198.07	217.80 204.12	19.73- 6.05-
01/17/2019	01/18/2019	SOLD 3.23 SHS AMERICAN FUNDS NEW WORLD F2 ON 01/17/2019 AT 59.78	193.08	209.33 196.48	16.25- 3.40-
02/11/2019	02/12/2019	SOLD 3.253 SHS AMERICAN FUNDS NEW WORLD F2 ON 02/11/2019 AT 61.54	200.22	210.82 197.88	10.60- 2.34
03/12/2019	03/13/2019	SOLD 3.165 SHS AMERICAN FUNDS NEW WORLD F2 ON 03/12/2019 AT 63.86	202.11	205.12 192.53	3.01- 9.58

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN/LOSS
04/05/2019	04/08/2019	SOLD 3.072 SHS AMERICAN FUNDS NEW WORLD F2 ON 04/05/2019 AT 66.29	203.62	199.09 186.87	4.53 16.75
05/13/2019	05/14/2019	SOLD 3.26 SHS AMERICAN FUNDS NEW WORLD F2 ON 05/13/2019 AT 63.35	206.51	211.28 198.31	4.77- 8.20
06/10/2019	06/11/2019	SOLD 3.108 SHS AMERICAN FUNDS NEW WORLD F2 ON 06/10/2019 AT 65.32	203.03	201.43 189.06	1.60 13.97
	TOTAL 38.675 SHS		2,417.50	2,511.28 2,355.33	93.78- 62.17
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY			**708,954.14**	**708,057.01** **686,937.50**	**897.13** **22,016.64**
MUTUAL FUND - REAL ESTATE					
	COHEN AND STEERS REAL ESTATE SECURITIES - Z				
07/09/2018	07/10/2018	SOLD 2,896.401 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 07/09/2018 AT 15.70	45,473.49	44,981.11 44,108.16	492.38 1,365.33
07/19/2018	07/20/2018	SOLD 21.469 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 07/19/2018 AT 15.64	335.78	333.41 326.94	2.37 8.84
08/15/2018	08/16/2018	SOLD 21.337 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 08/15/2018 AT 15.87	338.62	331.36 324.93	7.26 13.69
09/12/2018	09/13/2018	SOLD 21.299 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 09/12/2018 AT 16.01	340.99	330.77 324.35	10.22 16.64
10/15/2018	10/16/2018	SOLD 23.191 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 10/15/2018 AT 14.68	340.44	360.16 353.25	19.72- 12.81-
11/15/2018	11/16/2018	SOLD 21.39 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 11/15/2018 AT 15.33	327.91	332.19 325.82	4.28- 2.09

Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
12/14/2018	12/17/2018	SOLD 21.354 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 12/14/2018 AT 15.45	329.92	331.70 325.39	1.78- 4.53
01/17/2019	01/18/2019	SOLD 21.02 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 01/17/2019 AT 15.30	321.61	326.51 320.30	4.90- 1.31
02/11/2019	02/12/2019	SOLD 20.548 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 02/11/2019 AT 16.23	333.49	319.18 313.11	14.31 20.38
03/12/2019	03/13/2019	SOLD 20.378 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 03/12/2019 AT 16.52	336.65	316.54 310.52	20.11 26.13
04/05/2019	04/08/2019	SOLD 20.093 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 04/05/2019 AT 16.88	339.17	312.30 306.40	26.87 32.77
05/13/2019	05/14/2019	SOLD 20.426 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 05/13/2019 AT 16.84	343.98	317.47 311.48	26.51 32.50
06/10/2019	06/11/2019	SOLD 19.582 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/10/2019 AT 17.27	338.18	304.35 298.61	33.83 39.57
	TOTAL 3,148.488 SHS		49,500.23	48,897.05 47,949.26	603.18 1,550.97
	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q				
07/09/2018	07/10/2018	SOLD 580.656 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 07/09/2018 AT 24.46	14,202.84	14,040.26 13,967.86	162.58 234.98
07/19/2018	07/20/2018	SOLD 11.084 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 07/19/2018 AT 24.23	268.57	268.01 266.63	0.56 1.94
08/15/2018	08/16/2018	SOLD 11.262 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 08/15/2018 AT 24.05	270.84	272.30 270.91	1.46- 0.07-

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Schedule Of Sales

TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
09/12/2018	09/13/2018	SOLD 11.21 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 09/12/2018 AT 24.33	272.74	271.04 269.66	1.70 3.08
10/15/2018	10/16/2018	SOLD 11.917 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 10/15/2018 AT 22.85	272.30	288.14 286.66	15.84- 14.36-
11/15/2018	11/16/2018	SOLD 11.118 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 11/15/2018 AT 23.59	262.28	268.78 267.41	6.50- 5.13-
12/14/2018	12/17/2018	SOLD 11.116 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/14/2018 AT 23.74	263.89	268.73 267.36	4.84- 3.47-
01/17/2019	01/18/2019	SOLD 11.021 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 01/17/2019 AT 23.34	257.24	265.86 264.54	8.62- 7.30-
02/11/2019	02/12/2019	SOLD 10.892 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 02/11/2019 AT 24.49	266.75	262.75 261.45	4.00 5.30
03/12/2019	03/13/2019	SOLD 10.784 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 03/12/2019 AT 24.97	269.27	260.14 258.86	9.13 10.41
04/05/2019	04/08/2019	SOLD 10.581 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 04/05/2019 AT 25.64	271.29	255.25 253.98	16.04 17.31
05/13/2019	05/14/2019	SOLD 10.892 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 05/13/2019 AT 25.26	275.14	262.81 261.51	12.33 13.63
06/10/2019	06/11/2019	SOLD 10.464 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 06/10/2019 AT 25.85	270.50	252.48 251.24	18.02 19.26
TOTAL 712.997 SHS			17,423.65	17,236.55 17,148.07	187.10 275.58
TOTAL MUTUAL FUND - REAL ESTATE			**66,923.88**	**66,133.60** **65,097.33**	**790.28** **1,826.55**
TOTAL SALES			**3,181,358.54**	**3,125,160.69** **2,835,908.30**	**56,197.85** **345,450.24**

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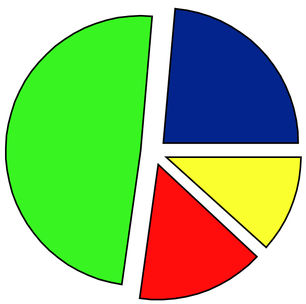
Schedule Of Unrealized Gains & Losses

Unrealized Gains & Losses Allocation



108.7-%	MUTUAL FUND - DOMESTIC EQUITY	236,495.48-
225.2%	MUTUAL FUND - FIXED INCOME	489,801.97
70.4-%	MUTUAL FUND - INTERNATIONAL EQUI	152,928.57-
53.9%	MUTUAL FUND - REAL ESTATE	117,105.64
100.0%	**Total**	217,483.56

Unrealized Gains & Losses Schedule

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
MUTUAL FUND - FIXED INCOME				
BLACKROCK TOTAL RETURN - K	271,517.377	3,073,991.89 3,187,375.61	3,203,905.05	129,913.16 16,529.44
GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST.	116,147.026	3,082,292.53 3,091,409.25	3,012,853.85	69,438.68- 78,555.40-
GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND	165,489.938	3,049,811.58 3,055,352.13	3,099,626.54	49,814.96 44,274.41
HARTFORD WORLD BOND - Y	145,576.679	1,559,190.92 1,517,404.11	1,576,595.43	17,404.51 59,191.32
LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS	110,424.715	1,139,123.63 1,204,246.13	1,151,729.78	12,606.15 52,516.35-

Schedule Of Unrealized Gains & Losses

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
LEGG MASON BW ALTERNATIVE CREDIT	110,777.171	1,147,472.88 1,144,692.21	1,156,513.67	9,040.79 11,821.46
PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q	219,494.667	3,092,994.29 3,175,577.52	3,239,741.28	146,746.99 64,163.76
THORNBURG INVESTMENT INCOME BUILDER R6	72,540.663	1,542,456.87 1,534,038.86	1,571,230.76	28,773.89 37,191.90
WESTERN ASSET CORE PLUS BOND IS	272,254.287	3,074,885.82 3,194,769.88	3,239,826.02	164,940.20 45,056.14
TOTAL MUTUAL FUND - FIXED INCOME		**20,762,220.41** **21,104,865.70**	**21,252,022.38**	**489,801.97** **147,156.68**
MUTUAL FUND - DOMESTIC EQUITY				
ALGER FUNDS SMALL CAP FOCUS Z	74,848.228	1,455,623.16 1,114,046.66	1,695,312.36	239,689.20 581,265.70
ALGER FUNDS CAPITAL APPRECIATION FOCUS Y	63,739.438	2,333,796.27 2,333,796.27	2,386,404.56	52,608.29 52,608.29
BRANDES FUNDS INTERNATIONAL SMALL CAP R6	61,804.195	766,785.97 865,167.82	666,249.22	100,536.75- 198,918.60-
COLUMBIA CONTRARIAN CORE	61,317.335	1,585,987.57 1,549,020.59	1,603,448.31	17,460.74 54,427.72
OAKMARK SELECT FUND-INSTITUTIONAL	41,785.89	1,895,937.10 1,859,244.79	1,696,507.13	199,429.97- 162,737.66-
OAKMARK INTERNATIONAL INST.	44,561.957	1,163,811.71 1,279,089.46	1,028,044.35	135,767.36- 251,045.11-
HARTFORD FUNDS MIDCAP CLASS Y	31,556.128	1,186,422.37 1,043,103.41	1,183,039.24	3,383.13- 139,935.83

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Schedule Of Unrealized Gains & Losses

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
JOHN HANCOCK INTERNATIONAL GROWTH R6	33,917.222	952,340.88 962,755.59	950,699.73	1,641.15- 12,055.86-
PRUDENTIAL JENNISON GLOBAL OPPS Q	22,918.595	550,733.84 517,960.33	591,758.12	41,024.28 73,797.79
UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6	16,630.264	1,183,582.89 1,094,711.68	1,037,063.26	146,519.63- 57,648.42-
TOTAL MUTUAL FUND - DOMESTIC EQUITY		**13,075,021.76 12,618,896.60**	**12,838,526.28**	**236,495.48- 219,629.68**
MUTUAL FUND - INTERNATIONAL EQUITY				
HARTFORD INTERNATIONAL VALUE - Y	96,139.48	1,584,941.03 1,619,325.26	1,402,675.01	182,266.02- 216,650.25-
AMERICAN FUNDS NEW PERSPECTIVE F2	17,733.209	785,959.44 731,874.72	791,078.45	5,119.01 59,203.73
AMERICAN FUNDS NEW WORLD F2	8,803.469	570,543.93 535,521.10	594,762.37	24,218.44 59,241.27
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY		**2,941,444.40 2,886,721.08**	**2,788,515.83**	**152,928.57- 98,205.25-**
MUTUAL FUND - REAL ESTATE				
COHEN AND STEERS REAL ESTATE SECURITIES - Z	62,455.083	972,953.76 955,241.30	1,038,003.48	65,049.72 82,762.18
PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q	31,717.605	765,306.76 761,531.16	817,362.68	52,055.92 55,831.52
TOTAL MUTUAL FUND - REAL ESTATE		**1,738,260.52 1,716,772.46**	**1,855,366.16**	**117,105.64 138,593.70**
TOTAL UNREALIZED GAINS & LOSSES		**38,516,947.09 38,327,255.84**	**38,734,430.65**	**217,483.56 407,174.81**

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Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
BEGINNING MARKET VALUE: 37,001,473.64				
SECURITY TRANSACTIONS EXCEEDING 5%:				
MUTUAL FUND - DOMESTIC EQUITY				
ALGER FUNDS SPECTRA Z				
SOLD 84,931.903 SHS ON 07/09/2018 AT 23.85	2,025,625.89	1,723,899.98	2,031,571.12	301,725.91
SOLD .5 SHS ON 07/10/2018 AT 23.92	11.96	10.15	11.90	1.81
TOTAL	2,025,637.85	1,723,910.13	2,031,583.02	301,727.72
ALGER FUNDS CAPITAL APPRECIATION FOCUS Y				
PURCHASED 60,689.84 SHS ON 07/09/2018 AT 36.92	2,240,668.88	2,240,668.88	2,243,096.49	
PURCHASED .034 SHS ON 07/11/2018 AT 36.81	1.26	1.26	1.26	
SOLD 21.651 SHS ON 07/19/2018 AT 37.23	806.06	799.35	808.02	6.71
SOLD 21.999 SHS ON 08/15/2018 AT 36.95	812.88	812.20	815.72	0.68
SOLD 21.547 SHS ON 09/12/2018 AT 37.99	818.58	795.52	825.68	23.06
SOLD 22.95 SHS ON 10/15/2018 AT 35.61	817.26	847.31	844.79	30.05-
SOLD 22.757 SHS ON 11/15/2018 AT 34.59	787.18	840.19	786.03	53.01-
SOLD 23.734 SHS ON 12/14/2018 AT 33.37	792.01	876.26	772.54	84.25-
PURCHASED 157.97 SHS ON 12/18/2018 AT 31.05 FOR REINVESTMENT	4,904.97	4,904.97	4,726.46	

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
PURCHASED 327.642 SHS ON 12/18/2018 AT 31.05 FOR REINVESTMENT	10,173.28	10,173.28	9,803.05	
PURCHASED 2,837.417 SHS ON 12/18/2018 AT 31.05 FOR REINVESTMENT	88,101.81	88,101.81	84,895.52	
SOLD 23.843 SHS ON 01/17/2019 AT 32.38	772.04	873.00	781.57	100.96-
SOLD 23.941 SHS ON 02/11/2019 AT 33.44	800.58	876.59	812.56	76.01-
SOLD 23.203 SHS ON 03/12/2019 AT 34.83	808.16	849.57	814.66	41.41-
SOLD 22.504 SHS ON 04/05/2019 AT 36.18	814.21	823.98	814.42	9.77-
SOLD 23.215 SHS ON 05/13/2019 AT 35.57	825.77	850.01	835.28	24.24-
SOLD 22.121 SHS ON 06/10/2019 AT 36.70	811.84	809.95	809.19	1.89
TOTAL	2,353,516.77	2,353,904.13	2,352,243.24	387.36-
TOTAL MUTUAL FUND - DOMESTIC EQUITY	**4,379,154.62**	**4,077,814.26**	**4,383,826.26**	**301,340.36**
TOTAL SECURITY TRANSACTIONS EXCEEDING 5%		**4,077,814.26**		

Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Schedule Of Reportable Transactions

PLAN NUMBER: **EIN NUMBER: 43-1971558**

DESCRIPTION	PURCH/SELL PRICE EXPENSE INCURRED	COST OF ASSET	VALUE OF ASSET ON TXN DATE	NET GAIN OR LOSS
BEGINNING MARKET VALUE: 37,001,473.64				
SINGLE TRANSACTIONS EXCEEDING 5%:				
07/10/2018 SOLD 84,931.903 SHS ALGER FUNDS SPECTRA Z ON 07/09/2018 AT 23.85		1,723,899.98		
07/10/2018 PURCHASED 60,689.84 SHS ALGER FUNDS CAPITAL APPRECIATION FOCUS Y ON 07/09/2018 AT 36.92		2,240,668.88		
TOTAL SINGLE TRANSACTIONS EXCEEDING 5%		**3,964,568.86**		

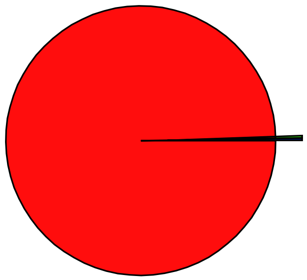
Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Balance Sheet

	AS OF 07/01/2018		AS OF 06/30/2019	
	AVG COST VALUE	MARKET VALUE	AVG COST VALUE	MARKET VALUE
A S S E T S				
CASH	52,145.92	52,145.92	99,522.05	99,522.05
DUE FROM BROKERS	0.00	0.00	0.00	0.00
TOTAL CASH & RECEIVABLES	**52,145.92**	**52,145.92**	**99,522.05**	**99,522.05**
MUTUAL FUNDS				
MUTUAL FUND - FIXED INCOME	18,889,855.66	18,537,804.31	21,104,865.70	21,252,022.38
MUTUAL FUND - DOMESTIC EQUITY	12,688,483.52	13,421,111.35	12,618,896.60	12,838,526.28
MUTUAL FUND - INTERNATIONAL EQUI	3,255,889.59	3,331,732.42	2,886,721.08	2,788,515.83
MUTUAL FUND - REAL ESTATE	1,688,301.23	1,710,825.56	1,716,772.46	1,855,366.16
TOTAL MUTUAL FUNDS	**36,522,530.00**	**37,001,473.64**	**38,327,255.84**	**38,734,430.65**
TOTAL HOLDINGS	**36,522,530.00**	**37,001,473.64**	**38,327,255.84**	**38,734,430.65**
TOTAL ASSETS	**36,574,675.92**	**37,053,619.56**	**38,426,777.89**	**38,833,952.70**
L I A B I L I T I E S				
DUE TO BROKERS	52,145.92	52,145.92	99,522.05	99,522.05
TOTAL LIABILITIES	**52,145.92**	**52,145.92**	**99,522.05**	**99,522.05**
TOTAL NET ASSET VALUE	**36,522,530.00**	**37,001,473.64**	**38,327,255.84**	**38,734,430.65**

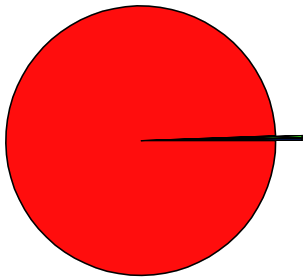
Statement Period 07/01/2018 through 06/30/2019
Account Number 115150007400

Beginning Market Allocation



0. 1%	CASH & RECEIVABLES	52, 145. 92
0. 1- %	LIABILITIES	52, 145. 92-
100. 0%	MUTUAL FUNDS	37, 001, 473. 64
100. 0%	**Total**	37, 001, 473. 64

Ending Market Allocation



0. 3%	CASH & RECEIVABLES	99, 522. 05
0. 3- %	LIABILITIES	99, 522. 05-
100. 0%	MUTUAL FUNDS	38, 734, 430. 65
100. 0%	**Total**	38, 734, 430. 65

Schedule Of Prior Period Trades Settled

DATE	DESCRIPTION	DUE FROM BROKERS	DUE TO BROKERS
07/02/2018	PURCHASED 691.769 SHS BLACKROCK TOTAL RETURN - K ON 06/29/2018 AT 11.32 FOR REINVESTMENT		7,830.83
07/02/2018	PURCHASED 349.201 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 06/29/2018 AT 26.55 FOR REINVESTMENT		9,271.29
07/02/2018	PURCHASED 402.595 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/29/2018 AT 18.43 FOR REINVESTMENT		7,419.83
07/02/2018	PURCHASED 4.636 SHS HARTFORD WORLD BOND - Y ON 06/28/2018 AT 10.72 FOR REINVESTMENT		49.70
07/02/2018	PURCHASED 679.525 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 06/29/2018 AT 14.09 FOR REINVESTMENT		9,574.51
07/02/2018	PURCHASED 754.025 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/29/2018 AT 11.29 FOR REINVESTMENT		8,512.94
07/03/2018	PURCHASED 130.551 SHS BRANDES FUNDS INTERNATIONAL SMALL CAP R6 ON 06/29/2018 AT 12.46 FOR REINVESTMENT		1,626.66
07/03/2018	PURCHASED 506.127 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/29/2018 AT 15.53 FOR REINVESTMENT		7,860.16
	TOTAL PRIOR PERIOD TRADES SETTLED		**52,145.92**
	NET RECEIVABLE/PAYABLE		**52,145.92-**

Schedule Of Pending Trades End Of Period

DATE	DESCRIPTION	DUE FROM BROKERS	DUE TO BROKERS
07/01/2019	PURCHASED 766.87 SHS BLACKROCK TOTAL RETURN - K ON 06/28/2019 AT 11.80 FOR REINVESTMENT		9,049.07
07/01/2019	PURCHASED 301.853 SHS GUGGENHEIM INVESTMENTS MACRO OPPORTUNITIES INST. ON 06/28/2019 AT 25.94 FOR REINVESTMENT		7,830.06
07/01/2019	PURCHASED 369.258 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/28/2019 AT 18.73 FOR REINVESTMENT		6,916.20
07/01/2019	PURCHASED 465.348 SHS HARTFORD WORLD BOND - Y ON 06/27/2019 AT 10.82 FOR REINVESTMENT		5,035.07
07/01/2019	PURCHASED 912.126 SHS LEGG MASON BW GLOBAL OPPORTUNITIES BOND IS ON 06/28/2019 AT 10.43 FOR REINVESTMENT		9,513.47
07/01/2019	PURCHASED 803.649 SHS LEGG MASON BW ALTERNATIVE CREDIT ON 06/28/2019 AT 10.44 FOR REINVESTMENT		8,390.10
07/01/2019	PURCHASED 585.705 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL Q ON 06/28/2019 AT 14.76 FOR REINVESTMENT		8,645.01
07/01/2019	PURCHASED 802.436 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/28/2019 AT 11.90 FOR REINVESTMENT		9,548.99
07/02/2019	PURCHASED 392.319 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT		6,520.35
07/02/2019	PURCHASED 563.051 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT		9,357.91

Schedule Of Pending Trades End Of Period

DATE	DESCRIPTION	DUE FROM BROKERS	DUE TO BROKERS
07/02/2019	PURCHASED 1,126.102 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/28/2019 AT 16.62 FOR REINVESTMENT		18,715.82
	TOTAL PENDING TRADES END OF PERIOD		**99,522.05**
	NET RECEIVABLE/PAYABLE		**99,522.05-**

Coast Community College District
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Roll-forward Valuation
Valuation Date: June 30, 2017
Measurement Date: June 30, 2018

Prepared by:
Total Compensation Systems, Inc.

Date: December 17, 2018

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Coast Community College District
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

Coast Community College District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2018 (the measurement date). This valuation report is based on an earlier GASB 75 valuation as of June 30, 2017 . We used standard actuarial “roll-forward” methodology to estimate the Total OPEB Liability (TOL) as of the measurement date. The Fiduciary Net Position (FNP) is based on the actual FNP at June 30, 2018. The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2018. If the report will first be used for a different fiscal year, the numbers may need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree’s cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Coast CCD to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Coast CCD to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 74 and 75, Coast CCD should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 74 and 75 compliance.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: Certificated, Classified and Management. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefit payments or APVPBP)
- ten years of projected benefit payments.
- the "total OPEB liability (TOL)." (The TOL is the portion of the APVPBP attributable to employees’ service prior to the measurement date.)
- the “net OPEB liability” (NOL). For plans funded through a trust, this represents the unfunded portion of the liability.
- the service cost (SC). This is the value of OPEB benefits earned for one year of service.

- deferred inflows and outflows of resources attributable to the OPEB plan.

- "OPEB expense." This is the amount recognized in accrual basis financial statements as the current period expense. The OPEB expense includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows. This amount may need to be adjusted to reflect any contributions received after the Measurement Date.

- Amounts to support financial statement Note Disclosures and Required Supplementary Information (RSI) schedules.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Service costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2018 to be $6,713,720 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2018 (the service cost) is $4,903,918. This service cost would increase each year based on covered payroll. Had Coast CCD begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated at June 30, 2018 to be $107,409,737. This amount is called the "Total OPEB Liability" (TOL). Coast CCD has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2018 was $76,131,854. This leaves a Net OPEB Liability (NOL) of $31,277,883.

Based on the information we were provided, the OPEB Expense for the fiscal year ending June 30, 2018 is $6,828,459. As noted in this report, adjustments may be needed – particularly if the reporting date is not the same as the measurement date.

We based all of the above estimates on employees as of June, 2017. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical, dental and vision*	Medical, dental and vision*	Medical, dental and vision*
Duration of Benefits	Lifetime***	Lifetime***	Lifetime***
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%** to age 70; Beyond 70, subject to cap	100%** to age 70; Beyond 70, subject to cap	100%** to age 70; Beyond 70, subject to cap
District Cap	$4000 per year beyond 70****	$4000 per year beyond 70****	$4000 per year beyond 70****

*Medicare Part B reimbursed to age 70; beyond age 70, only Medicare Supplement benefits under the indemnity plan are provided.
**The District pays 100% of the cost in excess of a retiree contribution for the indemnity plan of ½% of the retiree's salary prior to retirement plus $500 per year for dependent coverage
***Retirees with HMO coverage are not eligible for District-paid benefits beyond age 70.
****The cap amount depends on the retirement date. The above cap reflects future retirees.

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Coast CCD should take to manage the liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Coast CCD's practices, it is possible that Coast CCD is already complying with some or all of our recommendations.

➢ We recommend that Coast CCD maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Coast CCD should determine whether the benefit is material and subject to GASB 74 and/or 75.

➢ We recommend that Coast CCD conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 74/75.

➢ Under GASB 75, it is important to isolate the cost of retiree health benefits. Coast CCD should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – ***even on a retiree-pay-all basis*** – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Coast CCD should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.

➢ Coast CCD should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Coast CCD's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Coast CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Coast CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

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Consultant
Total Compensation Systems, Inc.
(805) 496-1700

PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be "accrued" over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an "implicit rate subsidy"),

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an "actuarial cost method."

The actuarial cost method mandated by GASB 75 is the "entry age actuarial cost method". Under this method, there are two components of actuarial cost – a "service cost" (SC) and the "Total OPEB Liability" (TOL). GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. Under the entry age actuarial cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the service cost. Under GASB 75, the service cost is calculated to be a level percentage of each employee's projected pay.

The service cost is determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.

- The ***"trend" rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A "cap" on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.

- ***Mortality rates*** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.

- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- ***Retirement rates*** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.

- ***Participation rates*** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.

- The ***discount rate*** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plans plus long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses can be deferred five years

- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.

- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working lifetime

- Liability changes resulting from plan changes, for example, cannot be deferred.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

The liability for OPEB benefits was calculated in the valuation as of June 30, 2017 and the methodology used was described in our GASB 75 valuation report dated December 2, 2017. In Part III, we show the tables included in our December 2, 2017 valuation report and provide details of our roll-forward valuation.

We summarized actuarial assumptions used for this study in Appendix C.

B. Liability for Retiree Benefits.

Below is the actuarial present value of projected benefit payments (APVPBP) table presented in our December 2, 2017 valuation report.

Actuarial Present Value of Projected Benefit Payments at June 30, 2017

	Total	*Certificated*	*Classified*	*Management*
Active: Pre-65	$48,129,895	$17,520,726	$25,730,716	$4,878,453
Post-65	$42,972,242	$14,690,157	$23,536,662	$4,745,423
Subtotal	$91,102,137	$32,210,883	$49,267,378	$9,623,876
Retiree: Pre-65	$8,039,660	$1,853,181	$4,510,055	$1,676,424
Post-65	$36,786,817	$15,822,137	$14,127,029	$6,837,651
Subtotal	$44,826,477	$17,675,318	$18,637,084	$8,514,075
Grand Total	$135,928,614	$49,886,201	$67,904,462	$18,137,951
Subtotal Pre-65	$56,169,555	$19,373,907	$30,240,771	$6,554,877
Subtotal Post-65	$79,759,059	$30,512,294	$37,663,691	$11,583,074

C. Cost to Prefund Retiree Benefits

1. Service Cost

Below is the service cost table included in our December 2, 2017 valuation report. This service cost is used in calculating the OPEB expense.

Service Cost Year Beginning June 30, 2017

	Total	*Certificated*	*Classified*	*Management*
# of Employees	1315	444	710	161
Per Capita Service Cost				
Pre-65 Benefit	N/A	$2,703	$1,826	$2,862
Post-65 Benefit	N/A	$1,811	$1,210	$1,760
First Year Service Cost				
Pre-65 Benefit	$2,957,374	$1,200,132	$1,296,460	$460,782
Post-65 Benefit	$1,946,544	$804,084	$859,100	$283,360
Total	$4,903,918	$2,004,216	$2,155,560	$744,142

2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

The table below shows the TOL included in the December 2, 2017 valuation report. This TOL is used as the beginning of year TOL to roll forward the TOL to June 30, 2018.

Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2017

	Total	***Certificated***	***Classified***	***Management***
Active: Pre-65	$28,380,441	$9,514,982	$16,786,495	$2,078,964
Active: Post-65	$29,959,971	$9,326,338	$17,609,768	$3,023,865
Subtotal	$58,340,412	$18,841,320	$34,396,263	$5,102,829
Retiree: Pre-65	$8,039,660	$1,853,181	$4,510,055	$1,676,424
Retiree: Post-65	$36,786,817	$15,822,137	$14,127,029	$6,837,651
Subtotal	$44,826,477	$17,675,318	$18,637,084	$8,514,075
Subtotal: Pre-65	$36,420,101	$11,368,163	$21,296,550	$3,755,388
Subtotal: Post-65	$66,746,788	$25,148,475	$31,736,797	$9,861,516
Total OPEB Liability (TOL)	$103,166,889	$36,516,638	$53,033,347	$13,616,904
Fiduciary Net Position as of June 30, 2017	$71,617,326			
Net OPEB Liability (NOL)	$31,549,563			

In order to determine the June 30, 2018 NOL, we used a "roll-forward" technique for the TOL. The FNP is based on the actual June 30, 2018 FNP. The following table shows the results of the roll-forward.

Changes in Net OPEB Liability as of June 30, 2018

	TOL	***FNP***	***NOL***
Balance at June 30, 2017	$103,166,889	$71,617,326	$31,549,563
Service Cost	$4,903,918	$0	$4,903,918
Interest on TOL	$6,133,300	$0	$6,133,300
Employer Contributions	$0	$6,794,370	($6,794,370)
Employee Contributions	$0	$0	$0
Assumption Changes	$0	$0	$0
Expected Investment Income	$0	$4,292,242	($4,292,242)
Investment Gains/Losses	$0	$382,212	($382,212)
Administrative Expense	$0	($159,926)	$159,926
Expected Benefit Payments	($6,794,370)	($6,794,370)	$0
Actual minus Expected Benefit Payments	$0	$0	$0
Other	$0	$0	$0
Net Change during 2017-18	$4,242,848	$4,514,528	($271,680)
Balance at June 30, 2018 *	$107,409,737	$76,131,854	$31,277,883

***** May include a slight rounding error.

3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows. Following is the OPEB expense for the fiscal year ending June 30, 2018. The OPEB expense shown below is considered to be preliminary because there can be employer specific deferred items (e.g., contributions made after the measurement date, and active employee contributions toward the OPEB plan).

OPEB Expense Fiscal Year Ending June 30, 2018

	Total
Service Cost	$4,903,918
Interest on Total OPEB Liability (TOL)	$6,133,300
Employee Contributions	$0
Recognized Experience Gains/Losses	$0
Recognized Assumption Changes	$0
Expected Investment Income	($4,292,242)
Recognized Investment Gains/Losses	($76,443)
Contributions After Measurement Date*	$0
Liability Change Due to Benefit Changes	$0
Administrative Expense	$159,926
OPEB Expense**	$6,828,459

***** Should be added by Coast CCD if reporting date is after the measurement date.
****** May include a slight rounding error.

The above OPEB expense does not include an estimated $6,794,370 in employer contributions.

4. Deferred Inflows and Outflows

Certain types of TOL changes are subject to deferral, as are investment gains/losses. Appendix F provides details of any deferred inflows and/or outflows included in the OPEB expense.

PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **certain** to be ***in***accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy, that was included in the December 2, 2017 valuation report.

Year Beginning July 1	*Total*	*Certificated*	*Classified*	*Management*
2017	$6,794,370	$2,674,374	$2,880,680	$1,239,316
2018	$6,713,720	$2,538,783	$2,951,380	$1,223,557
2019	$7,243,997	$2,667,032	$3,397,207	$1,179,758
2020	$7,632,023	$2,757,093	$3,697,638	$1,177,292
2021	$7,993,888	$2,750,515	$4,051,534	$1,191,839
2022	$8,215,291	$2,837,671	$4,183,049	$1,194,571
2023	$8,544,876	$2,890,952	$4,416,947	$1,236,977
2024	$8,902,623	$2,999,314	$4,650,665	$1,252,644
2025	$9,253,861	$3,090,184	$4,887,808	$1,275,869
2026	$9,481,204	$3,075,657	$5,052,005	$1,353,542

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 74/75 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.
- An employer should perform a valuation whenever the employer forms a qualifying trust or changes its investment policy.
- An employer should perform a valuation whenever the employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We recommend Coast CCD take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.

- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation.

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Coast CCD to understand that the appropriateness of all selected actuarial assumptions and methods are Coast CCD's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Coast CCD's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Coast CCD regarding practices with respect to employer and employee contributions and other relevant factors.

ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6% per year. This is based on assumed long-term return on plan assets assuming 100% funding through Futuris and through the Community College League of California. We used the "Building Block Method". (See Appendix E, Paragraph 53 for more information).

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Coast CCD.

Fiduciary Net Position as of June 30, 2018

	06/30/2017	***06/30/2018***
Cash and Equivalents	$0	$0
Contributions Receivable	$0	$0
Total Investments	$71,617,326	$76,131,854
Capital Assets	$0	$0
Total Assets	$71,617,326	$76,131,854
Benefits Payable	$0	$0
Fiduciary Net Position	$71,617,326	$76,131,854

NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix E, Paragraph 52 for more information.

MORTALITY

Participant Type	*Mortality Tables*
Certificated	2009 CalSTRS Mortality
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

Employee Type	*Retirement Rate Tables*
Certificated	2009 CalSTRS Retirement Rates
Classified	Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employees Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2%@60 adjusted to minimum retirement age of 52

SERVICE REQUIREMENT

Employee Type	*Service Requirement Tables*
Certificated	100% at 10 Years of Service
Classified	100% at 10 Years of Service

COSTS FOR RETIREE COVERAGE

The costs below are those used in the December 2, 2017 valuation for this roll-forward, we used increased costs shown below by the applicable trend rate.

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 18.5% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

Employee Type	*Future Retirees Pre-65*	*Future Retirees Post-65*
Certificated	$23,139	$4,000 District Cap for those retiring beginning 5/1/02 $13,094 for Medicare eligible ages 65 to 70
Classified	$20,469	$4,000 District Cap for those retiring beginning 5/1/02 $13,228 for Medicare eligible ages 65 to 70
Management	$22,015	$4,000 District Cap for those retiring beginning 5/1/02 $12,361 for Medicare eligible ages 65 to 70

PARTICIPATION RATES

Employee Type	*<65 Non-Medicare Participation %*	*65+ Medicare Participation %*
Certificated	95%	75% for post-70 coverage 95% for pre-70 coverage
Classified	95%	75% for post-70 coverage 95% for pre-70 coverage
Management	95%	75% for post-70 coverage 95% for pre-70 coverage

TURNOVER

Employee Type	*Turnover Rate Tables*
Certificated	2009 CalSTRS Termination Rates
Classified	2009 CalPERS Termination Rates for School Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES
To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

AGING FACTORS
Aging factors are based on large insurance company experience for major medical coverage.

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

Age	*Total*	*Certificated*	*Classified*	*Management*
Under 25	5	0	5	0
25-29	62	6	53	3
30-34	136	31	89	16
35-39	138	50	77	11
40-44	148	60	72	16
45-49	183	63	92	28
50-54	172	58	93	21
55-59	205	60	116	29
60-64	162	62	75	25
65 and older	104	54	38	12
Total	1315	444	710	161

ELIGIBLE RETIREES

Age	*Total*	*Certificated*	*Classified*	*Management*
Under 50	1	1	0	0
50-54	2	1	1	0
55-59	27	2	20	5
60-64	86	21	47	18
65-69	197	89	75	33
70-74	194	110	48	36
75-79	144	77	33	34
80-84	74	44	14	16
85-89	16	10	4	2
90 and older	8	6	1	1
Total	749	361	243	145

APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Coast CCD. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Receiving Benefits	749
Inactive Employees Entitled to But Not Receiving Benefits*	0
Participating Active Employees	1315
Total Number of participants	2064

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

shown in Appendix C.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Coast CCD in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2009 CalSTRS Mortality
Disclosure	The mortality assumptions are based on the 2009 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalSTRS analysis.

Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
Mortality Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2009 CalSTRS Retirement Rates
Disclosure	The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS Retirement Rates for School Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS Retirement Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2009 CalSTRS Termination Rates
Disclosure	The turnover assumptions are based on the 2009 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Table	2009 CalPERS Termination Rates for School Employees
Disclosure	The turnover assumptions are based on the 2009 CalPERS Termination Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL Using alternative trend assumptions The following table shows the Net OPEB Liability with a health care cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	$25,556,327	$31,277,883	$37,617,249

Paragraph 53: **Discount Rate**

The following information is intended to assist Coast CCD to comply with Paragraph 53 requirements.

53.a: A discount rate of 6% was used in the valuation.

53.b: We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

53.c: We used historic 20 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

53.d and 53.e.: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.
CCLC - CCLC

Asset Class	**Percentage of Portfolio**	**Assumed Gross Return**
US Large Cap	60.0000	7.7950
US Small Cap	15.0000	7.7950
Long-Term Corporate Bonds	20.0000	5.2950
Short-Term Gov't Fixed	5.0000	3.2500

Futuris - Portfolio 6

Asset Class	Percentage of Portfolio	Assumed Gross Return
All US Domestic Stock	50.0000	7.7950
Long-Term Corporate Bonds	50.0000	5.2950

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	$40,684,979	$31,277,883	$23,109,297

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on page 10. Please see the notes for Paragraph 244 below for more information.

Paragraph 56: **Additional Net OPEB Liability Information**

The following information is intended to assist Coast CCD to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2017.
The measurement date is June 30, 2018.
56 b; 56 c; 56.d; 56.e; 56.f: Not applicable
56.g: To be determined by the employer
56.h.(1) through (4): Not applicable
56.h.(5): To be determined by the employer
56.i: Not applicable

Paragraph 57: **Required Supplementary Information**

57.a: Please see reconciliation on page 10. Please see the notes for Paragraph 244 below for more information.
57.b: These items are provided on page 10 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.
57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 20 years.
57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 20 years.

Paragraph 244: **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

APPENDIX F: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

EXPERIENCE GAINS AND LOSSES

			Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Experience Gains and Losses (Measurement Periods)								
Measurement Period	Experience Gain/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2017	2018	Amounts to be Recognized in OPEB Expense after 2018	2019	2020	2021	2022	2023	Thereafter
2017-18	$0	0	$0	$0	$0						
Net Increase (Decrease) in OPEB Expense			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

CHANGES OF ASSUMPTIONS

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods): Amounts Recognized in OPEB Expense through 2017	2018	Amounts to be Recognized in OPEB Expense after 2018	2019	2020	2021	2022	2023	Thereafter
2017-18	$0	0	$0	$0	$0						
Net Increase (Decrease) in OPEB Expense			**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment Gain/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2017	2018	Amounts to be Recognized in OPEB Expense after 2018	2019	2020	2021	2022	2023	Thereafter
2017-18	($382,212)	5	$0	($76,443)	($305,769)	($76,443)	($76,443)	($76,443)	($76,440)		
Net Increase (Decrease) in OPEB Expense			**$0**	**($76,443)**	**($305,769)**	**($76,443)**	**($76,443)**	**($76,443)**	**($76,440)**	**$0**	**$0**

APPENDIX G: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Cost Method:	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
Actuarial Present Value of Projected Benefit Payments:	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
Deferred Inflows/Outflows of Resources:	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
Discount Rate:	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
Fiduciary Net Position:	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
Implicit Rate Subsidy:	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
Measurement Date:	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
Mortality Rate:	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
Net OPEB Liability (NOL):	The Total OPEB Liability minus the Fiduciary Net Position.
OPEB Benefits:	Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
OPEB Expense:	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
Participation Rate:	The proportion of retirees who elect to receive retiree benefits. A lower

participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

Retirement Rate:	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
Service Cost:	The annual dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
Service Requirement:	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
Total OPEB Liability (TOL):	The amount of the actuarial present value of projected benefit payments attributable to employees' past service based on the actuarial cost method used.
Trend Rate:	The rate at which the employer's share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
Turnover Rate:	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
Valuation Date:	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can't be more than 30 months prior.

COAST COMMUNITY COLLEGE DISTRICT
ORANGE COUNTY

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION INCLUDING REPORTS ON COMPLIANCE
June 30, 2017

COAST COMMUNITY COLLEGE DISTRICT

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Coast Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

INDEPENDENT AUDITOR'S REPORT

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

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

Opinion

In our opinion, the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the District as of June 30, 2017, and the results of its operations, changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2017, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans,* No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 16). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's financial statements as a whole. The supplementary schedules, and the continuing disclosure information

INDEPENDENT AUDITOR'S REPORT

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

are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Coast Community College District (the "District") for the year ended June 30, 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 is reporting according to the standards of Governmental Accounting Standards Board Statements (GASB) No. 34 and 35 using the Business Type Activity (BTA) model. The California Community College Chancellor's Office, through its Fiscal Accountability Standards Committee, recommended that all community college districts use the reporting standards under the BTA model.

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

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

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

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

Financial and Enrollment Highlights

Although the District ended the year with a strong fund balance, it represented an approximate $7-million-dollar decline from the previous year. The ability to maintain a prudent reserve has continued to provide cash flow stability for the District without external borrowing. Health and welfare benefit costs continue to rise and are being monitored. Additional funds were set aside to fund the future retiree benefits liability. While Coast was a founding member of the CCLC retiree health benefit trust, based on a recommendation from the Retirement Board, the Board of Trustees took action to bifurcate the retiree health benefit trust between Keenan and the CCLC programs. At June 30, 2017, between the two programs, $71.6 million is held in an irrevocable trust to meet the District's liability of approximately $103.2 million Although the new Governmental Accounting Standards Board (GASB) requirements no longer use the Annual Required Contribution (ARC) as a measure, this in no way changes the District's contractual obligations and we will continue to budget both pay-as-you-go costs as well as an amount to mitigate the unfunded liability in the next 15-20 years.

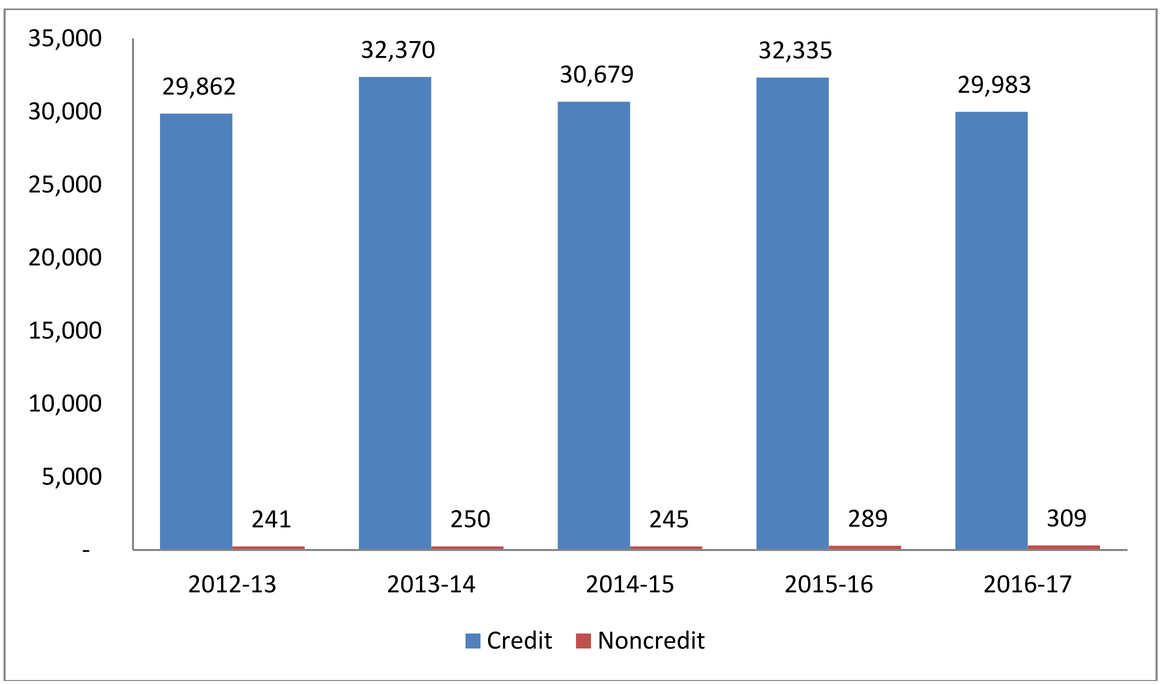
The District runs the Banner financial software which is integrated with the human resources and student systems. The District uses the position budgeting feature to build the budgets and allows on-line budget transfers for faster, more accurate processing. The Banner financial software is also used for the student system. The student financials feed into the Banner financial system which uses an accrual method of accounting. The District is moving forward implementing Financial Aid management and reporting into the Banner system.

In November 2002, the District's citizens passed Measure C, a general obligation bond for facilities. Measure C was fully expended and closed out as of June 30, 2013. On November 6, 2012, the District voters approved and authorized the issuance and sale of $698 million principal amount of Measure M general obligation bonds of the District. During the fiscal year ending June 30, 2017, three series of Measure M bonds were issued including 2016C in the amount of $30 million, 2017D in the amount of $280 million, and 2017E in the amount of $20 million.

Because of the magnitude of the proposed 2017D & E issuances, early in calendar year 2017, Coast sought a bond rating review from Moody's and Standard & Poor's (S&P). Moody's maintained an "Aa1" rating reflecting the District's very large and growing coastal California tax base that is among the largest of Moody's-rated community college districts. The rating also includes the district's strong financial position that benefits from healthy liquidity available outside of General Fund operations. S&P Global Ratings raised its long-term rating and underlying rating (SPUR) to 'AA+' from 'AA." This action reflected the district's strong local economy situated in Orange County, the district's very strong general fund reserves, the flexibility of community college districts in general to manage their enrollment and programs in response to funding levels, and the district's low to moderate debt burden.

The 2016-17 FY Adopted Budget was based on the revenue associated with serving 32,623 resident Full-Time Equivalent Students (FTES). However, at the P-1 Enrollment report in January 2017, earnings were nearly 2,000 FTES below base. This softening in enrollment continued through P-2 in April when enrollments were reported more than 2,200 FTES below base, and again with the annual enrollment report in July when enrollment was reported more than 2,300, or 7.15%, below base. The District reported actual FTES earnings for this year, triggering Stabilization but ensuring base revenue would be received for the 2016-17 FY. The District is on track to report at least base FTES at the close of the 2017-18 FY. The chart below reflects actual earned FTE's for each year, irrespective of Borrowing or Stabilization.

Annual Enrollment
Full-Time Equivalent Students (FTES)



COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017

Statement of Net Position

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

(in thousands)

	2017	2016	Change
ASSETS			
Current assets			
Cash and cash equivalents	$ 110,840	$ 121,365	-9%
Investments	43,638	12,363	253%
Account receivables	19,968	21,196	-6%
Notes receivable - current portion	750	750	0%
Inventories	59	57	4%
Prepaid expenses	39	649	-94%
Total current assets	175,294	156,380	12%
Non-current assets			
Restricted cash and cash equivalents	416,823	127,555	227%
Restricted student loans receivable, net	2,654	2,851	-7%
Notes receivable	12,188	12,937	-6%
Other post-employment benefit asset	-	18,454	-100%
Capital assets, net of depreciation	512,117	459,625	11%
Total non-current assets	943,782	621,422	52%
TOTAL ASSETS	1,119,076	777,802	44%
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	26,623	28,645	-7%
Deferred outflows - pension	51,304	25,053	105%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	77,927	53,698	45%
LIABILITIES			
Current liabilities	82,573	85,603	-4%
Non-current liabilities	1,149,937	741,871	55%
TOTAL LIABILITIES	1,232,510	827,474	49%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	12,282	19,020	-35%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,282	19,020	-35%
NET POSITION			
Invested in capital assets, net of related debt	46,243	33,735	37%
Restricted	45,675	39,578	15%
Unrestricted	(139,707)	(88,307)	58%
TOTAL NET POSITION	$ (47,789)	$ (14,994)	-219%

- Cash and cash equivalents consist mainly of cash held in the county treasury ($507.7 million) and ancillary funds maintained at local banks. Cash increased from the prior year due primarily to the issuance of three Measure M bond series: (1) 2016C in the amount of $30 million, (2) 2017D in the amount of $280 million and, (3) 2017E in the amount of $20 million. At June 30, 2017, the building fund had a cash balance of approximately $369 million.

- Accounts Receivable decreased due to a receipt of $1.6 million receivable of a one-time construction settlement.

- In the current fiscal year, Governmental Accounting Standards Board (GASB) statements 74 and 75 were implemented. As a result of this implementation, the Other Post-Employment Benefits (OPEB) changed from an asset balance to a recognition of $31.5 million in liability. The District has a funding plan to mitigate the unfunded actuarial accrued liability in the next 15 to 20 years.

- The total assets showed an increase of, mostly due to the issuance of three Measure M bonds in the amount of $330 million and the establishment of the Pension Trust $2.5 million. The total liabilities showed an increase of 49%. This is due to the recording of the new GO Bond payables, OPEB and pension liabilities.

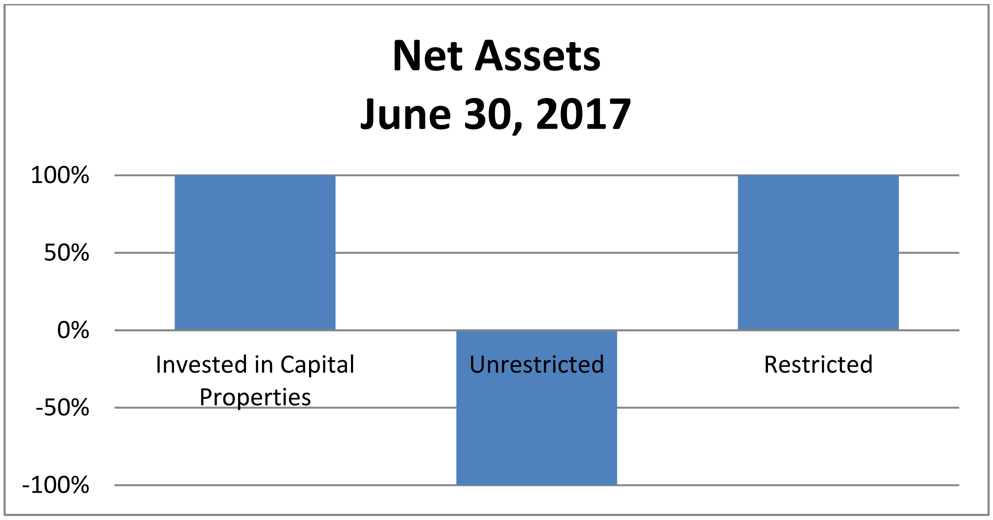
- Governmental Accounting Standards Board (GASB) statements 67 and 68 established a definition of a pension plan that reflects the primary activities associated with the pension arrangement, determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members. The District's outstanding pension liability for both STRS and PERS is $209.7 million as of FY 2016-17.

- Net position showed it decreased by 219% from the prior year. Total operating expenses increased by $12 million, or 4%, while total operating revenues increased by $8.3 million or 5%.

- The net Other post-employment benefits (OPEB) liability decreased from $116 million at the close of the 2015-16 FY, to $103 million at the close of the 2016-17 FY. This change was driven largely by changes in the retirement program for new hires hired on or after January 1, 2018, and the introduction of a new health plan for post-age 70 retirees.

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017



Statement of Revenues, Expenses and Changes in Net Position

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

	(in thousands)		
	2017	**2016**	**Change**
Operating Revenues			
Net tuition and fees	$ 38,262	$ 32,448	18%
Grants and contracts, non-capital	119,240	117,006	2%
Auxiliary sales and charges	3,527	3,248	9%
Total operating revenues	161,029	152,702	5%
Operating Expenses			
Salaries and benefits	223,535	210,385	6%
Supplies, materials and other operating expenses and services	41,278	42,495	-3%
Financial aid	56,592	60,167	-6%
Utilities	3,572	3,954	-10%
Depreciation	21,745	17,609	23%
Total operating expenses	346,722	334,610	4%
Operating loss	(185,693)	(181,908)	2%
Non-operating revenues (expenses)			
State apportionments, non-capital	40,108	48,510	-17%
Local property taxes	120,884	114,654	5%
State taxes and other revenues	11,281	25,801	-56%
Investment income, non-capital	619	505	23%
Interest expense	(13,093)	(17,951)	-27%
Loss on disposal of capital assets		(10)	0%
Total non-operating revenues (expenses)	159,799	171,509	-7%
Other revenues, expenses, gains or losses			
State apportionments, capital	1,229	3,728	0%
Local property taxes and revenues, capital	40,648	38,132	7%
Investment income, capital	3,024	1,220	148%
Total other revenues, expenses, gains or losses	44,901	43,080	4%
Change in net position	19,007	32,681	-42%
Net position, beginning of year	(14,994)	(47,675)	-69%
Cumulative effect of change in accounting principles	(51,802)		100%
Net position, end of year	$ (47,789)	$ (14,994)	-219%

- Net tuition and fees consists of enrollment fees ($41.5 million), non-resident tuition ($12.0 million), and other fees ($6.6 million) less scholarships, discounts and allowances ($21.9 million). Regular enrollment fees ($46 per unit) are set by the State for all community colleges reflecting no change from the prior year.

- Revenue from grants and contracts is composed of federal grants ($52.2 million), state grants ($41 million), and local contracts ($25.9 million). The increase in federal funding is due mainly to the increase in federal financial aid provided for students and is also reflected in the increased financial aid operating expenses. The increase in state revenue is primarily due to increased allocations in various student success and support programs.

- The annual 320 enrollment report for 2016-17 reflected 30,292.35 resident Full Time Equivalent Students (FTES), or approximately 7.15% below our base FTES of 32,623.80. Apportionment based revenue for the 2016-17 FY was uninterrupted as the District received Stabilization funding for the difference of 2,331.45 FTES between the actual reported FTES and base. The District has continued its efforts geared toward maximizing enrollment and service to students and the community, and Coast will report at least based FTES for the year ending June 30, 2018.

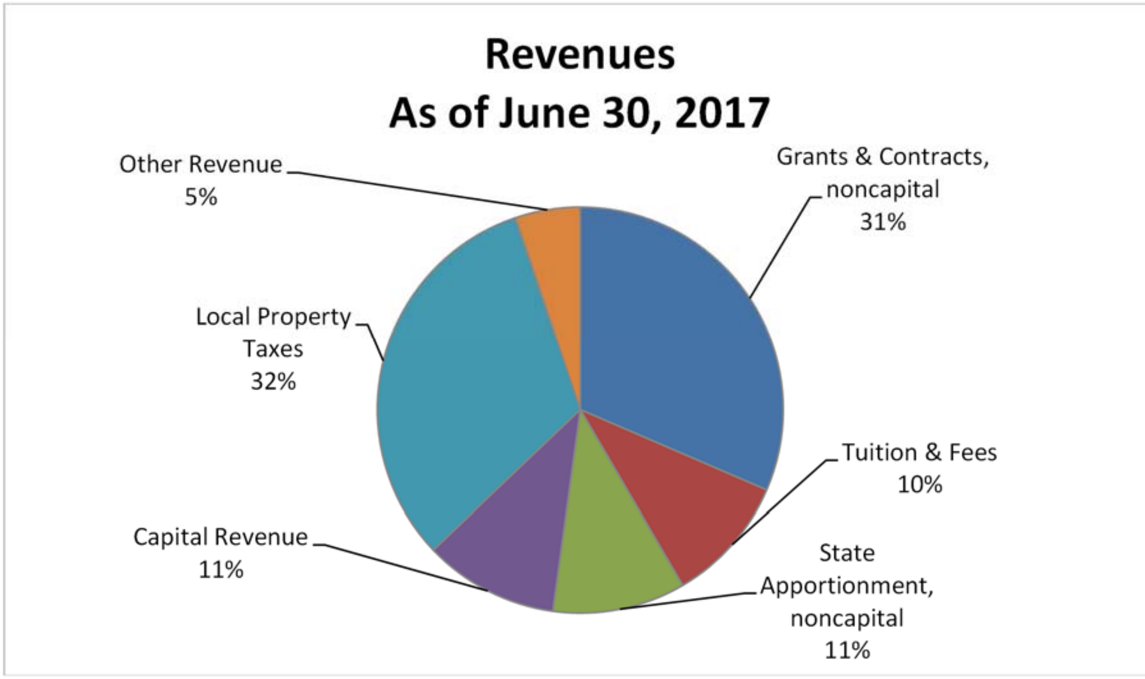
- Depreciation expenses increased due to the construction in progress and projects completed in this fiscal year.

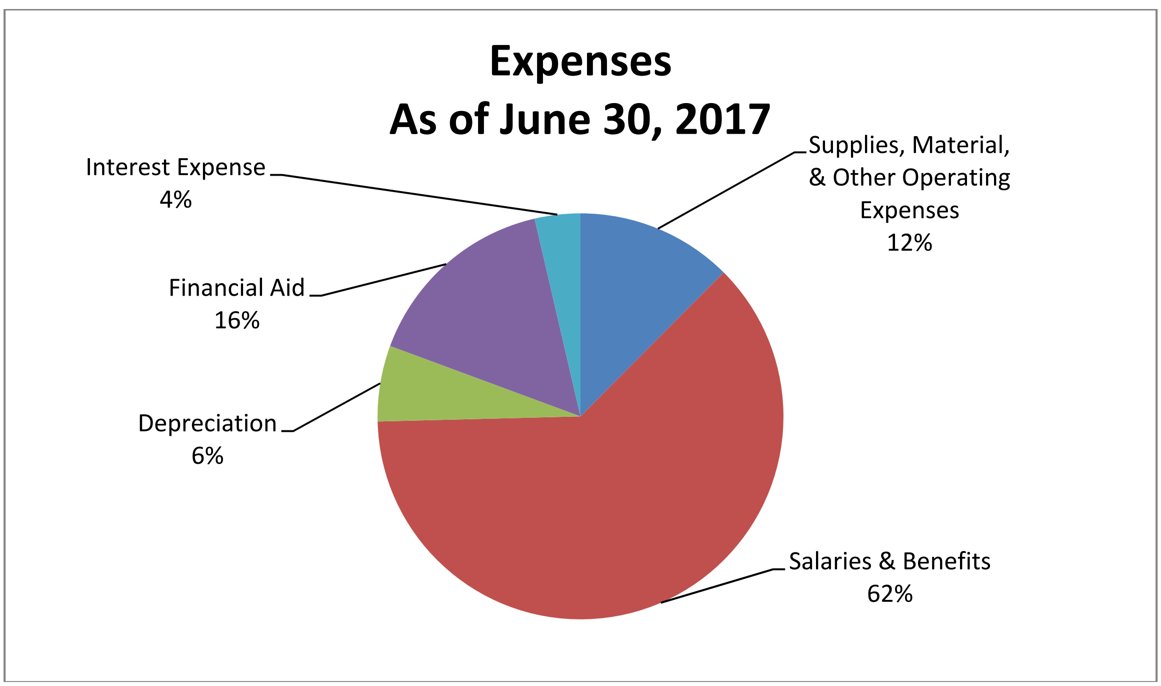
- Salaries and benefits expenses increased $8.2 million or 6% due mainly to hiring of 25 new full-time faculty, implementation of the classification and compensation study, and the increasing pension and health benefit cost.

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

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017





COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017

Statement of Cash Flows

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

	(in thousands) 2017	2016	Change
Cash Provided By (Used in)			
Operating activities	$ (167,623)	$ (156,378)	-7%
Noncapital financing activities	174,605	187,812	-7%
Capital and related financing activities	273,643	(43,035)	736%
Investing activities	(1,881)	(1,675)	12%
Net change in cash and cash equivalents	278,744	(13,276)	-2200%
Cash balance, beginning of year	248,919	262,195	-5%
Cash balance, end of year	$ 527,663	$ 248,919	112%

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

The overall cash balance has increased from prior year because of the proceeds received from the new bonds issuance, base augmentation, one-time mandate reimbursement funding,

District's Fiduciary Responsibility

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

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the District had over $512 million invested in net capital assets. Total capital assets of $823 million consist of land, buildings and building improvements, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of $311 million. New additions for construction and equipment of $61.0 million occurred during 2016-17, and depreciation expense of $21.7 million was recorded for the fiscal year. Construction in progress of $16.7 million was completed and placed into service as buildings and site improvements. Note 5 to the financial statements provides additional information on capital assets. A summary of capital assets net of depreciation is presented below.

	Balance June 30, 2017
Land	$ 24,141,969
Buildings and site improvements	677,747,797
Equipment	46,659,314
Construction in progress	74,807,149
Totals at historical cost	823,356,229
Less accumulated depreciation for:	
Buildings and site improvements	(276,032,252)
Equipment	(35,206,715)
Total accumulated depreciation	(311,238,967)
Governmental capital assets, net	$ 512,117,262

Debt

At June 30, 2017, the District had $923.8 million in debt for the General Obligation bonds. The payments for general obligation bond debt are funded through property tax assessments. Notes 6 and 9 to the financial statements provide additional information on long-term liabilities.

Economic Factors That May Affect the Future

State Economy

On January 10, 2017, the Governor released his budget proposal for the 2017-18 fiscal year. In three of the past four years, actual revenue collections exceeded the Administration's forecasts by a substantial amount. However, even after the state lowered its revenue forecast for 2016-17, revenues are coming in below even the lowered estimates. As a result, the Governor has lowered revenue projections even more substantially.

The theme for the Budget proposal is a broad recognition of the increased risk in the out years. The Governor referred to the fact that California has the most progressive tax structure and, therefore, the most unreliable revenues, in the nation. California's heavy reliance on the Personal Income Tax (PIT), and in particular the top 1% of taxpayers, gives us tremendous revenue volatility, both up and down.

For California Community Colleges (CCCs), the Budget Proposal provides approximately $400 million in additional funding. When netted against unabsorbed growth funding and increasing property taxes across the system, the proposed augmentations actually result in a decrease of $27.1 million in general state apportionments. No one-time discretionary funds are proposed. In the past, these resources have been counted toward paying down outstanding state mandate claims.

The Governor's 2017-18 State Budget proposal provides a 10.87% share of Proposition 98 funding, lower than the traditional 10.93%. The CCCs would be receiving about $45 million more if the system were funded at the 10.93% level. However, it is important to recognize that community college apportionments are not threatened with a deferral like K-12 district apportionments.

The May Revision presents the last statutory opportunity for the Governor to shape his economic proposal before legislative budget committees complete their work and move into Conference committee. The May Revise was released on May 11, 2017, and during the release, the Governor took the opportunity to emphasize his theme of fiscal prudence. It presents a moderately more optimistic picture than did the January Proposal. The assumptions underpinning the May Revise reflect economic insecurity based on a mild drop in state revenue coupled with uncertainty at the federal level.

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2017

On June 27, 2017, the 2017-18 FY State Budget Bill was signed into law by Governor Brown. It includes a total investment in Proposition 98 of $74.5 billion, an increase of $2.6 billion over last year's Budget Act level. Some of the new features of the California Community College (CCC) budget include $150 million in one-time funding for community colleges to develop and implement "Guided Pathway" Programs, $25 million for a new CCC Completion Grant Program to provide grants of up to $2,000 to community college students who meet specified criteria, $10 million to provide all colleges with access to the Online Education Initiative's learning management system, and an increase of $6 million in one-time funding to facilitate the development of an integrated library system for the community colleges.

The 2017-18 FY CCCD Budget

- Estimated State Revenue reflected a 1.56% COLA, no growth and a $141 per FTES Unrestricted Lottery Revenue allocation. Available Statewide Growth/Access funding is identified at 1.0% but the District does not budget these funds until the year following the one in which they were earned.

- Statewide Categorical program funding for the 2017-18 FY stands at nearly $978.9 million, providing a significant increase in programmatic funding. The total categorical funding for Coast is nearly $52.7 million.

- For the 2017-18 FY, following Board Policy 6200, the Adopted Budget reflects a General Reserve of 5% and a Reserve for Contingency of 5%, for a total of $21.5 million, or 10% of the prior year unrestricted general fund expense.

- Salaries and benefits continue to comprise the largest portion of the District's expenses. Historically, Coast's budgeting norms do not include estimates of part-time faculty, over-load, or short-term employees. When looking only at contract positions for 2017-18, 73.2% of the unrestricted funds are budgeted for salaries and benefits.

- Volatility continues in our Health and welfare benefit programs. The budget for benefits in the 2017-18 FY is $17,900 Per Employee Per Year (PEPY) as compared with prior year actual of $15,706 PEPY.

- The employer contributions for the PERS will increase from 13.89% to 15.531% of payroll, or 1.641% increase. The STRS employer rate will increase by 1.85%, from 12.58% to 14.43%. These increases in pension contributions commenced with the fiscal year beginning July 1, 2017. For the current fiscal year, the combined increase of these pension system match requirements are estimated at $2.5million.

Significant Future Events

California continues to rely heavily on the Personal Income Tax (PIT) for education funding creating a significant degree of funding volatility. Further, the current economic recovery is among the longest in the post-war period and history suggests the state is ripe for a downturn. Adding to budgetary uncertainty are events at the federal level. While offering no specifics, the Governor noted that if the American Health Care Act ("Trumpcare"), or a similar bill were to become law, it would cost California billions of dollars. Staff will continue tracking events at the federal level in an effort to better understand the potential impact to California and local college districts.

Although budgetary modeling does not indicate the District will grow, the 2017-18 Advance Principal Apportionment Report reflects a growth cap of 1.17% for the District. System-wide, Growth (Access) is funded at 1.0% for the 2017-18 FY.

Not unlike the District's retiree health benefit plan, both the California State Teachers Retirement System (STRS) and the California Public Employee Retirement System (PERS) have significant unfunded liabilities. This phenomenon reflects a mismatch between the pension plan's estimated obligations and its assets. In theory, these plans should be prefunded, meaning regular contributions for each employee are made into the retirement fund during the course of that employee's career. However, because of underfunding in prior years, employer costs for retirement benefits for both STRS and PERS are projected to nearly double over the next several years. Projections for Coast is at an additional $16.9 million in on-going costs by 2020-21 FY.

The most recent actuarial study was completed for OPEB liability as of June 30, 2017. The District has budgeted sufficient funds to meet the annual required contribution for fiscal year 2017-18.

The Governmental Accounting Standards Board (GASB). Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of Statement No. 27, establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members. Districts' financial reports must begin to show the full effect of pension liabilities. The PERS program involves an employer and an employee contribution. In contrast, the STRS program includes both an employer and an employee contribution, along with a state contribution. In practice, most Local Education Agencies (LEA's) did not recognize the states "on-behalf" contributions to CalSTRS, primarily based on 1996 guidance from the California Department of Education. More recently, GASB 68 now requires districts to recognize the "on-behalf" contribution by the state by debiting pension contribution expenditures and crediting revenues. For Coast, this amount is estimated at $3.9 million.

Looking ahead to the 2018-19 FY, tax reform at the federal level is a definite wild card. No one knows the final result, but by January we should have a much better read. California's high dependency on affluent taxpayers could be dramatically affected by federal tax reform and resultant changes in economic activity.

Further, recasting the minimum guarantee under Proposition 98 would likely provide opportunities for Governor Brown to put the finishing touches on his vision of reshaping California's education systems to both reduce the achievement gap and provide a greater measure of social justice.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Office of Fiscal Affairs at Coast Community College District, 1370 Adams Avenue, Costa Mesa, California 92626, or e-mail Daniela Thompson at DThompson@mail.cccd.edu.

BASIC FINANCIAL STATEMENTS

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2017

	Primary Government	Component Units
Assets		
Current assets:		
Cash and cash equivalents	$ 110,840,112	$ 5,846,862
Investments	43,638,008	27,772,642
Accounts receivable, net	19,967,951	132,176
Deferred tax asset		21,800
Pledges receivable, net		271,550
Beneficial interest in charitable gift annuity		7,209
Inventories	59,803	
Notes receivable- current portion	750,000	
Prepaid expenses and other current assets	39,371	75,707
Total Current Assets	175,295,245	34,127,946
Non-Current Assets:		
Restricted cash and cash equivalents	416,823,033	
Restricted student loans receivable, net	2,653,878	
Contribution receivable from split-interest agreements		479,361
Notes receivable	12,187,500	41,481
Capital assets, net of accumulated depreciation	512,117,262	8,006,444
Total Non-Current Assets	943,781,673	8,527,286
Total Assets	1,119,076,918	42,655,232
Deferred Outflows of Resources		
Deferred charge on refunding	26,623,438	
Deferred outflows- pension	51,303,554	
Total Deferred Outflows of Resources	77,926,992	-
Total Assets and Deferred Outflows of Resources	$ 1,197,003,910	$ 42,655,232

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2017

	Primary Government	Component Units
Liabilities		
Current Liabilities:		
Accounts payable	$ 21,841,525	$ 505,924
Accrued liabilities	9,320,240	8,390
Unearned revenue	25,511,272	736,629
Amounts held in trust	232,305	
Long-term liabilities-current portion	25,667,938	
Current Liabilities	82,573,280	1,250,943
Non-Current Liabilities		
Compensated absences	6,043,567	
Notes payable	3,285,000	
Postemployment healthcare liabilities	31,549,563	
Net pension liabilities	209,753,325	
General obligation bonds payable	899,305,723	
Non-Current Liabilities	1,149,937,178	
Total Liabilities	1,232,510,458	1,250,943
Deferred Inflows of Resources		
Deferred inflows- pension	12,282,042	
Total Deferred Inflows of Resources	12,282,042	-
Net Position		
Net investment in capital assets	46,243,259	
Permanently restricted		7,517,979
Temporarily restricted		30,931,374
Restricted for:		
Capital projects	30,551,535	
Debt service	12,253,300	
Scholarship and loans	2,869,828	
Unrestricted	(139,706,512)	2,377,811
Common stock		158
Retained earnings		576,967
Total Net Position	(47,788,590)	41,404,289
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,197,003,910	$ 42,655,232

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2017

	Primary Government	Component Units
Operating Revenues		
Tuition and fees (gross)	$ 60,232,611	$
Less: Scholarship discounts and allowances	(21,971,189)	
Net tuition and fees	38,261,422	-
Grants and contracts, non-capital:		
Federal	52,234,278	
State	41,021,073	
Local	25,984,695	17,956,601
Sales	3,526,830	
Total Operating Revenues	161,028,298	17,956,601
Operating Expenses		
Salaries	154,282,143	1,513,111
Employee benefits	69,252,887	346,544
Supplies, materials, and other operating expenses and services	41,277,656	10,320,206
Financial aid	56,592,053	
Utilities	3,571,650	
Depreciation	21,745,349	1,857,432
Total Operating Expenses	346,721,738	14,037,293
Operating Income (Loss)	(185,693,440)	3,919,308
Non-Operating Revenues (Expenses)		
State apportionments, non-capital	40,107,985	
Local property taxes	120,884,154	
States taxes and other revenue	11,280,936	4,900
Interest and investment income, non-capital	619,161	1,574,138
Interest expense	(13,093,169)	
Total Non-Operating Revenues (Expenses)	159,799,067	1,579,038
(Loss) Income/Gain Before Other Revenues, Expenses, Gains and Losses	(25,894,373)	5,498,346
Other Revenues, Expenses, Gains and Losses		
Local property taxes and revenues, capital	40,647,991	
State apportionments, capital	1,229,156	
Interest and investment income, capital	3,024,319	
Total Other Revenues, Expenses, Gains and Losses	44,901,466	-
Changes in Net Position	19,007,093	5,498,346
Net Position, Beginning of Year	(14,994,040)	35,905,943
Cumulative effect of change in accounting principles (see Note 16)	(51,801,643)	-
Net Position, Beginning of Year After Restatement	(66,795,683)	35,905,943
Net Position, End of Year	$ (47,788,590)	$ 41,404,289

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017

	Primary Government	Component Units
Cash Flows From Operating Activities		
Tuition and fees	$ 36,747,757	$
Federal grants and contracts	51,105,985	
State grants and contracts	42,543,791	
Local grants and contracts	24,583,080	
Sales	3,526,830	
Auxiliary enterprise sales and charges		5,998,732
Administrative fees and interest		1,867,144
Donations		4,757,673
VLFAA Settlement	(9,739,052)	
Payments to suppliers	(34,979,259)	(8,879,395)
Payments to/on-behalf of employees	(222,775,170)	(59,891)
Payments to/on-behalf of students	(56,926,563)	(1,711,268)
Other (payments) receipts	(1,710,069)	3,300
Net cash provided (used) by operating activities	(167,622,670)	1,976,295
Cash Flows From Non-Capital Financing Activities		
State apportionments and receipts	41,054,681	
Property taxes	120,884,154	
State tax and other revenues	11,719,073	
Principal collections on loans receivable	196,953	
Principal collections on notes receivable	750,000	
Net cash provided (used) by non-capital financing activities	174,604,861	-
Cash Flows From Capital and Related Financing Activities		
Interest on capital investments	1,521,563	
Property taxes for capital purposes	40,647,991	
Local revenue, grants and gifts for capital purposes	4,253,475	
Net purchase and sale of capital assets	(64,434,333)	(49,311)
Proceeds from long-term debt	360,306,946	
Purchase investments from proceeds from long-term debt	(28,775,156)	
Principal paid on long-term debt	(23,351,814)	
Interest paid on long-term debt	(16,526,345)	
Net cash provided (used) by capital and financing activities	273,642,327	(49,311)
Cash Flows from Investing Activities		
Purchase of investments	(2,500,000)	(3,300,116)
Interest on investments	619,161	129,822
Net cash provided (used) by investing activities	(1,880,839)	(3,170,294)
Net Change in Cash and Cash Equivalents	278,743,679	(1,243,310)
Cash Balance - Beginning of Year	248,919,466	7,090,172
Cash Balance - End of Year	$ 527,663,145	$ 5,846,862

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017

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

	Primary Government	Component units
Operating income (loss)	$ (185,693,440)	$ 3,919,308
Net non-cash contributions		(2,564,140)
Realized and unrealized gains on investments, net		(1,628,894)
Loss on sale of fixed asset		(50,425)
Change in value of split-interest agreement		(1,153)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	21,745,349	1,857,432
Changes in assets and liabilities:		
Receivables, net	(207,783)	(98,720)
Pledge receivable		27,247
Contribution receivable from split-interest agreements		147,505
Inventory	(2,680)	
Prepaid expense	609,592	57,868
Postemployment healthcare asset	18,453,746	
Deferred outflows- pension	(26,250,741)	
Accounts payable and accrued liabilities	(7,001,536)	218,779
Unearned revenue	8,846	91,488
Compensated absences	668,433	
Amounts held in trust for others	7,221	
Estimated liability for open claims and IBNR's	21,784	
Deferred inflows of pension plan investments	(6,738,080)	
Net postemployement healthcare liability	(20,252,080)	
Net pension liability	37,008,699	
Net cash provided (used) by operating activities	$ (167,622,670)	$ 1,976,295

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

Breakdown of ending cash balance:	
Cash and cash equivalents	$ 110,840,112
Restricted cash and cash equivalents	416,823,033
Total	$ 527,663,145

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	Ancillary Funds	Associated Student Body Funds
Assets		
Cash and cash equivalents	$ 3,279,185	$ 12,852,866
Accounts receivable:		
Miscellaneous	937,711	390,430
Other current assets	20,000	105,060
Total Assets	4,236,896	13,348,356
Deferred Outflows of Resources		
Deferred outflows - pension		546,521
Total Deferred Outflows of Resources	-	546,521
Total Assets and Deferred Outflows of Resources	$ 4,236,896	$ 13,894,877
Liabilities		
Current Liabilities		
Accounts payable	$ 848,077	$ 1,128,529
Funds held in trust	3,388,819	3,503,734
Total Current Liabilities	4,236,896	4,632,263
Non-Current Liabilities		
Net pension liability		1,913,441
Total Non-Current Liabilities	-	1,913,441
Total Liabilities	4,236,896	6,545,704
Deferred Inflows of Resources		
Deferred inflows - pension costs		126,576
Total Deferred Inflows of Resources	-	126,576
Net Position		
Unrestricted		7,222,597
Total Net Position	-	7,222,597
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 4,236,896	$ 13,894,877

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2017

	Associated Student Body Funds
Additions	
Sales, net of purchases	$ 1,209,451
Interest and investment income	1,437
Student representation fee	1,789,859
Other local revenues	393,384
Total Additions	3,394,131
Deductions	
Classified salaries	650,304
Employee benefits	283,875
Services and other operating expenses	2,159,112
Capital outlay	23,185
Total Deductions	3,116,476
Change in net position	277,655
Net Position, Beginning of Year	6,944,942
Net Position- End of Year	$ 7,222,597

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
June 30, 2017

	Retiree (OPEB) Trust
Assets	
Investments	$ 71,617,326
Total Assets	$ 71,617,326
Net Position Held in Trust for Other Postemployment Benefits	$ 71,617,326

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
For the Fiscal Year Ended June 30, 2017

	Retiree (OPEB) Trust
Additions	
Employer contributions	$ 6,533,048
Dividends and interest	6,030,540
Total Additions	12,563,588
Deductions	
Benefit payments	6,533,048
Administrative expenses	106,841
Total Deductions	6,639,889
Net changes in net position	5,923,699
Net Position Held in Trust for Other Postemployment Benefits, Beginning of Year	65,693,627
Net Position Held in Trust for Other Postemployment Benefits, End of Year	$ 71,617,326

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Financial Statement Presentation

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

Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Cash and Cash Equivalents

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments in the Other Post-Employment Benefits Plan are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

Accounts Receivables

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

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

Inventories

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

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Restricted Cash and Cash Equivalents

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

Restricted Student Loans Receivable, Net

Student loans receivable consist of loan advances to students awarded under the student financial aid programs the District administers for Federal agencies. Student loans receivable are recorded

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

net of cancelled principal. The receivables are held in trust for the awarding Federal agency.

Capital Assets

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

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

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method with a half-year convention over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for building, 10 years for land improvements, 8 years for equipment and vehicles and 3 years for technology.

Deferred Outflows of Resources

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

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

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion, and the difference between expected and actual experience. The deferred outflows – pensions will be deferred and amortized as detailed in Note 11 to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Payable and Accrued Liabilities

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

Unearned Revenue

Cash received for Federal and state special projects, and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes summer enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

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

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

Net Pension Liability

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources related to pensions results from the difference between the estimated and actual return on pension plan investments, the effect of changes in proportion and changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Net Position

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

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

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

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

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year.

Any prior year corrections due to the recalculation in February of 2017 will be recorded in the year computed by the State.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been accrued in these financial statements because it is not material. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the basic financial statements.

Classification of Revenues

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

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

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

Scholarship Discounts and Allowances

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

Estimates

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2017, $35,759,152 of the District's bank balance of $36,131,985 was exposed to credit risk as uninsured and collateral held by pledging bank's trust department not in the District's name.

Cash in County

In accordance with *The Budget and Accounting Manual*, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2017 is measured at 99.70% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

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

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

NOTE 2: DEPOSITS AND INVESTMENTS

The pool sponsor's annual financial report may be obtained from the Auditor-Controller County of Orange, 12 Civic Center Plaza, Room 200, Santa Ana, CA 92702.

Investments

Policies

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

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

The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2017.

Investments and investments with fiscal agent at June 30, 2017 are presented herein:

Maturities (in Years)	Fair Value	U.S. Treasury Bonds	Federal Agency Bonds	Corporate Bonds
Less Than 1	$ 1,644,559	$ 1,644,559	$	$
1 to 5	10,301,515	6,302,470		3,999,045
6 to 10	8,765,604	5,949,804	2,815,800	
More Than 10	22,926,330	15,597,362	7,328,968	
Total	$ 43,638,008	$ 29,494,195	$ 10,144,768	$ 3,999,045

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2017 are presented herein:

NOTE 2: DEPOSITS AND INVESTMENTS

Investment - Level 1 Inputs		Fair Value	Standard & Poor's Rating
U.S. Treasury Bonds	$	29,494,195	AA+
Federal Agency Bonds		10,144,768	AA+
Corporate Bonds:		3,999,045	AA+
Total	$	43,638,008	

Investments categorized as Level 1 are valued based on prices quoted in active markets for those securities.

Interest Rate Risk

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

Credit Risk

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

NOTE 2: DEPOSITS AND INVESTMENTS

Concentration of Credit Risk

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

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017 consists of the following:

Accounts Receivable	June 30, 2017
Federal and state	$ 1,817,228
Tuition and fees	9,724,914
Student loans receivable, net	2,653,878
Miscellaneous	8,425,809
Total accounts receivable	$ 22,621,829

NOTE 4: NOTE RECEIVABLE

The District entered into a note receivable in the amount of $20,000,000 for the sale of KOCE and the KOCE-TV operating license on March 17, 2004. The payments are to be made to the District over 26 years. The District received $750,000 during this fiscal year and is expecting to receive $750,000 in the next fiscal year. The balance of the notes receivable as of June 30, 2017, is $12,937,500.

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

A summary of changes in capital assets for the year ended June 30, 2017 is shown herein.

NOTE 5: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets not being depreciated:				
Land	$ 24,141,969	$	$	$ 24,141,969
Construction in progress	30,449,783	61,054,363	(16,696,997)	74,807,149
Total capital assets not being depreciated	54,591,752	61,054,363	(16,696,997)	98,949,118
Capital assets being depreciated:				
Buildings and improvements	655,462,873	22,284,924		677,747,797
Equipment and vehicles	39,109,497	7,594,603	(44,786)	46,659,314
Total capital assets being depreciated	694,572,370	29,879,527	(44,786)	724,407,111
Less accumulated depreciation for:				
Buildings and improvements	(255,842,552)	(20,189,700)		(276,032,252)
Equipment and vehicles	(33,695,852)	(1,555,649)	44,786	(35,206,715)
Total accumulated depreciation	(289,538,404)	(21,745,349)	44,786	(311,238,967)
Depreciable assets, net	405,033,966	8,134,178	-	413,168,144
Governmental activities capital assets, net	$ 459,625,718	$ 69,188,541	$ (16,696,997)	$ 512,117,262

For the year ended June 30, 2017, amount of interest capitalized was $8,919,580. Interest earned on proceeds of the District's tax exempt debt used to offset capitalized interest was $1,470,904.

NOTE 6: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2017 is shown herein.

Governmental	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due in One Year
Capital leases	$ 268,295	$	$ 176,814	$ 91,481	$ 91,481
Compensated absences	6,116,591	668,433		6,785,024	741,457
Note payable	3,765,000		155,000	3,610,000	325,000
General obligation bonds:					
Bonds payable	498,864,504	330,000,000	23,020,000	805,844,504	24,510,000
Accreted interest	38,503,246	6,990,333		45,493,579	
Bonds premium	45,701,998	30,306,946	3,531,304	72,477,640	
Total general obligation bonds	583,069,748	367,297,279	26,551,304	923,815,723	24,510,000
Postemployment healthcare liabilities	-	31,549,563		31,549,563	
Net pension liability	172,744,626	37,008,699		209,753,325	
Total	$ 765,964,260	$436,523,974	26,728,118	$1,175,605,116	$25,667,938

Fiduciary	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due in One Year
Net pension liability	$ 1,548,363	$ 365,078	$	1,913,441	$ -
Total	$ 1,548,363	$ 365,078	$	$ 1,913,441	$ -

NOTE 6: LONG-TERM DEBT – SCHEDULE OF CHANGES

Liabilities for compensated absences and the net pension liability are liquidated by the governmental funds in which related salaries and benefits are recorded. Capital leases are liquidated by the General Fund, while the general obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

NOTE 7: LEASES

Capital Leases

The District has entered into a lease agreement to implement an energy conservation photovoltaic power system totaling $1,485,600. Future minimum lease payments are shown herein.

Year Ending June 30,	Principal	Interest	Total
2018	$ 91,481	$ 2,113	$ 93,594
Total	$ 91,481	$ 2,113	$ 93,594

The current year payment for this lease is approximately $187,000. The District will receive no sublease rental revenues nor pay any contingent rentals for this agreement.

Operating Leases

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

Year Ending June 30,	Lease Payment
2018	$ 393,299
2019	245,896
2020	134,230
2021	97,047
2022	53,419
Total	$ 923,891

Current year expenditures for operating leases is approximately $420,000. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 8: NOTE PAYABLE

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

Year Ending June 30,	Principal	Interest	Total
2018	$ 325,000	$ 73,339	$ 398,339
2019	335,000	138,281	473,281
2020	350,000	126,281	476,281
2021	360,000	113,812	473,812
2022	375,000	100,875	475,875
2023-2027	1,865,000	292,969	2,157,969
Total	$ 3,610,000	$ 845,557	$ 4,455,557

NOTE 9: GENERAL OBLIGATION BONDS

Measure C

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

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

Measure M

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

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

NOTE 9: GENERAL OBLIGATION BONDS

The balance of the bonds refunded was $28,645,281 less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of $2,012,843 was recognized during the year ended June 30, 2017.

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

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

The outstanding general obligation bonded debt of the District at June 30, 2017 is shown herein.

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2017
Measure C:					
Series A	4/17/2003	8/1/2016	2.50-5.50	$ 110,000,000	$
2005 Refunding	3/10/2005	8/1/2022	3.00-5.25	74,893,867	2,618,867
Accreted Interest					8,287,540
Series B	6/28/2006	8/1/2030	3.63-5.00	149,859,831	48,859,831
Accreted Interest					35,522,345
Total Measure C				334,753,698	95,288,583
Measure M:					
Series A	5/29/2013	8/1/2038	1.50-5.00	190,000,000	154,480,000
Series B	5/29/2013	8/1/2018	0.45-1.64	10,000,000	4,055,000
Refunding Series A	5/29/2013	8/1/2024	2.00-5.00	80,265,000	78,725,000
Refunding Series B	5/29/2013	8/1/2020	0.35-2.27	35,475,000	25,970,000
2015 Refunding	10/29/2015	8/1/2036	2.00-5.00	162,855,806	161,135,806
Accreted Interest					1,683,694
Series C	8/31/2016	8/1/2023	0.80-1.98	30,000,000	30,000,000
Series D	3/29/2017	8/1/2042	4.00-5.00	280,000,000	280,000,000
Series E	3/29/2017	8/1/2019	1.43-1.69	20,000,000	20,000,000
Total Measure M				808,595,806	756,049,500
Total				$ 1,143,349,504	$ 851,338,083

NOTE 9: GENERAL OBLIGATION BONDS

Payments-Measure C

The annual requirements to amortize Measure C bonds payable, outstanding as of June 30, 2017, are as shown herein.

Series A

The last principal payment of $595,000 was made on August 1, 2016.

2005 Refunding Bonds

Year Ending June 30,	Principal	Interest	Total
2018	$	$	$ -
2019			-
2020			-
2021	425,933	2,114,067	2,540,000
2022	1,159,595	6,610,405	7,770,000
2023	1,033,339	6,746,660	7,779,999
Total	$ 2,618,867	$ 15,471,132	$ 18,089,999

Series B

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2018	$	$	$	$ -
2019				-
2020				-
2021				-
2022				-
2023-2027	19,422,018	31,897,982		51,320,000
2028-2031	29,437,813	60,952,187		90,390,000
Total	$ 48,859,831	$ 92,850,169	$ -	$ 141,710,000

Payments-Measure M

The annual requirements to amortize Measure M bonds payable, outstanding as of June 30, 2017, are as shown herein.

NOTE 9: GENERAL OBLIGATION BONDS

Series A

Year Ending June 30,	Principal	Interest	Total
2018	$ 1,185,000	$ 6,711,625	$ 7,896,625
2019	825,000	6,681,475	7,506,475
2020	1,920,000	6,630,700	8,550,700
2021	2,335,000	6,545,600	8,880,600
2022	2,745,000	6,444,000	9,189,000
2023-2027	20,845,000	29,971,775	50,816,775
2028-2032	36,695,000	23,407,025	60,102,025
2033-2037	57,400,000	13,690,150	71,090,150
2038-2039	30,530,000	1,404,950	31,934,950
Total	$ 154,480,000	$ 101,487,300	$ 255,967,300

Series B

Year Ending June 30,	Principal	Interest	Total
2018	$ 2,015,000	$ 46,896	$ 2,061,896
2019	2,040,000	16,708	2,056,708
Total	$ 4,055,000	$ 63,604	$ 4,118,604

Tax-Exempt Refunding Series A

Year Ending June 30,	Principal	Interest	Total
2018	$ 4,090,000	$ 3,762,400	$ 7,852,400
2019	5,115,000	3,578,300	8,693,300
2020	6,225,000	3,320,375	9,545,375
2021	7,470,000	2,978,000	10,448,000
2022	8,845,000	2,570,125	11,415,125
2023-2025	46,980,000	3,886,500	50,866,500
Total	$ 78,725,000	$ 20,095,700	$ 98,820,700

Taxable Refunding Series B

Year Ending June 30,	Principal	Interest	Total
2018	$ 6,925,000	$ 412,320	$ 7,337,320
2019	7,030,000	308,416	7,338,416
2020	7,140,000	180,654	7,320,654
2021	4,875,000	55,234	4,930,234
Total	$ 25,970,000	$ 956,624	$ 26,926,624

NOTE 9: GENERAL OBLIGATION BONDS

2015 Refunding Bonds

Year Ending June 30,	Principal	Accreted Interest	Current Interest	Total
2018	$	$	$ 5,177,950	$ 5,177,950
2019			5,177,950	5,177,950
2020			5,177,950	5,177,950
2021			5,177,950	5,177,950
2022			5,177,950	5,177,950
2023-2027			25,889,750	25,889,750
2028-2032	61,675,000		21,292,875	82,967,875
2033-2037	99,460,806	65,224,194	1,775,100	166,460,100
Total	$ 161,135,806	$ 65,224,194	$ 74,847,475	$ 301,207,475

Series C

Year Ending June 30,	Principal	Interest	Total
2018	$ 10,295,000	$ 336,166	$ 10,631,166
2019	2,610,000	283,316	2,893,316
2020	3,060,000	254,084	3,314,084
2021	3,220,000	214,465	3,434,465
2022	3,400,000	165,698	3,565,698
2023-2024	7,415,000	144,969	7,559,969
Total	$ 30,000,000	$ 1,398,698	$ 31,398,698

Series D

Year Ending June 30,	Principal	Interest	Total
2018	$	$ 10,830,894	$ 10,830,894
2019		12,911,000	12,911,000
2020	1,750,000	12,876,000	14,626,000
2021		12,841,000	12,841,000
2022		12,841,000	12,841,000
2023-2027	19,085,000	62,878,125	81,963,125
2028-2032	32,615,000	55,508,375	88,123,375
2033-2037	87,070,000	42,211,000	129,281,000
2038-2042	116,480,000	16,792,000	133,272,000
2043	23,000,000	460,000	23,460,000
Total	$ 280,000,000	$ 240,149,394	$ 520,149,394

NOTE 9: GENERAL OBLIGATION BONDS

Series E

Year Ending June 30,	Principal	Interest	Total
2018	$	$ 262,352	$ 262,352
2019	9,650,000	243,982	9,893,982
2020	10,350,000	87,613	10,437,613
Total	$ 20,000,000	$ 593,947	$ 20,593,947

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Eligibility

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

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

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

Funding Policy

The contribution requirements are established and may be amended by the District. All contributions are discretionary and an actuarial determined contribution was not calculated. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses up to age 70 and $4,000 maximum per year beyond age 70 until death. For fiscal year ended June 30, 2017, the District contributed $6,533,048 to the plan.

Net OPEB Liability (Asset)

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

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

	Balance June 30, 2017
Total OPEB liability	$ 103,166,889
Plan fiduciary net position	71,617,326
District's net OPEB liability (asset)	$ 31,549,563

Investments

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

The JPA or Futuris did not violate any provisions of the investment policy during the fiscal year ended June 30, 2017.

The District participates with other colleges in the Balanced Fund Master Trust held by Union Bank as trustee for the JPA. The Balanced Fund is comprised of various mutual funds and the District owns a pro-rata interest in the pool. In a Master Trust, the market value of the pool is converted to units valued at $1.00 per unit and the District's individual statement reflects the units that they own in the pool. Master Trusts are unitized to the dollar and thus, the market and cost are the same. Income earnings, gains, losses and expense are allocated pro rata to all colleges participating in the Master Trust.

At June 30, 2017, all Plan investments were in either master trusts or mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position.

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was not available.

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The mutual funds held in the Master Trust are priced using a net asset value (NAV). The mutual funds may include several different underlying investments, including equities, bonds, real estate, and global securities. The NAV price is derived from the value of these investments, accrued income, anticipated cash flows (maturities), management fees, and other fund expenses. Certain investments within the fund may be deemed unobservable and not considered to be in an active market. The Plan's investments' fair value measurements at June 30, 2017 are presented herein.

		Fair Value Measurements Using		
Investment	Costs	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Master Trust	$ 36,499,807	$ -	$ -	$ 36,499,807
Mutual Fund - Fixed income	17,565,999	17,563,900	-	-
Mutual Fund - Domestic equity	9,292,889	9,257,143	-	-
Mutual Fund - International equity	5,796,791	5,757,357	-	-
Mutual Fund - Real estate	2,461,840	2,459,749	-	-
Total	$ 71,617,326	$ 35,038,149	$ -	$ 36,499,807

Actuarial Methods and Assumptions

The District's total OPEB liability and the net OPEB liability were measured using an actuarial valuation as of June 30, 2017.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified herein.

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

Actuarial Methods and Assumptions	
Valuation date	June 30, 2017
Measurement date	June 30, 2017
Inflation	2.75%
Salary increases	2.75%
Investment rate of return	6%
Healthcare trend rate	4%

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of the Plan's investment policy) are shown herein.

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

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

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

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

NOTE 10: POST EMPLOYMENT HEALTHCARE BENEFITS

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

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	$ 99,041,524	$ 65,693,627	$ 33,347,897
Changes for the year:			
Service cost	4,772,670		4,772,670
Interest	5,885,743		5,885,743
Employer contributions		6,533,048	(6,533,048)
Net investment income		6,030,540	(6,030,540)
Benefit payments	(6,533,048)	(6,533,048)	-
Administrative expenses		(106,841)	106,841
Net changes	4,125,365	5,923,699	(1,798,334)
Balances at June 30, 2017	$ 103,166,889	$ 71,617,326	$ 31,549,563

The District's net OPEB liability calculated using the discount rate of 6.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate is shown herein.

Discount rate	Net OPEB Liability
1% decrease (5.0%)	$ 40,611,844
Current discount rate (6.0%)	31,549,563
1% increase (7.0%)	23,688,277

The District's net OPEB liability calculated using the current healthcare cost trend rate of 6.5 percent decreasing to 4.0 percent, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.0 percent) than the current rate is shown herein.

Healthcare trend rate	Net OPEB Liability
1% decrease (3.0%)	$ 27,103,734
Current healthcare trend rate (4.0%)	31,549,563
1% increase (5.0%)	36,325,161

OPEB expense

OPEB expense for the year ended June 30, 2017 was $4,734,714.

NOTE 11: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2017, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans as shown herein.

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	$ 114,042,210	$ 23,966,331	$ 5,950,659	$ 11,535,645
CalPERS - Schools Pool Plan	97,624,556	27,883,744	6,457,959	10,610,309
Total	$ 211,666,766	$ 51,850,075	$ 12,408,618	$ 22,145,954

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

Entity:	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
Governmental Fund	$ 209,753,325	$ 51,303,554	$ 12,282,042	$ 21,937,992
Fiduciary Fund	1,913,441	546,521	126,576	207,962
Total	$ 211,666,766	$ 51,850,075	$ 12,408,618	$ 22,145,954

The details of each plan are as included herein.

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

NOTE 11: EMPLOYEE RETIREMENT PLANS

Benefits Provided

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

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

The STRP provisions and benefits in effect at June 30, 2017, are summarized as shown herein.

Provisions and Benefits	CalSTRS-STRP Defined Benefit Program and Supplement Program	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	9.21%
Required employer contribution rate	12.58%	12.58%
Required state contribution rate	8.828%	8.828%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2017 are presented above and the total District contributions were $9,698,103.

NOTE 11: EMPLOYEE RETIREMENT PLANS

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 shown herein.

Proportionate Share of Net Pension Liability	Balance June 30, 2017
District proportionate share of net pension liability	$ 114,042,210
State's proportionate share of the net pension liability associated with the District	64,931,754
Total	$ 178,973,964

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 school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.1410%.

For the year ended June 30, 2017, the District recognized pension expense of $11,535,645 and revenue of $6,276,338 for support provided by the state. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown herein.

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,698,103	$
Difference between expected and actual experience		2,781,930
Difference in proportion	5,201,928	3,168,729
Net differences between projected and actual earnings on plan investments	9,066,300	
Total	$ 23,966,331	$ 5,950,659

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

NOTE 11: EMPLOYEE RETIREMENT PLANS

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2016 measurement date is 7 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 6 years.

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

Year Ending June 30,	Amortization
2018	$ 2,315,185
2019	2,315,185
2020	2,315,185
2021	2,315,185
2022	48,608
2023	(991,779)
Total	$ 8,317,569

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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the methods and assumptions shown herein, applied to all prior periods included in the measurement.

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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%

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

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

NOTE 11: EMPLOYEE RETIREMENT PLANS

re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop an expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.60%)	$ 164,132,460
Current discount rate (7.60%)	114,042,210
1% increase (8.60%)	72,440,160

NOTE 11: EMPLOYEE RETIREMENT PLANS

Plan Fiduciary Net Position

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

California Public Employees Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized herein.

NOTE 11: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	CalPERS-Schools Pool Plan	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	13.888%	13.888%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017 are as presented above and the total District contributions were $8,536,763.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $97,624,556. The net pension liability was measured as of June 30, 2016. The total pension liability for CalPERS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015 and rolling forward the total pension liability to 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 school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.4943%.

For the year ended June 30, 2017, the District recognized pension expense of $10,610,309. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein.

NOTE 11: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,536,763	$
Difference between expected and actual experience	4,198,791	
Changes of assumptions		2,933,036
Difference in proportion		3,524,923
Net differences between projected and actual earnings on plan investments	15,148,190	
Total	$ 27,883,744	$ 6,457,959

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2016 measurement date is 3.9 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.9 years.

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

Year Ending June 30,	Amortization
2018	$ 615,766
2019	1,670,591
2020	6,649,122
2021	3,953,543
Total	$ 12,889,022

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the methods and assumptions shown herein, applied to all prior periods included in the measurement.

NOTE 11: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.65%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School

NOTE 11: EMPLOYEE RETIREMENT PLANS

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

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 145,656,381
Current discount rate (7.65%)	97,624,556
1% increase (8.65%)	57,628,609

Plan Fiduciary Net Position

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

Public Agency Retirement System (PARS)

Plan Description

The Public Agency Retirement System (PARS) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the PARS Board of Trustees.

Funding Policy

Contributions of 7.5% of covered compensation of eligible employees are made by the employer and employee. Total contributions, employer and employee combined, were made in the amount of $745,386 during the fiscal year. The total amount of covered compensation was $12,166,745 Total contributions made are 100% of the amount of contributions required for fiscal year 2015-16.

NOTE 12: INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through

NOTE 12: INTERFUND TRANSACTIONS

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

NOTE 13: INTERNAL SERVICE FUNDS

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

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

At June 30, 2017, the District accrued the claims liability in accordance with GASB standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The present value of the liability, estimated at $3,287,265, is included in accrued liabilities.

Changes in the reported liability are shown herein.

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	$ 466,931	$ (70,164)	$ 61,373	$ 335,394
Health and Other Benefits	2,798,550	22,861,514	22,708,193	2,951,871
Total	$ 3,265,481	$ 22,791,350	$ 22,769,566	$ 3,287,265

NOTE 14: JOINT POWERS AGREEMENTS

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

NOTE 14: JOINT POWERS AGREEMENTS

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

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

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

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

Each of the above JPAs is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA, including selection of management and approval of members, independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Each JPA maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

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

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

NOTE 14: JOINT POWERS AGREEMENTS

JPA Condensed Financial Information	PIPS 6/30/2017 (Audited)	SAFER 6/30/2016 (Audited)	CSAC 6/30/2016 (Audited)	SWACC 6/30/2016 (Audited)
Total assets	$ 129,260,118	$ 23,297,652	$ 741,987,349	$ 53,650,572
Total liabilities	111,815,654	21,155,886	604,314,732	25,243,178
Fund balance	$ 17,444,464	$ 2,141,766	$ 137,672,617	$ 28,407,394
Total revenues	301,089,852	56,004,631	787,536,407	18,776,551
Total expenditures	296,996,362	55,390,780	762,270,435	20,885,850
Net increase/(decrease) in Fund Balance	$ 4,093,490	$ 613,851	$ 25,265,972	$ (2,109,299)

NOTE 15: FUNCTIONAL EXPENSE

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

Functional Expense	Salaries	Employee Benefits	Supplies, materials, and other operating expenses and services	Financial Aid	Depreciation	Total
Instructional activities	$ 66,896,199	$ 30,431,839	$ 5,017,673	$	$	$ 102,345,711
Academic support	17,424,562	7,926,631	3,698,398			29,049,591
Student services	22,798,362	10,371,234	4,449,008			37,618,604
Operation and maintenance of plant	6,667,852	3,033,282	5,135,807			14,836,941
Instructional support services	24,945,477	11,347,981	19,805,003			56,098,461
Community services and economic development	348,212	158,406	13,336			519,954
Ancillary services and auxiliary operations	14,274,718	5,561,212	5,085,958			24,921,888
Physical property and related acquisitions	926,761	422,302	1,644,123			2,993,186
Transfers, student aid and other outgo				56,592,053		56,592,053
Depreciation expense					21,745,349	21,745,349
Total	$ 154,282,143	$ 69,252,887	$ 44,849,306	$ 56,592,053	$ 21,745,349	$ 346,721,738

NOTE 16: CUMULATIVE EFFECT OF ACCOUNTING CHANGES

The beginning net position of the basic financial statements has been restated by a reduction of $51,801,643 to recognize the beginning balance of the OPEB liability of $33,347,897 and removal of the June 30, 2016 OPEB asset of $18,453,746 resulting from the implementation of GASB Statements No. 74 and No. 75 (See Note 10).

NOTE 17: COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 17: COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Purchase Commitments

As of June 30, 2017, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $74,800,000. Projects will be funded through bond proceeds, state funds and general funds.

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

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

Statement No. 81 – *Irrevocable Split-Interest Agreements*

This statement establishes guidance in order to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The statement is effective for the fiscal year 2017-18.

Statement No. 83 – *Certain Asset Retirement Obligations*

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

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

Statement No. 85 – *Omnibus 2017*

The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB statements. Specific topics addressed in this statement are related to blended component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). The statement is effective for the fiscal year 2017-18.

Statement No. 86 – *Certain Debt Extinguishment Issues*

The objective of the statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial report for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is in-substance defeased. The statement is effective for the fiscal year 2017-18.

Statement No. 87 – *Leases*

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

REQUIRED SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30, 2017

Total OPEB Liability	2017
Service Cost	$ 4,772,670
Interest	5,885,743
Benefit Payments	(6,533,048)
Net Change in Total OPEB Liability	4,125,365
Total OPEB Liability - beginning	99,041,524
Total OPEB Liability - ending (a)	$ 103,166,889

Plan Fiduciary Net Position	2017
Contributions - Employer	$ 6,533,048
Net Investment Income	6,030,540
Benefit Payments	(6,533,048)
Administrative Expense	(106,841)
Net Change in Plan Fiduciary Net Position	5,923,699
Plan Fiduciary Net Position - beginning	65,693,627
Plan Fiduciary Net Position - ending (b)	$ 71,617,326
Net OPEB Liability - ending (a) - (b)	$ 31,549,563
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.42%
Covered payroll	$ 110,477,993
Net OPEB liability as a percentage of covered payroll	28.56%

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

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30, 2017

Total OPEB Liability	2017
Service Cost	$ 4,772,670
Interest	5,885,743
Benefit Payments	(6,533,048)
Net Change in Total OPEB Liability	4,125,365
Total OPEB Liability - beginning	99,041,524
Total OPEB Liability - ending (a)	$ 103,166,889

Plan Fiduciary Net Position	2017
Contributions - Employer	$ 6,533,048
Net Investment Income	6,030,540
Benefit Payments	(6,533,048)
Administrative Expense	(106,841)
Net Change in Plan Fiduciary Net Position	5,923,699
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Plan Fiduciary Net Position - ending (b)	$ 71,617,326
Net OPEB Liability - ending (a) - (b)	$ 31,549,563
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.42%
Covered payroll	$ 110,477,993
Net OPEB liability as a percentage of covered payroll	28.56%

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

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYEMENT HEALTHCARE BENEFITS EMPLOYER CONTRIBUTION
For the Fiscal Year Ended June 30, 2017

OPEB Contributions	2017
Actuarially Determined Contribution (ADC)	$ 4,594,742
Contributions in relation to the ADC	6,390,000
Contribution deficiency (excess)	$ (1,795,258)
District's covered payroll	$ 110,477,993
Contributions as a percentage of covered payroll	5.78%

See the accompanying notes to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
For the Fiscal Year Ended June 30, 2017

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

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

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2017

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

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

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

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

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS – STRP AND CALPERS
For the Fiscal Year Ended June 30, 2017

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

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017
Contractually required contribution	$ 6,678,600	$ 7,075,135	$ 8,536,763
Contributions in relation to the contractually required contribution	6,678,600	7,075,135	8,536,763
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 56,700,000	$ 59,700,000	$ 60,300,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Benefit changes – None

Changes of Assumptions - The discount rate and expected rate of return on assets was changed from 7.0% to 6.0% and the initial healthcare trend rate changed from 6.0% to 6.5%

Schedule of Postemployment Healthcare Benefits Employer Contributions

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

Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increases	3%
Investment Rate of Return	6.0%
Health Care Trend Rate	6.5% decreasing to 4.0% in 2023

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

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

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Schedules of District Contributions – STRP and CalPERS

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

SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2017

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

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2017 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Mr. David A. Grant	President	2018
Ms. Mary L. Hornbuckle	Vice President	2020
Dr. Lorraine Prinsky	Clerk of the Board	2020
Mr. Jerry Patterson	Trustee	2020
Mr. Jim Moreno	Trustee	2018
Mr. Javier Venegas	Student Trustee	2016-2017

DISTRICT ADMINISTRATORS

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

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Education			
Direct:			
Student Financial Aid Cluster:			
Federal Work Study	84.033	(1)	$ 489,748
Pell Grant	84.063	(1)	39,236,008
Financial Aid Administrative Allowance	84.063	(1)	186,597
Supplemental Education Opportunity Grant	84.007	(1)	993,164
Federal Direct Student Loans	84.268	(1)	8,679,679
Subtotal: Student Financial Aid Cluster			49,585,196
Title III - Access 2 Success	84.031A	(1)	381,034
New Asian American Pacific Islander Generation Initiative	84.031L	(1)	294,370
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	5,592
Subtotal: Direct Programs			680,996
Pass-Through Program From California Community Colleges Chancellor's Office:			
Career and Technical Education (CTE):			
CTE Title I, Part C - Carl D. Perkins	84.048A	(1)	1,335,842
CTE Transitions	84.048A	(1)	115,951
Subtotal: CTE			1,451,793
Pass-Through Program From California Department of Education:			
English Literacy and Civic Education	84.002A	(1)	21,861
Adult Education and Family Literacy Act - ESL - 231 Grant	84.002A	(1)	61,056
Subtotal: Passed-Through Programs			82,917
Total: United States Department of Education			51,800,902
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Care Food Program	10.558	(1)	65,997
Total: United States Department of Agriculture			65,997
United States Department of Health and Human Services			
Pass-Through Program From California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	136,608
Pass-Through Program From California Department of Education:			
Child Care and Development Block Grant	93.575	15136	92,478
Pass-Through Program From Yosemite Community College District:			
Child Development Training Consortium	93.575	(1)	17,353
Subtotal: Passed-Through Programs			246,439
Total: United States Department of Health and Human Services			246,439

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Defense			
Direct:			
CAE-2Y Pilot Grant Program - CAE Development of CAE Regional Resource Centers (CRRCs)	12.902		69,961
Passed-Through From Whatcom Community College:			
CyberWatch West	47.076	DUE-1361636	31,645
CyberWatch West: Securing Cyber West	47.076	DUE-1500375	4,000
Subtotal: Passed-Through Programs			35,645
Total: United States Department of Health and Human Services			105,606
United States Department of Interior			
Pass-Through Program From Department of Parks and Recreation:			
Aquatic Center	15.622	68106	15,334
Total: United States Department of Interior			15,334
Total Federal Programs			$ 52,234,278
Student Financial Aid Loan Programs:			
Loan Outstanding			
Perkins Loan Program, loan balance outstanding as of 06/30/17	84.038	(1)	$ 1,064,786

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

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
For the Fiscal Year Ended June 30, 2017

	Program Revenues						
Program Name	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	Total Program Expenditures
State Categorical Aid Programs:							
Adult Block Grant	$ 1,516,630	$ 1,856,003	$	$ 2,572,304	$	$ 800,329	$ 800,329
Board Financial Assistance Admin Allowance	1,497,607					1,497,607	1,497,607
Basic Skills (S.F.A.A)	451,731	406,447		400,452		457,726	457,726
Cal Grant	3,866,664					3,866,664	3,866,664
Cooperating Agencies Foster Youth Education Support	475,010					475,010	475,010
Disabled Student Programs & Service (DSPS)	3,215,624					3,215,624	3,215,624
Economic Opportunity (EOPS)	3,237,764					3,237,764	3,237,764
EOPS-Coop Agency Resource Education (CARE)	260,939				17	260,922	260,922
CalWORKs	707,444				5,195	702,249	702,249
Career Technical Education Enhancement	257,772					257,772	257,772
Career Technical Education Pathways Initiative	40,000		981,730			1,021,730	1,021,730
Instructional Equipment and Library Materials	4,026,431	99		447,821		3,578,709	3,578,709
Full-time Student Success Grant	1,012,485	212,671				1,225,156	1,225,156
Nursing Education	89,240					89,240	89,240
Schedule of Maintenance	1,857,331	2,626,542		1,612,994		2,870,879	2,870,879
State Capital Outlay (Prop 39 Clean Energy)	1,192,413					1,192,413	1,192,413
State Hospitals (Fairview Handicapped)	632,817					632,817	632,817
Strong Workforce Program	2,414,498			1,903,862		510,636	510,636
Student Equity Program	3,351,737	2,163,419		1,855,834		3,659,322	3,659,322
Student Success and Support Program (SSSP) Credit	7,096,167	2,359,193		1,961,392	194,225	7,299,743	7,299,743
SSSP-Noncredit	102,173	52,013			44,155	110,031	110,031
Total State Categorical Aid Programs	$ 37,302,477	$ 9,676,387	$ 981,730	$ 10,754,659	$ 243,592	$ 36,962,343	$ 36,962,343

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
For the Fiscal Year Ended June 30, 2017

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2015 only)			
1. Noncredit[1]	14.56		14.56
2. Credit[1]	2,241.58		2,241.58
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit[1]	-		-
2. Credit[1]	6.56		6.56
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,813.68		19,813.68
(b) Daily Census Contact Hours	1,040.94		1,040.94
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	294.71		294.71
(b) Credit[1]	1,099.99		1,099.99
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,127.50		4,127.50
(b) Daily Census Contact Hours	1,652.81		1,652.81
(c) Noncredit Independent Study/Distance Education Courses			-
D. Total FTES	30,292.33	-	30,292.33
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	11.37		11.37
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	195.55		195.55
(b) Credit[1]	2,366.80		2,366.80
CCFS 320 Addendum			
CDCP Noncredit FTES	-		-
Centers FTES			
(a) Noncredit[1]	-		-
(b) Credit[1]	-		-

1 Including Career Development and College Preparation (CDCP) FTES

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

The audit resulted in no adjustments to the fund balances reported on the June 30, 2017 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2017 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

General Fund Balance		$ 40,892,865
Bond Interest and Redemption Fund Balance		63,432,697
Capital Outlay Fund Balance		30,551,535
Measure M - Bond Construction Funds Balance		364,343,373
Self-Insurance Fund Balance	103,534,115	
Amount reported as OPEB Plan Fund Balance	(71,617,326)	
Incurred but not reported liability	(3,287,265)	
Self-Insurance Fund Balance - Revised		28,629,524
All Other Funds		15,470,285
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)		$ 543,320,279

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 543,320,279
Notes receivable is recognized in the statement of net position. The repayment of notes receivable is reported as revenue in the governmental funds, but the repayment reduces the notes receivable in the statement of net position.	12,937,500
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of $5,411,250 is already recorded in other governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	506,706,012
Deferred charges on refunding debt are recorded as deferred outflows and are amortized over the life of the refunded debt.	26,623,438
Deferred outflows of resources - pensions are for contributions made during the fiscal year that are removed from expenses and differences between estimated and actual results. The contributions will be recognized as a reduction of the net pension liability in the subsequent year and the differences will be amortized.	51,303,554
Capital lease are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. The liability is added to the statement of net position which reduces the total net assets reported.	(91,481)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of compensated absences of $741,457 is already recorded in the General Fund.	(6,043,567)
Long-term liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(923,815,723)
The liability of employers contributing for other post employment retirement plans in excess of annual required contributions is reported as a liability in the governmental funds.	(31,549,563)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(209,753,325)
Deferred inflows of resources - pensions represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources – pensions, results from various differences between estimated and actual results. These amounts are deferred and amortized.	(12,282,042)
Interest expense related to bonds incurred through June 30, 2017 is accrued as a current lability on the statement of net position which reduces the total net assets reported.	(5,143,672)
Total net position	$ (47,788,590)

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2017

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	36,616,325		36,616,325	36,616,325		36,616,325
Instructional Salaries - Other	1300	28,417,701		28,417,701	28,417,701		28,417,701
Total Instructional Salaries		65,034,026	-	65,034,026	65,034,026	-	65,034,026
Non-Instructional Salaries - Contract or Regular	1200			-	14,535,314		14,535,314
Non-Instructional Salaries - Other	1400			-	2,125,146		2,125,146
Total Non-Instructional Salaries		-	-	-	16,660,460	-	16,660,460
Total Academic Salaries		65,034,026	-	65,034,026	81,694,486	-	81,694,486
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100			-	33,220,007		33,220,007
Non-Instructional Salaries - Other	2300			-	2,952,687		2,952,687
Total Non-Instructional Salaries		-	-	-	36,172,694	-	36,172,694
Instructional Aides - Regular Status	2200	2,973,615		2,973,615	2,973,615		2,973,615
Instructional Aides - Other	2400	1,436,277		1,436,277	1,436,277		1,436,277
Total Instructional Aides		4,409,892	-	4,409,892	4,409,892		4,409,892
Total Classified Salaries		4,409,892	-	4,409,892	40,582,586	-	40,582,586
Employee Benefits	3000	26,661,617		26,661,617	54,457,554		54,457,554
Supplies and Materials	4000			-	1,946,716		1,946,716
Other Operating Expenses	5000			-	16,604,469		16,604,469
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		96,105,535	-	96,105,535	195,285,811	-	195,285,811
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900	5,265,729		5,265,729	5,265,729		5,265,729
Student Health Services Above Amount Collected	6441			-	77,645		77,645
Student Transportation	6491			-	380,797		380,797
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-	6,933,564		6,933,564
Objects to Exclude							
Rents and Leases	5060			-	1,425,607		1,425,607
Lottery Expenditures							
Academic Salaries	1000			-	3,400,213		3,400,213
Classified Salaries	2000			-			-
Employee Benefits	3000			-	966,998		966,998
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Other Operating Expenses and Services	5000			-	729,175		729,175
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Other Outgo	7000			-			-
Total Exclusions		5,265,729	-	5,265,729	19,179,728	-	19,179,728
Total for ECS 84362, 50% Law		90,839,806	-	90,839,806	176,106,083	-	176,106,083
Percent of CEE (Instructional Salary Cost/Total CEE)		51.58%	0%	51.58%	100%	0%	100%
50% of Current Expense of Education					88,053,042	-	88,053,042

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

PROPOSITION 55 EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
For the Fiscal Year Ended June 30, 2017

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 24,178,261
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 24,178,261	$ -	$ -	$ 24,178,261
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 24,178,261	$ -	$ -	24,178,261
Revenue less Expenditures					
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30, 2017

	2018 (Budgeted)	2017	2016	2015
Total revenues	$ 260,316,071	$ 250,569,791	$ 256,368,317	$ 213,701,133
Total expenditures	261,066,071	258,999,882	244,389,882	214,928,037
Total other sources	750,000	1,050,000	771,906	687,768
Change in fund balance	-	(7,380,091)	12,750,341	(539,136)
Ending fund balance	$ 40,892,865	$ 40,892,865	$ 48,272,956	$ 35,522,615
Available reserve	$ 31,141,380	$ 27,305,716	$ 45,753,622	$ 32,464,301
Available reserve %	11.93%	10.54%	18.72%	15.10%
Full-time equivalent students	32,623	30,292	32,624	30,924
Total long term debt	$ 922,348,526	$ 934,302,228	$ 593,219,634	$ 595,352,888

IMPORTANT NOTES:

Available reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the General Fund. The 2018 budget reserve balance was estimated using the budgeted contingency reserve balances less other 2017 amounts reserved.

The 2017 budget is the Plan and Budget adopted by the Board of Trustees on September 6, 2017.

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

Long-term debt is reported for the District as a whole and includes debt related to all funds, excluding the net pension liability.

2015 amounts for state revenues and employee benefits have not been revised to include amounts for on-behalf payments.

See the accompanying notes to the supplementary information.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Schedule of State Financial Assistance - Grants

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

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the June 30, 2017 Annual Financial and Budget Report (Form CCFS-311). This schedule shows a reconciliation between the governmental fund balances on the June 30, 2017 CCFS-311, based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting shown.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

NOTE 1: PURPOSE OF SCHEDULES

Reconciliation of 50 Percent Law Calculation

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

Proposition 55 Education Protection Account Expenditure Report

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

Schedule of General Fund Financial Trends and Analysis

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

OTHER INDEPENDENT AUDITOR’S REPORT

CliftonLarsonAllen LLP
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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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Coast Community College District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

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

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

INDEPENDENT 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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, as described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness, finding 2017-001, and another deficiency that we consider to be a significant deficiency, finding 2017-002.

Compliance and Other Matters

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

District's Response to the Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited Coast Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

We have audited the Coast Community College District's (the District) compliance with the types of compliance requirements described in the *2016-17 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2017. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

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

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2016-17 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

Section	Description	Procedures Performed
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Instructional Service Agreements/Contracts	Not applicable
424	State General Apportionment Funding System	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment of K-12 Students in Community College Credit Courses	Yes
428	Student Equity	Yes
429	Student Success and Support Program (SSSP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
440	Intersession Extension Program	Not applicable
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Yes
490	Proposition 1D State Bond Funded Projects	Not applicable
491	Proposition 55 Education Protection Account Funds	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2017.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-17 Contracted District Audit Manual*, published by the California Community College Chancellor's Office. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 30, 2017

FINDINGS AND QUESTIONED COSTS

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	X *Yes*	____ *No*
Significant deficiency(ies) identified?	X *Yes*	____ *None Reported*
Noncompliance material to financial statements noted?	____ *Yes*	X *No*

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified?	____ *Yes*	X *No*
Significant deficiency(ies) identified?	____ *Yes*	X *None Reported*

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ *Yes* X *No*

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, and 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: $1,567,028

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS June 30, 2017

NOTE: Each of the findings and recommendations below include details about the criteria or specific requirements, the condition, the effect and the cause. Questioned costs, if applicable are listed separately. The district response that follows the finding is the District's corrective action plan.

2017-001 RECONCILIATION AND CLOSING PROCEDURES

Original Finding: 2014-001

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

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

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

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

a) Documentation supporting the reconciliation of bank balance to the account balance in the general ledger.
b) Monthly account reconciliations completed and reviewed by specified due dates and a

2017-001 RECONCILIATION AND CLOSING PROCEDURES

review of the unidentified differences and posting the necessary adjustments timely.

c) Procedures established to reconcile auxiliary charges to District Fund 81 balances. In addition, we will implement procedures and timelines to ensure all audit adjusting entries are posted when required.
d) Year-end accruals in pre-paid and accounts payable accounts will be reviewed and corrected as appropriate.
e) The monthly close process will be reviewed periodically to identify improvements that help ensure quality, accuracy and completeness of the reconciliations.

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

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

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

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

- Personnel files do not always include the most current authorizations such as the PAF, ePAF, or the PAR for pay rates. These authorizations exist, but are not maintained in a central location. When a PAF or a PAR was not available for audit review, the assumption is the employees may have an ePAF; however, documentation was not easily accessible by the human resources department. Requesting the ePAF from payroll, requires the transaction number which is not easily obtained. Also, if no ePAF is on file, and the employee has a Faculty Load and Compensation (FLAC) approval, the payroll

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

department maintains custody of the supporting documentation

Recommendation:

- To strengthen internal controls, have individual(s) or a department outside the payroll function, such as the human resources department enter all new employees and pay rate changes. The payroll department should not have access to this function within the payroll system. Review, and documentation of the review, strengthen internal controls by ensuring changes made to an employee's record and personnel file are proper and correct.

- Document the payroll department's current cross audit and review functions within the department and maintain evidence that the review was completed.

- Establish a process to ensure the history and authorization of each employees' pay rate changes are documented and retained. The process established should result in a timely response to requests for supporting documentation.

District Response: The District is in the process of implementing the electronic personnel action form (ePAF) by February 2018, which will automatically apply the pay rates after the ePAF has been fully approved by all respective departments within its workflow process. Since the system will be automatically applying the pay rates, and the payroll department will not be part of the workflow approval process of an ePAF, this business process will effectively segregate the duties as Human Resources will be entering the pay rates into the system for an ePAF.

The review and cross audit of payroll functions will be properly documented with dates and signatures of the reviewer. In addition to compensating internal controls, Payroll will engage the Fiscal department to perform sampling audits for payroll completeness, accuracy and existence. The District will be able to run ePAF reports at any given time to see a historical audit approval trail as well as any relevant changes to an employee's pay.

The official personnel file for all employees is maintained and housed securely in the District Human Resources Office. With the implementation of ePAF in February 2018, Human Resources will create and annually print a report of all current fiscal year authorizations for each faculty member with assignment and pay rate, and place this report in each personnel file. With regard to Load, Human Resources will create a load report for each faculty member, and include printed reports in the personnel file.

COAST COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2017**

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS June 30, 2017

There were no findings and questioned costs related to state awards for the year ended June 30, 2017.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2017

2016-001 Reconciliation and Closing Procedures

Original Finding: 2014-001

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

- The District Office has 23 bank accounts of which nine accounts reconciled to the general ledger, ten accounts have no bank reconciliation reports, and four bank reconciliations with reports did not reconcile to the general ledger
- Prepaid expenditures in the Self-insurance fund related to 2014-15 activity that should be recorded as expense during the closing process
- No reconciled detail listing for account object 9510, accounts payable for the year end
- Journal entries of $705,378 were recorded and later reversed which caused the beginning balance to not reconcile to either the 2013-14 or 2014-15 ending fund balance
- No reconciliation process between the campuses' auxiliary funds and the District's Fund 81, which is the control fund for the campuses

Recommendation: Establish a system of consistent monthly reconciliations and closing procedures. In addition, in order to provide more accurate financial statements, we strongly recommend the District establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end only, and performing more frequent reviews of the general ledger throughout the year.

District Response: The District will establish a system of monthly reconciliations and closing procedures. These monthly reconciliations will consist of the following:

a) Documentation supporting the reconciliation of bank balance to the account balance in the general ledger.

b) Account reconciliations will be completed and reviewed in a timely manner by creating due dates for reconciliations, and a review of the unidentified differences and posting the necessary adjustments timely.

c) The account reconciliation process will be reviewed quarterly to identify improvements that help ensure quality, accuracy and completeness of the reconciliations.

d) Year-end accruals in pre-paid and accounts payable accounts will be reviewed and

2016-001 **Reconciliation and Closing Procedures**

corrected as appropriate.

e) We will establish procedures to reconcile auxiliary charges to District Fund 81 balances. In addition, we will establish procedures and timelines to ensure all audit adjusting entries are posted when required.

Status: See current year finding 2017-001. The following items from the prior year have been implemented:

- Prepaid expenditures in the Self-insurance fund related to 2014-15 activity that should be recorded as expense during the closing process
- A detail listing for account object 9510, accounts payable that is reconciled at year end
- Journal entries of $705,378 were recorded and later reversed which caused the beginning balance to not reconcile to either the 2013-14 or 2014-15 ending fund balance.

2016-002 **Return to Title IV**

Federal Program: Student Financial Aid Cluster (84.038, 84.063, and 84.268)
CFDA Number:
Federal Award Number & Year: P268K163665, P268K161161, P268K163665, P063P153665, P063P151139, P063P151161, 2015-2016
Name of Federal Agency: U.S. Department of Education
Name of the Pass-through Agency: Not applicable
Campus: Coastline College (CCC), Golden West College (GWC), and Orange Coast College (OCC)

Criteria: According to 34 CFR 668.22(1)(3)(i), "For a student who provides notification to the institution of his or her withdrawal, the student's withdrawal date as determined under paragraph (c) […the date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw] … or the date of notification of withdrawal".

According to 34 CFR 668.22(j)(1), an institution must return the amount of title IV funds for which it is responsible under paragraph (g) as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in (l)(3).

Condition: From a sample of Return to Title IV (R2T4) students selected for file testing, we verified the R2T4 calculation including the determination and return to the U.S. Department of Education's Grant Management System (G5). A total of 47 students, 13 at CCC, 15 at GWC, and 19 at OCC, were selected for R2T4 testing which includes recalculation, timing of determination,

2016-002 Return to Title IV

and verification of the funding was returned through G5.

- From the total, the determination period was not met for 28 students; the student notified campus that he/she was withdrawing and R2T4 calculation was not done at the time per regulation. Of the 28 students noted, eight were at CCC, 10 were at GWC, and 10 were at OCC.
- From the total, three students did not have R2T4 returned within 45 days. One student is from GWC and two were from OCC.

Context: A total of 47 students, 13 at Coastline Campus (CCC), 15 at Golden West Campus (GWC), and 19 at Orange Coast Campus (OCC), were selected for R2T4 testing. From the total, 28 students did not meet the determination period (eight at CCC, 10 at GWC, and 10 at OCC). From the students selected for testing, 24 students' R2T4 calculated for no funds to be returned. There were four students' R2T4 funds that were not returned by the timeframe, two from GWC and two from OCC.

Effect: Not in compliance with 34 CFR 668.22(l)(3)(i) and 34 CFR 668.22(j)(1)
Cause: Unknown

Total Program Expenditures: $54,775,981

Questioned Costs and Units: Not applicable

Recommendation: Implement procedures to ensure the timeframes indicated by 34 CFR 668.22(1)(3)(i) and 34 CFR 668.22(j)(1).

Corrective Action Plan: All 2015-16 Return to Title IV calculations were completed and all applicable funds were returned to the U.S. Department of Education's Grant Management System (G5) by all three colleges in the District.

As a result of the external auditor visits in April and August 2016, the Return to Title IV (R2T4) procedures have been revised to ensure that the Colleges meet all required timelines and calculations.

The Condition/Context of the audit finding report dated June 30, 2016, 2016-002 indicated that from the total of 47 students selected for file testing, 28 students notified the campus that he/she was withdrawing and R2T4 calculation were not done at the time per regulation 34 CFR 668.22(1)(3)(i). Of the 28 students noted, eight were from CCC, 10 were at GWC, and 10 were at OCC.

In fall 2015, staff was processing a large percentage of students "dropping" all units as official withdrawals and others were seeking a Last Day of Attendance (LDA) from faculty. By the time

2016-002 Return to Title IV

spring 2016 started, further clarification and training was provided to staff on how to process R2T4 official and unofficial withdrawals and understanding the difference between the two types of withdrawals and related difference in R2T4 processing rules.

Although the colleges have an official withdrawal process, rarely does a student utilize this option to inform the college that she/he is withdrawing for the term. When looking at the total file testing sample, not one student officially withdrew from either college. Outside the sample testing, Orange Coast College (OCC) had only one student notify the college of the withdrawal by submitting the official withdrawal form. Coastline Community College (CCC) had two students notify the college of their withdrawal submitting the official withdrawal form and Golden West College (GWC) had none.

The Colleges have implemented the following R2T4 procedures for official and unofficial withdrawals as institutions not required to take attendance (except for students in online courses which are treated differently).
The Colleges refer to the federal handbook for all federal regulations pertaining to Return to Title IV at http://ifap.ed.gov/fsahandbook/attachments/1617FSAHbkVol5Master.pdf

The Financial Aid Office is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, dismissed, or take an unapproved leave of absence prior to completing 60% of the payment period or term.

If a student leaves the institution prior to completing 60% of the payment period, the Financial Aid Office recalculates eligibility for Title IV funds. Recalculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:

a. Percentage of payment period or term completed = the number of days completed up to the withdrawal date divided by the total days in the payment period or term. (Any break of five days or more is not counted as part of the days in the term.) This percentage is also the percentage of earned aid.
b. Funds are returned to the appropriate federal program based on the percentage of unearned aid using the following formula:
    i. Aid to be returned = (100% of the aid that could be disbursed minus the percentage of earned aid) multiplied by the total amount of aid that could have been disbursed during the payment period or term.
    ii. If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student may be required to return a portion of the funds. Keep in mind that when Title IV funds are returned, the student borrower may owe a debit balance to the institution.
    iii. If a student earned more aid than was disbursed to him/her, the institution would owe the student a post-withdrawal disbursement, which must be paid within 120 days of the student's withdrawal.

2016-002 **Return to Title IV**

Types of Withdrawals

- Official Withdrawal - a student begins the official withdrawal process or provides official notification to the college of his or her intent to withdraw. The date of the institution's determination that the student withdrew would be the date the student began the official withdrawal process or the date of the student's notification, whichever is later.
- Unofficial Withdrawals - Encompasses all other withdrawals where official notification is not provided to the college.

The colleges have now in place revised R2T4 procedures to ensure the correct calculation and determination of R2T4 and timely return of applicable funds. These procedures are described in the R2T4 Procedure Manual.

Status: Implemented.

2016-003 **SFA Finding related to Common Origination of Disbursement (COD)**

CFDA Title and Number: Student Financial Aid Cluster (84.038, 84.063, and 84.268)
Federal Award Number and Year: P268K163665, P268K161161, P268K163665, P063P153665, P063P151139, P063P151161, 2015-2016
Name of Federal Agency: U.S. Department of Education
Name of the Pass-through Agency: Not applicable
Campus: Coastline College (CCC), Golden West College (GWC), and Orange Coast College (OCC)

Criteria: According to 34 CFR 668.164(a), "the disbursement date is the date that a school credits a student's account at the school or pays a student or parent borrower directly with Title IV funds received from the U.S. Department of Education (the Department) or with institutional funds in advance of receiving Title IV program funds. This is the date that a school must report to the COD [Common Origination and Disbursement] System as the actual disbursement date for a Direct Loan, as distinguished from the anticipated disbursement date".

Condition: File testing at OCC was based on a sample size of 29 students; noted that 22 students' COD disbursement dates did not match the students' actual disbursement dates. Each student had more than one disbursement reported on COD. For the 22 errors noted, 12 students had incorrect COD disbursement dates for all disbursement received and the remaining 10 students had one disbursement date that did not correspond.

At the other two campuses, GWC and CCC, we noted no issues during the initial file testing; noted that these campuses corrected the file before testing was performed, which aligns to the

2016-003 SFA Finding related to Common Origination of Disbursement (COD)

guidance that it is acceptable to revise the dates in the COD system when errors are found. An additional 25 students were selected per campus and issues related to incorrect dates were noted. At both campuses, all students' in the additional sample had COD disbursement dates that did not match the actual date disbursements were received.

Context: At OCC, 22 out of the original 29 students tested had COD disbursement dates that did not match the actual date disbursements were received. For both GWC and CCC, the additional 25 students tested, all contained errors between the COD disbursement date and the actual disbursement date.

Effect: Not in compliance with 34 CFR 668.164(a).

Cause: There was an initial misunderstanding of the date to use. Within the Banner system, the federal awards are directly applied to the student's outstanding balance; therefore, the COD disbursement date should reflect the Banner system date.

Total Program Expenditures: $54,775,981
Questioned Costs and Units: Not applicable

Recommendation: Implement procedures to report accurate information. For errors noted in FY15-16, perform procedures to correct and reconcile between COD and students' actual disbursements.

Corrective Action Plan: In fall 2015, the District and the colleges became aware of the discrepancies in posted disbursement dates for specific transactions of Title IV program funds between the Common Origination and Disbursement (COD) and the District's Enterprise Resource Planning System Banner student ledger. The reason for this discrepancy was an initial misunderstanding of the date to use. Within the Banner system, the federal awards are directly applied to the student's outstanding balance. The federal awards are loaded through a process that transfers information from the financial aid management system PowerFaids, which is a standalone system outside Banner, to the Banner Students Accounts Receivables module. The COD date that the staff posted in COD was the date when the student received the balance of the funds through the refund process not the date when the federal awards were posted to the student account in the Banner Students Accounts Receivables module. The COD date should have been the Banner system date when the federal awards were directly applied to the student's outstanding balance.

Once the staff understood this misunderstanding and discrepancy, staff attempted to adjust the setup in the PowerFaids financial aid management software for the 2015-16 aid year. However**,** because some 2015-16 aid year disbursements had already taken place, PowerFaids does not allow the setup to be changed. As a result, all COD dates for 2015-16 need to be adjusted

2016-003 SFA Finding related to Common Origination of Disbursement (COD)

manually.

The sample files used by the external auditors for the 2015-16 aid year reflected that some of the dates have already been aligned and some were not at the time of the review. The colleges are in the process of aligning the COD disbursements dates with the student ledger disbursement dates for the 2015-16 aid year. Due to the magnitude of the project and staffing capacity, the process of aligning the dates in COD manually will take some time.

Below is a summary of the current status for each college:

Coastline Community College – there are 3,206 students with approximately 6 disbursements each for the 2015-16 aid year that need dates in COD aligned. This represents about 19,236 dates in COD to align.

- As of November 4, 2016, approximately 2,905 students and 17,430 dates in COD remained to be aligned.

Golden West College (GWC) – there are 6,000 students with approximately 6 disbursements each for the 2015-16 aid year that need dates in COD aligned. This represents about 36,000 dates in COD to align.

- As of November 4, 2016, approximately 3,900 students and 23,400 dates in COD remain to be aligned.

Orange Coast College (OCC) – there are 8,011 students with approximately 6 disbursements each for the 2015-16 aid year that need dates in COD aligned. This represents about 48,000 dates in COD to align.

- As of November 4, 2016, approximately 7,800 students and 46,800 dates in COD remain to be aligned.

For the 2016-17 aid year, PowerFaids was set up correctly prior to any 2016-17 disbursements. The dates in COD and the Banner student ledger match for all 2016-17 disbursements.

In order to enhance the District's financial aid system, the District decided to move forward with the implementation of the Banner Financial Aid module which is integrated within the Banner Enterprise Resource Planning System. The implementation of Banner Financial Aid will remove the outside and additional current financial aid management system PowerFaids, helping the District to reconcile and work within one system to improve efficiency and accuracy. This will eliminate the need for data loads between various internal systems and from Banner to COD. This will also eliminate the timing delays, since information will be submitted from Banner to COD as the disbursement process is run in Banner. The Banner Financial Aid implementation is scheduled for January 2017 for the 2017-18 aid year.

Status: Implemented.

CONTINUING DISCLOSURE INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

2015-16 LARGEST LOCAL SECURED TAXPAYERS (UNAUDITED)
June 30, 2017

2016-17 Largest Local Secured Taxpayers (1)

	Property Owner	Primary Land Use	2016-17 Assessed Valuation	% of Total(2)
1.	The Irvine Company	Commercial	$1,471,596,770	1.22%
2.	Bella Terra Associates LLC.	Commercial	333,555,816	0.28
3.	PH Finance LLC	Commercial	286,473,762	0.24
4.	Oxy USA Inc.	Oil & Gas	268,589,374	0.22
5.	South Coast Plaza	Commercial	267,523,731	0.22
6.	PRII/MCC South Coast Property Owner LCC	Commercial	233,000,000	0.19
7.	Block 500 Newport Center Drive LCC	Commercial	203,034,528	0.17
8.	United Dominion Realty LP	Apartments	194,669,466	0.16
9.	Hyndai Motor America	Commercial	186,408,920	0.15
10.	McDonnell Douglas Corp.	Industrial	184,135,545	0.15
11.	JKS-CMFV LLC	Commercial	178,189,182	0.15
12.	Marjack LLC Irvine Company	Apartments	153,657,985	0.13
13.	Westminster Mall LLC	Commercial	133,072,884	0.11
14.	Interinsurance Exchange of the Automobile Club of America	Commercial	130,381,181	0.11
15.	UDR Newport Beach North LP	Apartments	129,962,688	0.11
16.	Casden Lakes LP	Apartments	126,946,891	0.11
17.	Balboa Bay Club Ventures LLC	Commercial	126,036,927	0.10
18.	Coronado South Apartments LP	Apartments	124,735,592	0.10
19.	SOCO Retail Fee Owner	Industrial	120,000,000	0.10
20.	ASN Long Beach LLC	Apartments	117,350,468	0.10
			$4,969,321,710	4.12%

(1) Information obtained from California Municipal Statistics, Inc.
(2) % of total assessed valuation for the fiscal year 2016-17 of $120,774,337,722

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Revenue from Federal Sources			
Higher Education Act	$ 1,430,753	$ 970,714	$ (460,039)
Temporary Assistance for Needy Families (TANF)	136,608	136,608	-
Career and Technical Education Act	1,486,656	1,451,792	(34,864)
Other Federal Revenue	995,563	607,837	(387,726)
Revenue from State Sources			
General Apportionments	37,918,563	40,107,985	2,189,422
Categorical Apportionments	45,109,050	34,487,976	(10,621,074)
Other State Revenues	16,823,645	11,280,936	(5,542,709)
Revenue from Local Sources			
Property Taxes	124,064,988	120,884,154	(3,180,834)
Interest and Investment Income	428,400	606,248	177,848
Student Fees and Charges	30,150,092	33,290,058	3,139,966
Other Local Revenue	5,197,833	7,495,483	2,297,650
Total Revenue	263,742,151	251,319,791	(12,422,360)
Expenditures			
Academic Salaries	91,521,665	89,178,225	2,343,440
Classified Salaries	63,002,837	55,988,494	7,014,343
Employee Benefits	62,805,088	62,130,350	674,738
Supplies and Materials	7,476,243	4,768,185	2,708,058
Other Operating Expenses & Services	48,587,363	23,984,095	24,603,268
Capital Outlay	9,374,941	6,925,018	2,449,923
Other Uses	3,986,778	3,394,512	592,266
Total Expenditures	286,754,915	246,368,879	40,386,036
Excess (deficiency) of revenues over expenditures	(23,012,764)	4,950,912	27,963,676
Other Financing Sources (Uses)			
Interfund Transfers In	300,000	300,000	-
Interfund Transfers Out	(441,562)	(12,631,003)	(12,189,441)
Total Other Financing Sources (Uses)	(141,562)	(12,331,003)	(12,189,441)
Excess (deficiency) of revenues over expenditures and other sources (uses)	$ (23,154,326)	(7,380,091)	$ 15,774,235
Fund Balance at Beginning of Year		48,272,956	
Fund Balance at End of Year		$ 40,892,865	

Coast Community College District
Actuarial Study of
Retiree Health Liabilities
As of June 1, 2016

Prepared by:
Total Compensation Systems, Inc.

Date: September 19, 2016

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Coast Community College District
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

Coast Community College District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 1, 2016 (the valuation date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2016. If the report will first be used for a different fiscal year, the numbers will need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under Governmental Accounting Standards Board (GASB) Standards 25/27.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Coast CCD to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Coast CCD to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 43 and 45 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 43 and 45, as appropriate, Coast CCD should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 43 and 45 compliance.

This actuarial report includes several estimates for Coast CCD's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Coast CCD in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: Certificated, Classified and Management. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- the ten year "pay-as-you-go" cost to provide these benefits.
- the "actuarial accrued liability (AAL)." (The AAL is the portion of the APVTPB attributable to employees' service prior to the valuation date.)

- the amount necessary to amortize the UAAL over a period of 20 years.

- the annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the "normal cost").

- The Annual Required Contribution (ARC) which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Normal costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning June 1, 2016 to be $8,538,728 (see Section IV.A.). The “pay-as-you-go” cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning June 1, 2016 (the normal cost) is $4,588,669. This normal cost would increase each year based on covered payroll. Had Coast CCD begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be $116,430,714. This amount is called the "actuarial accrued liability” (AAL). The remaining unamortized balance of the initial unfunded AAL (UAAL) is $46,942,260. This leaves a “residual” AAL of $69,488,454.

Coast CCD has established a GASB 43 trust for future OPEB benefits. The actuarial value of plan assets at May 31, 2016 was $64,528,877. This leaves a residual unfunded actuarial accrued liability (UAAL) of $4,959,577. We calculated the annual cost to amortize the residual unfunded actuarial accrued liability using a 6.8% discount rate. We used an open 20 year amortization period. The current year cost to amortize the residual unfunded actuarial accrued liability is $363,050.

Combining the normal cost with both the initial and residual UAAL amortization costs produces an annual required contribution (ARC) of $9,764,483. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the “pay-as-you-go” cost.

We based all of the above estimates on employees as of March, 2016. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical, dental and vision*	Medical, dental and vision*	Medical, dental and vision*
Duration of Benefits	Lifetime***	Lifetime***	Lifetime***
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%** to age 70; Beyond 70, subject to cap	100%** to age 70; Beyond 70, subject to cap	100%** to age 70; Beyond 70, subject to cap
District Cap	$4000 per year beyond 70****	$4000 per year beyond 70****	$4000 per year beyond 70****

*Medicare Part B reimbursed to age 70; beyond age 70, only Medicare Supplement benefits under the indemnity plan are provided.
**The District pays 100% of the cost in excess of a retiree contribution for the indemnity plan of ½% of the retiree's salary prior to retirement plus $500 per year for dependent coverage
***Retirees with HMO coverage are not eligible for District-paid benefits beyond age 70.
****The cap amount depends on the retirement date. The above cap reflects future retirees.

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Coast CCD should take to manage the substantial liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Coast CCD's practices, it is possible that Coast CCD is already complying with some or all of our recommendations.

- We recommend that Coast CCD inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Coast CCD should determine whether the benefit is material and subject to GASB 43 and/or 45.

- We recommend that Coast CCD conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 43/45.

- We recommend that the District communicate the magnitude of these costs to employees and include employees in discussions of options to control the costs.

- Under GASB 45, it is important to isolate the cost of retiree health benefits. Coast CCD should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – ***even on a retiree-pay-all basis*** – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Coast CCD should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.

- Coast CCD should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Coast CCD's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Coast CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Coast CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

Geoffrey L. Kischuk, FSA, MAAA, FCA
Consultant
Total Compensation Systems, Inc.
(805) 496-1700

PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be "accrued" over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in 2004 Accounting Standards 43 and 45 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees).

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an "actuarial cost method."

Under most actuarial cost methods, there are two components of actuarial cost - a "normal cost" and amortization of something called the "unfunded actuarial accrued liability." Both accounting standards and actuarial standards usually address these two components separately (though alternative terminology is sometimes used).

The normal cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. This report will not discuss differences between actuarial cost methods or their application. Instead, following is a description of a commonly used, generally accepted actuarial cost method permitted under GASB 43 and 45. This actuarial cost method is called the "entry age normal" method.

Under the entry age normal cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the normal cost. Under GASB 43 and 45, normal cost can be expressed either as a level dollar amount or a level percentage of payroll.

The normal cost is determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the normal cost.

- The ***"trend" rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the normal cost. A "cap" on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing normal costs.

- ***Mortality rates*** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce normal costs, the mortality assumption is not likely to vary from employer to employer.

- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce normal costs. Employment termination can vary considerably between public agencies.

- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits.

While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- ***Retirement rates*** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase normal costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.

- ***Participation rates*** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.

- The ***discount rate*** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets. For example, employer funds earning money market rates in the county treasury are likely to earn far less than an irrevocable trust containing a diversified asset portfolio including stocks, bonds, etc. A higher discount rate can dramatically lower normal costs. GASB 43 and 45 require the interest assumption to reflect likely *long term* investment return.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. The actuary selects the assumptions which - taken together - will yield reasonable results. It's not necessary (or even possible) to predict individual assumptions with complete accuracy.

If all actuarial assumptions are exactly met and an employer expensed the normal cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the actuarial accrued liability or AAL. The excess of AAL over the ***actuarial value of plan assets*** is called the *unfunded* actuarial accrued liability (or UAAL). Under GASB 43 and 45, in order for assets to count toward offsetting the AAL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The actuarial accrued liability (AAL) can arise in several ways. At inception of GASB 43 and 45, there is usually a substantial UAAL. Some portion of this amount can be established as the "transition obligation" subject to certain constraints. UAAL can also increase as the result of operation of a retiree health plan - e.g., as a result of plan changes or changes in actuarial assumptions. Finally, AAL can arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 43 and 45, employers have several options on how the UAAL can be amortized as follows:

- The employer can select an amortization period of 1 to 30 years. (For certain situations that result in a reduction of the AAL, the amortization period must be at least 10 years.)

- The employer may apply the same amortization period to the total combined UAAL or can apply different periods to different components of the UAAL.

- The employer may elect a “closed” or “open” amortization period.

- The employer may choose to amortize on a level dollar or level percentage of payroll method.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefits (APVPB) separately for each employee. We determined eligibility for retiree benefits based on information supplied by Coast CCD. We then selected assumptions for the factors discussed in the above Section that, based on plan experience and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex and length of service.

We summarized actuarial assumptions used for this study in Appendix C.

B. Medicare

The extent of Medicare coverage can affect projections of retiree health costs. The method of coordinating Medicare benefits with the retiree health plan’s benefits can have a substantial impact on retiree health costs. We will be happy to provide more information about Medicare integration methods if requested.

C. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Coast CCD uses contribution caps, the influence of the trend factor is further reduced.

We multiplied each year's projected cost by the probability that premium will be paid; i.e. based on the probability that the employee is living, has not terminated employment and has retired. The probability that premium will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's premium cost and the probability that premium will be paid equals the expected cost for that year. We discounted the expected cost for each year to the valuation date June 1, 2016 at 6.8% interest.

Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any current retirees, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPB for all employees to get the actuarial present value of total projected benefits (APVTPB). The APVTPB is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVTPB is the amount on June 1, 2016 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

Actuarial Present Value of Total Projected Benefits at June 1, 2016

	Total	*Certificated*	*Classified*	*Management*
Active: Pre-65	$55,071,080	$19,471,977	$29,730,232	$5,868,871
Post-65	$41,355,846	$15,360,776	$21,252,191	$4,742,879
Subtotal	$96,426,926	$34,832,753	$50,982,423	$10,611,750
Retiree: Pre-65	$10,214,741	$1,682,707	$6,224,357	$2,307,677
Post-65	$38,047,935	$17,240,267	$14,048,190	$6,759,478
Subtotal	$48,262,676	$18,922,974	$20,272,547	$9,067,155
Grand Total	$144,689,602	$53,755,727	$71,254,970	$19,678,905
Subtotal Pre-65	$65,285,821	$21,154,684	$35,954,589	$8,176,548
Subtotal Post-65	$79,403,781	$32,601,043	$35,300,381	$11,502,357

The APVTPB should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVTPB is used to develop expense and liability figures. To do so, the APVTFB is divided into two parts: the portions attributable to service rendered prior to the valuation date (the past service liability or actuarial accrued liability under GASB 43 and 45) and to service after the valuation date but prior to retirement (the future service liability).

The past service and future service liabilities are each funded in a different way. We will start with the future service liability which is funded by the normal cost.

D. Cost to Prefund Retiree Benefits

1. Normal Cost

The average hire age for eligible employees is 37. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 24 years (assuming an average retirement age of 61). We applied an "entry age normal" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated normal cost.

Normal Cost Year Beginning June 1, 2016

	Total	*Certificated*	*Classified*	*Management*
# of Employees	1265	430	681	154
Per Capita Normal Cost				
Pre-65 Benefit	N/A	$2,737	$2,033	$2,760
Post-65 Benefit	N/A	$1,475	$1,082	$1,501
First Year Normal Cost				
Pre-65 Benefit	$2,986,423	$1,176,910	$1,384,473	$425,040
Post-65 Benefit	$1,602,246	$634,250	$736,842	$231,154
Total	$4,588,669	$1,811,160	$2,121,315	$656,194

Accruing retiree health benefit costs using normal costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This normal cost would increase each year based on covered payroll.

2. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the normal cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the actuarial accrued liability (AAL). We calculated the AAL as the APVTPB minus the present value of future normal costs.

The initial UAAL was amortized using level percent, closed 20 year amortization. The District can amortize the remaining or residual UAAL over many years. The table below shows the annual amount necessary to amortize the UAAL over a period of 20 years at 6.8% interest. (Thirty years is the longest amortization period allowable under GASB 43 and 45.) GASB 43 and 45 allow amortizing the UAAL using either payments that stay the same as a dollar amount, or payments that are a flat percentage of covered payroll over time. The figures below reflect level percent, open 20 year amortization.

Actuarial Accrued Liability as of June 1, 2016

	Total	***Certificated***	***Classified***	***Management***
Active: Pre-65	$36,676,872	$12,306,519	$20,823,448	$3,546,905
Post-65	$31,491,166	$11,499,230	$16,511,836	$3,480,100
Subtotal	$68,168,038	$23,805,749	$37,335,284	$7,027,005
Retiree: Pre-65	$10,214,741	$1,682,707	$6,224,357	$2,307,677
Post-65	$38,047,935	$17,240,267	$14,048,190	$6,759,478
Subtotal	$48,262,676	$18,922,974	$20,272,547	$9,067,155
Subtot Pre-65	$46,891,613	$13,989,226	$27,047,805	$5,854,582
Subtot Post-65	$69,539,101	$28,739,497	$30,560,026	$10,239,578
Grand Total	$116,430,714	$42,728,723	$57,607,831	$16,094,160
Unamortized Initial UAAL	$46,942,260			
Plan assets at 5/31/16	$64,528,877			
Residual UAAL	$4,959,577			
Residual UAAL Amortization at 6.8% over 20 Years	$363,050			

3. Annual Required Contributions (ARC)

If the District determines retiree health plan expenses in accordance with GASB 43 and 45, costs include both normal cost and one or more components of UAAL amortization costs. The sum of normal cost and UAAL amortization costs is called the Annual Required Contribution (ARC) and is shown below.

Annual Required Contribution (ARC) Year Beginning June 1, 2016

	Total
Normal Cost	$4,588,669
Initial UAAL Amortization	$4,812,764
Residual UAAL Amortization	$363,050
ARC	$9,764,483

The normal cost remains as long as there are active employees who may some day qualify for District-paid retiree health benefits. This normal cost would increase each year based on covered payroll.

4. Other Components of Annual OPEB Cost (AOC)

Expense and liability amounts may include more components of cost than the normal cost plus amortization of the UAAL. This applies to employers that don't fully fund the Annual Required Contribution (ARC) through an irrevocable trust.

- The annual OPEB cost (AOC) includes assumed interest on the net OPEB obligation (NOO). The annual OPEB cost also includes an amortization adjustment for the net OPEB obligation. (It should be noted that there is no NOO if the ARC is fully funded through a qualifying "plan".)

- The net OPEB obligation equals the accumulated differences between the (AOC) and qualifying "plan" contributions.

PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project ten year cash flow under the retiree health program. Because these cash flow estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **certain** to be ***in***accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District share of retiree health premiums.

Year Beginning June 1	*Total*	*Certificated*	*Classified*	*Management*
2016	$8,538,728	$3,355,687	$3,645,931	$1,537,110
2017	$8,397,544	$3,254,981	$3,649,978	$1,492,585
2018	$9,034,477	$3,470,636	$4,040,304	$1,523,537
2019	$9,656,943	$3,677,130	$4,473,356	$1,506,457
2020	$10,015,694	$3,715,199	$4,736,131	$1,564,364
2021	$10,422,122	$3,704,695	$5,141,229	$1,576,198
2022	$10,379,454	$3,645,834	$5,211,746	$1,521,874
2023	$10,640,504	$3,677,369	$5,420,684	$1,542,451
2024	$10,961,313	$3,778,314	$5,639,502	$1,543,497
2025	$11,263,969	$3,845,623	$5,805,846	$1,612,500

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 43/45 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.

We recommend Coast CCD take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.

- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation. Following is a brief summary of the impact of some of the more critical assumptions.

1. Where actuarial assumptions differ from expected experience, our estimates could be overstated or understated. One of the most critical assumptions is the medical trend rate. The District may want to commission further study to assess the sensitivity of liability estimates to our medical trend assumptions. For example, it may be helpful to know how liabilities would be affected by using a trend factor 1% higher than what was used in this study. There is an additional fee required to calculate the impact of alternative trend assumptions.

2. We used an "entry age normal" actuarial cost method to estimate the actuarial accrued liability and normal cost. GASB allows this as one of several permissible methods under GASB45. Using a different cost method could result in a somewhat different recognition pattern of costs and liabilities.

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Coast CCD to understand that the appropriateness of all selected actuarial assumptions and methods are Coast CCD's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 43 and 45, applicable actuarial standards of practice, Coast CCD's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: Entry age normal. The allocation of OPEB cost is based on years of service. We used the level percentage of payroll method to allocate OPEB cost over years of service.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

AMORTIZATION METHODS: We used a level percent, closed 20 year amortization period for the initial UAAL. We used a level percent, open 20 year amortization period for any residual UAAL.

SUBSTANTIVE PLAN: As required under GASB 43 and 45, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Coast CCD regarding practices with respect to employer and employee contributions and other relevant factors.

ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.8% per year. This is based on assumed long-term return on plan assets assuming 100% funding through CCLC. We used the "Building Block Method" as described in ASOP 27 Paragraph 3.6.2.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. This assumption applies only to the extent that either or both of the normal cost and/or UAAL amortization use the level percentage of payroll method. For purposes of applying the level percentage of payroll method, payroll increase must not assume any increases in staff or merit increases.

ACTUARIAL VALUE OF PLAN ASSETS (AVA): Because plan assets are primarily short term, we did not use a smoothing formula.

NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35).

MORTALITY

Employee Type	*Mortality Tables*
Certificated	2009 CalSTRS Mortality
Classified	2009 CalPERS Mortality for Active Miscellaneous Employees

RETIREMENT RATES

Employee Type	*Retirement Rate Tables*
Certificated	2009 CalSTRS Retirement Rates
Classified	
Management	

VESTING RATES

Employee Type	*Vesting Rate Tables*
Certificated	100% at 10 Years of Service
Classified	100% at 10 Years of Service

COSTS FOR RETIREE COVERAGE

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

Employee Type	*Future Retirees Pre-65*	*Future Retirees Post-65*
Certificated	$26,087	$4,000 District Cap for those retiring beginning 5/1/02 $14,154 for Medicare eligible ages 65 to 70
Classified	$26,087	$4,000 District Cap for those retiring beginning 5/1/02 $14,154 for Medicare eligible ages 65 to 70
Management	$26,087	$4,000 District Cap for those retiring beginning 5/1/02 $14,154 for Medicare eligible ages 65 to 70

PARTICIPATION RATES

Employee Type	*<65 Non-Medicare Participation %*	*65+ Medicare Participation %*
Certificated	95%	75% for post-70 coverage 95% for pre-70 coverage
Classified	95%	75% for post-70 coverage 95% for pre-70 coverage
Management	95%	75% for post-70 coverage 95% for pre-70 coverage

TURNOVER

Employee Type	*Turnover Rate Tables*
Certificated	2009 CalSTRS Termination Rates
Classified	2009 CalPERS Termination Rates for School Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

Age	*Total*	*Certificated*	*Classified*	*Management*
Under 25	4	0	4	0
25-29	49	5	42	2
30-34	107	22	74	11
35-39	126	43	72	11
40-44	148	61	72	15
45-49	174	54	92	28
50-54	182	61	100	21
55-59	189	53	109	27
60-64	170	72	76	22
65 and older	116	59	40	17
Total	1265	430	681	154

ELIGIBLE RETIREES

Age	*Total*	*Certificated*	*Classified*	*Management*
Under 50	2	1	1	0
50-54	2	0	2	0
55-59	29	4	17	8
60-64	90	23	50	17
65-69	203	94	71	38
70-74	208	117	48	43
75-79	153	76	44	33
80-84	98	58	30	10
85-89	29	19	9	1
90 and older	29	18	10	1
Total	843	410	282	151

APPENDIX E: CALCULATION OF GASB 43/45 ACCOUNTING ENTRIES

This report is to be used to calculate accounting entries rather than to provide the dollar amount of accounting entries. How the report is to be used to calculate accounting entries depends on several factors. Among them are:

1) The amount of prior accounting entries;

2) Whether individual components of the ARC are calculated as a level dollar amount or as a level percentage of payroll;

3) Whether the employer using a level percentage of payroll method elects to use for this purpose projected payroll, budgeted payroll or actual payroll;

4) Whether the employer chooses to adjust the numbers in the report to reflect the difference between the valuation date and the first fiscal year for which the numbers will be used.

To the extent the level percentage of payroll method is used, the employer should adjust the numbers in this report as appropriate to reflect the change in OPEB covered payroll. It should be noted that OPEB covered payroll should only reflect types of pay generating pension credits for plan participants. Please note that plan participants do not necessarily include all active employees eligible for health benefits for several reasons. Following are examples.

1) The number of hours worked or other eligibility criteria may differ for OPEB compared to active health benefits;

2) There may be active employees over the maximum age OPEB are paid through. For example, if an OPEB plan pays benefits only to Medicare age, any active employees currently over Medicare age are not plan participants;

3) Employees hired at an age where they will exceed the maximum age for benefits when the service requirement is met are also not plan participants.

Finally, GASB 43 and 45 require reporting covered payroll in RSI schedules regardless of whether any ARC component is based on the level percentage of payroll method. This report does not provide, nor should the actuary be relied on to report covered payroll.

GASB 45 Paragraph 26 specifies that the items presented as RSI "should be calculated in accordance with the parameters." The RSI items refer to Paragraph 25.c which includes annual covered payroll. Footnote 3 provides that when the ARC is based on covered payroll, the payroll measure may be the projected payroll, budgeted payroll or actual payroll. Footnote 3 further provides that comparisons between the ARC and contributions should be based on the same measure of covered payroll.

At the time the valuation is being done, the actuary may not know which payroll method will be used for reporting purposes. The actuary may not even know for which period the valuation will be used to determine the ARC. Furthermore, the actuary doesn't know if the client will make adjustments to the ARC in order to use it for the first year of the biennial or triennial period. (GASB 45 is silent on this.) Even if the actuary were to know all of these things, it would be a rare situation that would result in knowing the appropriate covered payroll number to report. For example, if the employer uses actual payroll, that number would not be known at the time the valuation is done.

As a result, we believe the proper approach is to report the ARC components as a dollar amount. It is the client's responsibility to turn this number into a percentage of payroll factor by using the dollar amount of the ARC (adjusted, if desired) as a numerator and then calculating the appropriate amount of the denominator based on the payroll determination method elected by the client for the appropriate fiscal year.

If we have been provided with payroll information, we are happy to use that information to help the employer develop an estimate of covered payroll for reporting purposes. However, the validity of the covered payroll remains the employer’s responsibility even if TCS assists the employer in calculating it.

APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Accrued Liability: The amount of the actuarial present value of total projected benefits attributable to employees' past service based on the actuarial cost method used.

Actuarial Cost Method: A mathematical model for allocating OPEB costs by year of service.

Actuarial Present Value of Total Projected Benefits: The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation date.

Actuarial Value of Assets: Market-related value of assets which may include an unbiased formula for smoothing cyclical fluctuations in asset values.

Annual OPEB Cost: This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Annual Required Contribution plus interest on the Net OPEB obligation minus an adjustment to reflect the amortization of the net OPEB obligation.

Annual Required Contribution: The sum of the normal cost and an amount to amortize the unfunded actuarial accrued liability. This is the basis of the annual OPEB cost and net OPEB obligation.

Closed Amortization Period: An amortization approach where the original ending date for the amortization period remains the same. This would be similar to a conventional, 30-year mortgage, for example.

Discount Rate: Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower normal costs and actuarial accrued liability.

Implicit Rate Subsidy: The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees.

Mortality Rate: Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.

Net OPEB Obligation: The accumulated difference between the annual OPEB cost and amounts contributed to an irrevocable trust exclusively providing retiree OPEB benefits and protected from creditors.

Normal Cost: The dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

OPEB Benefits:	Other PostEmployment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
Open Amortization Period:	Under an open amortization period, the remaining unamortized balance is subject to a new amortization schedule each valuation. This would be similar, for example, to a homeowner refinancing a mortgage with a new 30-year conventional mortgage every two or three years.
Participation Rate:	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower normal cost and actuarial accrued liability. The participation rate often is related to retiree contributions.
Retirement Rate:	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with vesting rates to reflect both age and length of service). The more likely employees are to retire early, the higher normal costs and actuarial accrued liability will be.
Transition Obligation:	The amount of the unfunded actuarial accrued liability at the time actuarial accrual begins in accordance with an applicable accounting standard.
Trend Rate:	The rate at which the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher normal costs and actuarial accrued liability.
Turnover Rate:	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce normal costs and actuarial accrued liability.
Unfunded Actuarial Accrued Liability:	This is the excess of the actuarial accrued liability over assets irrevocably committed to provide retiree health benefits.
Valuation Date:	The date as of which the OPEB obligation is determined. Under GASB 43 and 45, the valuation date does not have to coincide with the statement date.
Vesting Rate:	The proportion of retiree benefits earned, based on length of service and, sometimes, age. (Vesting rates are often set in conjunction with retirement rates.) More rapid vesting increases normal costs and actuarial accrued liability.

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Fiduciary Passport Services

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Coast Community College District
Company Name

Date: 04/26/2017

Rob Schneidermann
Individual Name

By: ______________________

Title: Coast Federation of Educators Representative

Email Address: rob@cfe1911.org

Benefit Trust
Fiduciary Passport Services

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Coast Community College District

Company Name

Date: 04/26/2017

Ann Nicholson

Individual Name

By: Ann N

Title: Coast Federation of Classified Representative

Email Address: anicholson@occ.cccd.edu