



The Great GASB Alternative

Comprehensive GASB Retiree Health and Welfare Benefit Compliance Program

Comprehensive Compliance Plan
Volume I

Presented to: **Coast Community College District**

2020-2021

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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.

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.

Keenan & Associates is not a law firm and no opinion, suggestion, or recommendation of the firm or its employees shall constitute legal advice. Clients are advised to consult with their own attorney for a determination of their legal rights, responsibilities and liabilities, including the interpretation of any statute or regulation, or its application to the clients' business activities.

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

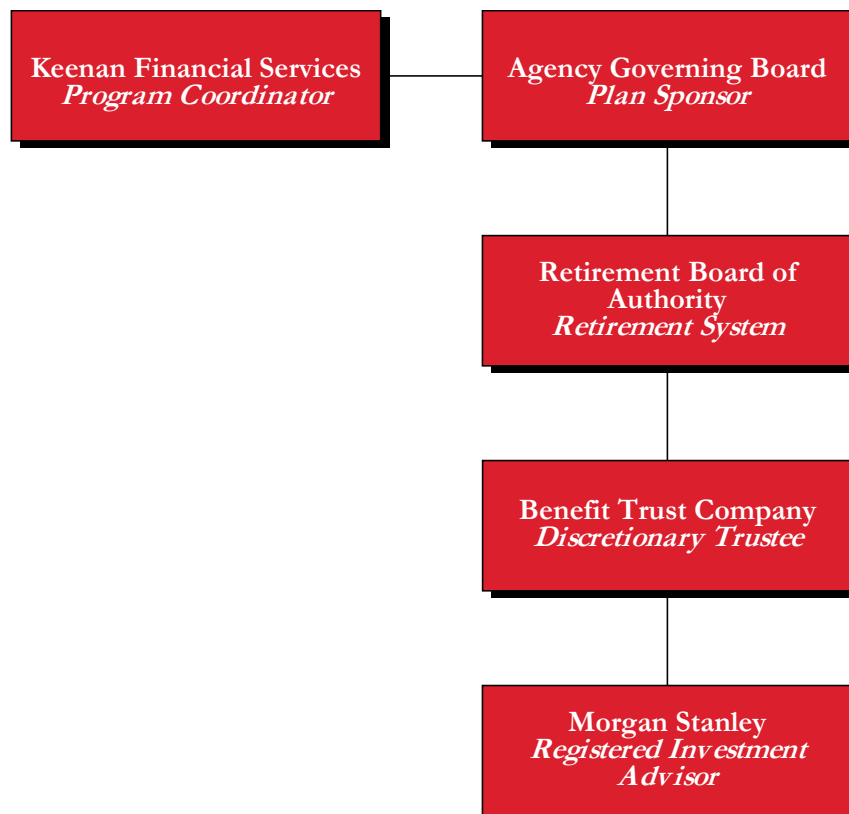
The Integrated Solution

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



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.)

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 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 Definitions²

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 or 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.

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

Folder 1

- **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.

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

**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 administering 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.

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

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

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

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.

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

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.

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

**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.

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

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

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

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 (iii) 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's 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 within 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.

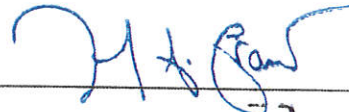
- p. Construction. Any rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement, or any amendments or exhibits hereto.
- q. Interest on Overdue Payments. All payments and invoices are due and payable upon presentation 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

By: _____

Title: _____

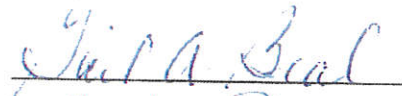


Chancellor Board President

KEENAN & ASSOCIATES

By: _____

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



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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:

<u>Total Amount in Trust</u>	<u>Keenan Compensation (BPS)</u>
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




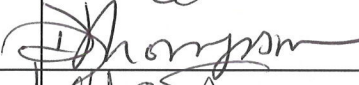

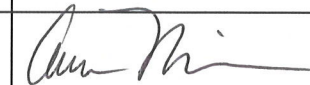
Coast Community College District ("Plan Sponsor"), maintains a Public Entity Investment Trust entitled the Coast Community College District Futuris Public Entity Investment Trust (the "Trust") to be used by governmental and public entity employers for the funding and payment of their obligations under 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 to 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
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Mary Hornbuckle Board of Trustee			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Jim Moreno Board of Trustee			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Andy Dunn Vice Chancellor, Finance and Administrative Services			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Daniela Thompson Administrative Director, Fiscal Affairs			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Rachel Snell Director, Internal Audits			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Rob Schneidermann Coast Federation of Educators Representative			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Ann Nicholson Coast Federation of Classified Representative			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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


Board of Authority Chairperson

(Date) 4-26-17

SIGNATURE AUTHORIZATION FORM

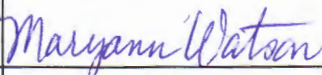
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Instructions pertaining to the Plan/Trust shall be signed with the Plan/Trust name followed by the signature of:

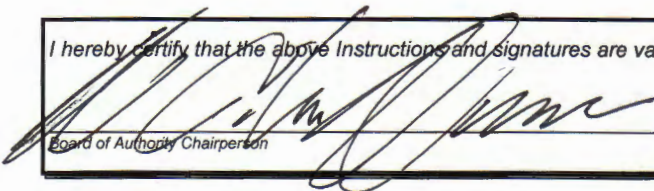
Number of authorized signatures required to issue an instruction: 2

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
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Maryann Watson Coast Federation of Educators Representative			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input checked="" type="checkbox"/> Remove	Rob Schneidermann Coast Federation of Educators Representative			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No

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


Board of Authority Chairperson

(Date)

2-9-18

SIGNATURE AUTHORIZATION FORM

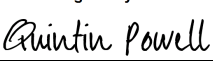
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Number of authorized signatures required to issue an instruction: 2

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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
<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove	Quintin Powell Coast Federation of Classified Employees Representative (CFCE)	DocuSigned by:  F44B4269DD7B46E...		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input checked="" type="checkbox"/> Remove	Connie Marten Coast Federation of Classified Employees Representative (CFCE)			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No
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<input type="checkbox"/> Addition <input type="checkbox"/> Change <input type="checkbox"/> Remove				<input type="checkbox"/> Yes <input type="checkbox"/> No

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

DocuSigned by:



Beard 987202034495420 person

2/23/2021

(Date)

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. General Purposes. 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. Services Provided By BTC. 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. **Additional Services.** 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. Responsibilities of the Retirement Board. 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
Mary Hornbuckle, Member – Board of Trustees

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

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

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

By: Rachel Snell
Rachel Snell, Director of Internal Audits

By: Rob Schneidermann
Rob Schneidermann, Coast Federation of Educators Representative

By: Ann Nicholson
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
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:

<u>Name</u>	<u>Initial Term</u>
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:

<u>Name</u>	<u>Title</u>
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:

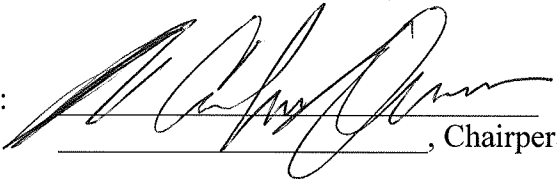

_____, Chairperson

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's 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
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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):

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

<u>Asset Based Investment Management Fee</u>	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.
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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):

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

Folder 3

- **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

Date: 04/26/2017

Company Name

Rachel Snell

Individual Name

By: 

Title: Director, Internal Audits

Email Address: rsnell1@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.
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Coast Community College District

Date: 04/26/2017

Company Name

Mary Hornbuckle

Individual Name

By: Mary Hornbuckle

Title: Board of Trustee

Email Address: mhornbuckle@mail.cccd.edu



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Coast Community College District

Date: 04/26/2017

Company Name

Jim Moreno

Individual Name

By:



Title:

Board of Trustee

Email Address: cmoreno@mail.cccd.edu



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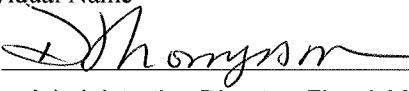
Coast Community College District

Date: 04/26/2017

Company Name

Daniela Thompson

Individual Name

By: 

Title: Administrative Director, Fiscal Affairs

Email Address: dthompson@mail.cccd.edu



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Coast Community College District

Date: 04/26/2017

Company Name

Andy Dunn

Individual Name

By:

Title:

Vice Chancellor, Finance and Administrative Services

Email Address: adunn@mail.cccd.edu



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Fiduciary Passport Services

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Coast Community College District

Date: 02/09/2018

Company Name

Maryann Watson

Individual Name

By: Maryann Watson

Title: Coast Federation of Educators Representative

Email Address: mwatson@occ.cccd.edu



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Coast Community College District

2/11/2021
Date: _____

Company Name

Quintin Powell

Individual Name

DocuSigned by:

Signature:

Quintin Powell

F44B4269DD7B46E...

Coast Federation of Classified Employees Representative (CFCE)

Title:

Email Address: qpowell@occ.cccd.edu.

Approval by Authorized Signer Required

By signing below you are authorizing BTC to grant access to BTPassport to the above referenced Employee for your retirement plans.

Coast Community College District

2/23/2021
Date: _____

Company Name

Dr. Andy Dunn

Name:

DocuSigned by:

Signature:

Dr. Andy Dunn

698292C344954CC...

Vice Chancellor of Administrative Services

Title:

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

1900 Avenue of the Stars, 7th Floor
Los Angeles, California 90067-4308
(310) 203-8080 (310) 203-0567 Fax
www.jmbm.com

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

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,

A handwritten signature in cursive script, reading "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 administering 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 for 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.

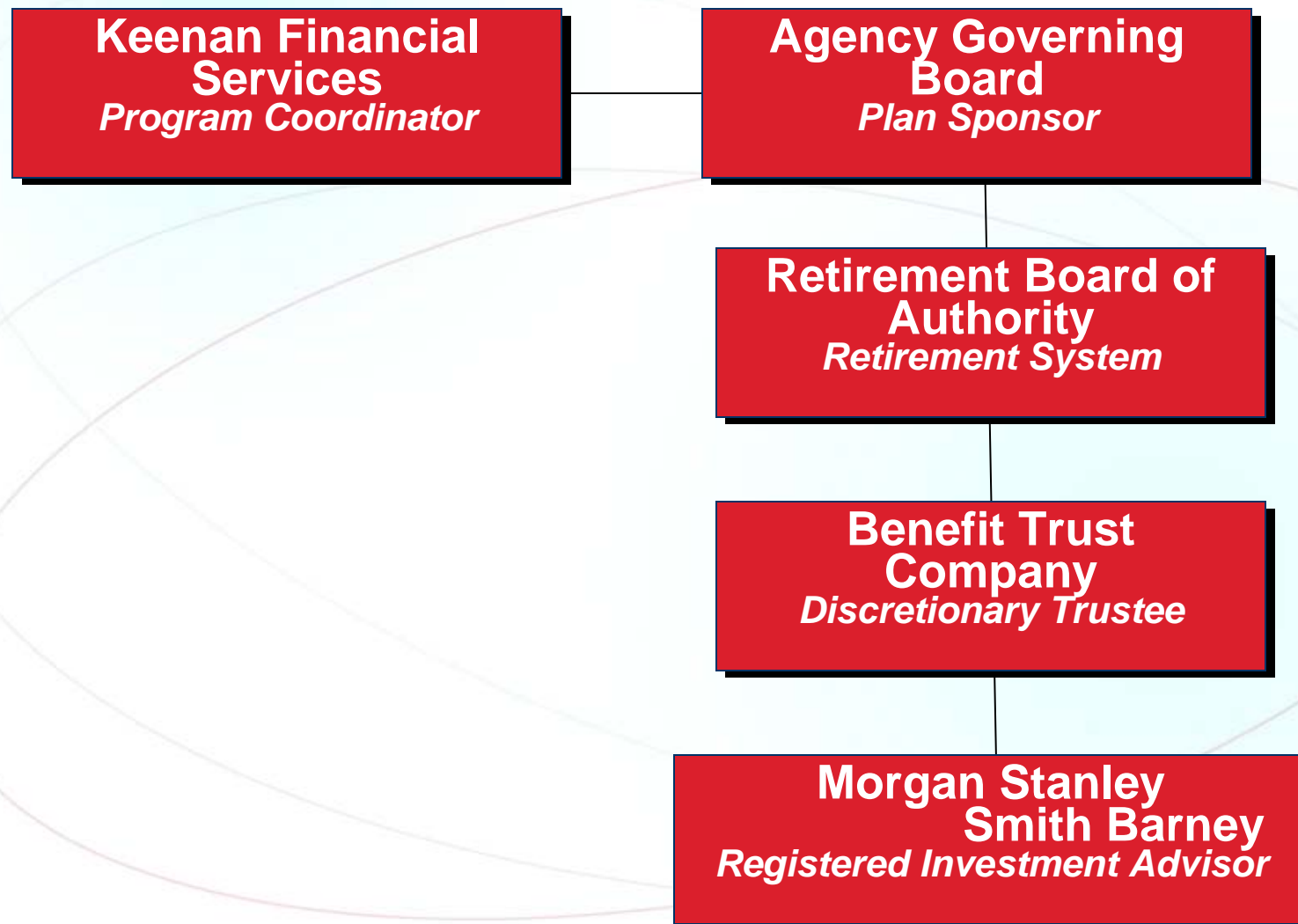
(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.

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



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
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A6	0	8	16	
A7	0	8	16	
A8	0	6	12	18
A9	0	6	12	18
A10	16	8	0	
A11	0	5	10	16

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

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.

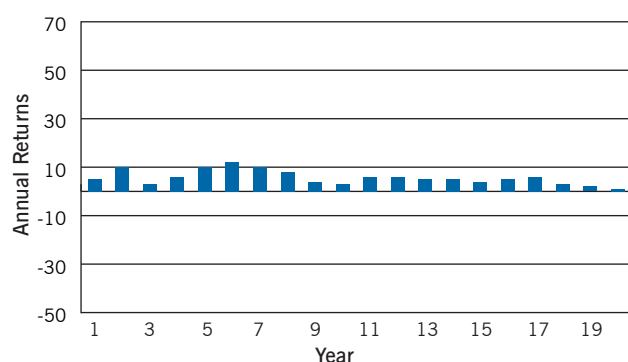
- A7. The following graphs show the historical year-by-year returns for three hypothetical portfolios over a 20-year period. The average annual return over the 20-year period is also indicated. Please note that these are hypothetical examples only, for the purpose of gauging your tolerance for risk. 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.

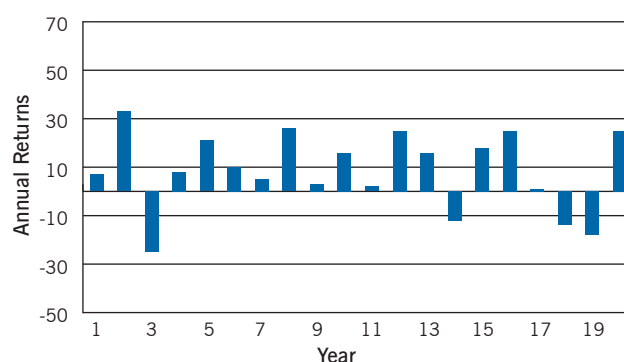
Given your investment goals for this account, which portfolio would you choose?

- ☐ Portfolio X ☐ Portfolio Y ☐ Portfolio Z

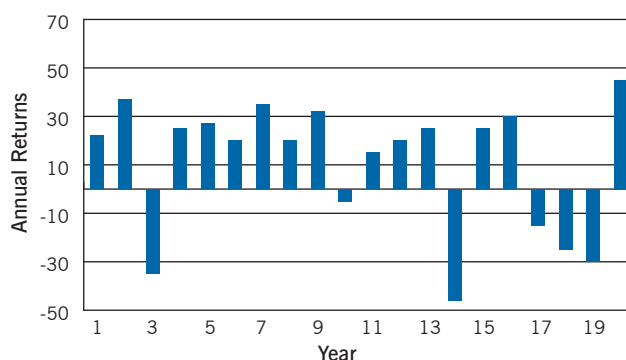
Portfolio X Average Annual Return=6%



Portfolio Y Average Annual Return=9%



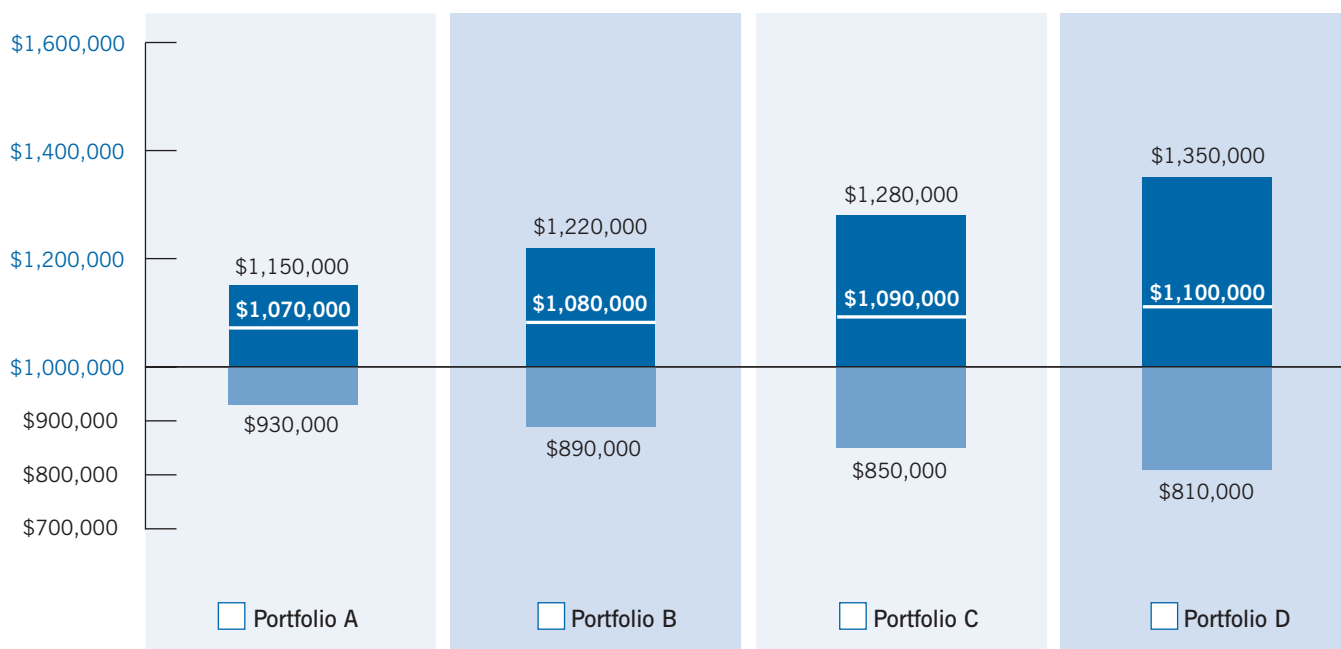
Portfolio Z Average Annual Return=11%



- 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%	<input type="checkbox"/>
PORTFOLIO B	\$1,080,000	23%	<input type="checkbox"/>
PORTFOLIO C	\$1,090,000	26%	<input type="checkbox"/>
PORTFOLIO D	\$1,100,000	28%	<input type="checkbox"/>

- 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.



- 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

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 asset allocation 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 asset allocation selected by the Retirement Board. The target asset allocation 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

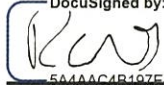
The Retirement Board hereby adopts the provisions of this Investment Policy Statement as of this 12th day of August, 2021.

By: 
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Mary Hornbuckle, Member – Board of Trustees

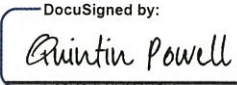
By: 
Jim Moreno, Member – Board of Trustees

By: 
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Dr. Andy Dunn, Vice Chancellor of Administrative Services

By: 
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Daniela Thompson, Administrative Director of Fiscal Affairs

By: 
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Rachel Snell, Director of Internal Audits

By: 
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Maryann Watson, Coast Federation of Educators Representative

By: 
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Quintin Powell, Coast Federation of Classified Employees Representative

APPENDIX A: Target Asset Allocation

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 maintaining a target asset allocation of 50% equity investments, and 50% fixed income investments.

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 asset allocation 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 Depositary 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 Asset Allocation

The Retirement Board may, from time to time, discuss with Trustee the need to change the target asset allocation 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.

**Trustees**

Jim Moreno, President
Mary Hornbuckle, Vice President
Lorraine Prinsky, Ph.D, Board Clerk
David A. Grant, Trustee
Jerry Patterson, Trustee

Student Trustee

Roy Sahachaisere

Chancellor

John Weispfenning, Ph.D.

**ANNUAL REPORT FOR THE
COAST COMMUNITY COLLEGE DISTRICT
FUTURIS TRUST
JULY 2021**

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.

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 07/01/2020 TO 06/30/2021



Benefit Trust
Fiduciary Passport Services

TRUST EB FORMAT

Statement Period
Account Number

07/01/2020 through 06/30/2021
115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

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Statement Period
Account Number

07/01/2020 through 06/30/2021
115150007400
**BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT**

Summary Of Fund

MARKET VALUE AS OF 07/01/2020

40,432,667.56

EARNINGS

NET INCOME CASH RECEIPTS	1,619,127.10
FEES AND OTHER EXPENSES	186,869.20 -
REALIZED GAIN OR LOSS	1,148,694.14
UNREALIZED GAIN OR LOSS	6,410,618.39

TOTAL EARNINGS

8,991,570.43

TOTAL MARKET VALUE AS OF 06/30/2021

49,424,237.99



TRUST EB FORMAT

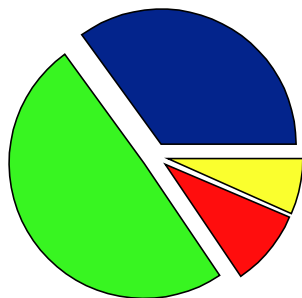
Statement Period
Account Number





07/01/2020 through 06/30/2021
115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Asset Summary As Of 06/30/2021

DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
MUTUAL FUND - FIXED INCOME	24,427,105.54	23,848,642.16	49
MUTUAL FUND - DOMESTIC EQUITY	17,272,094.10	11,608,921.09	35
MUTUAL FUND - INTERNATIONAL EQUITY	4,497,765.04	3,395,758.26	9
MUTUAL FUND - REAL ESTATE	3,227,273.31	2,744,006.42	7
TOTAL INVESTMENTS	49,424,237.99	41,597,327.93	
CASH	62,965.34		
DUE FROM BROKER	0.00		
DUE TO BROKER	62,965.34		
TOTAL MARKET VALUE	49,424,237.99		

Ending Asset Allocation



34.9%		MUTUAL FUND - DOMESTIC EQUITY	17,272,094.10
49.5%		MUTUAL FUND - FIXED INCOME	24,427,105.54
9.1%		MUTUAL FUND - INTERNATIONAL EQUI	4,497,765.04
6.5%		MUTUAL FUND - REAL ESTATE	3,227,273.31
100.0%		Total	49,424,237.99

Statement Period
Account Number

07/01/2020 through 06/30/2021
115150007400
BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT

Asset Detail As Of 06/30/2021

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
MUTUAL FUND - FIXED INCOME				
406,359.487	BLACKROCK TOTAL RETURN - K	4,880,377.44	4,806,825.60	10
88,793.008	GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6	2,431,152.56	2,345,812.95	5
243,560.455	GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND	4,905,307.56	4,572,881.45	10
349,863.732	PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6	2,428,054.30	2,460,453.16	5
333,792.531	PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6	4,903,412.28	4,871,036.92	10
402,873.774	WESTERN ASSET CORE PLUS BOND IS	4,878,801.40	4,791,632.08	10
		24,427,105.54	23,848,642.16	49
MUTUAL FUND - DOMESTIC EQUITY				
54,345.412	ALGER FUNDS MID CAP FOCUS - Z	1,134,188.75	790,966.87	2
60,877.597	ALGER FUNDS SMALL CAP FOCUS Z	2,038,790.72	921,351.88	4
56,150.089	ALGER FUNDS FOCUS EQUITY FUND CL Y	3,555,985.14	2,119,688.80	7
79,147.187	COLUMBIA CONTRARIAN CORE	2,861,170.81	2,132,752.30	6
23,679.311	OAKMARK INTERNATIONAL INST.	702,328.36	656,442.62	1
37,293.109	JOHN HANCOCK INTERNATIONAL GROWTH R6	1,509,625.05	1,061,215.54	3
34,822.309	CLEARBRIDGE SELECT - IS	1,970,942.69	1,422,839.53	4



Statement Period
Account Number

07/01/2020 through 06/30/2021
115150007400
**BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT**

Asset Detail As Of 06/30/2021

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
31,695.419	PRUDENTIAL JENNISON GLOBAL OPPS Q	1,548,004.26	914,841.33	3
29,944.384	THORNBURG INVESTMENT INCOME BUILDER R6	703,992.47	632,972.76	1
15,158.209	UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6	1,247,065.85	955,849.46	3
		17,272,094.10	11,608,921.09	35
MUTUAL FUND - INTERNATIONAL EQUITY				
77,466.402	GOLDMAN SACHS TR II GQG PARTNRS R6	1,535,384.09	1,191,371.80	3
42,402.97	HARTFORD INTERNATIONAL VALUE - Y	706,433.48	693,897.40	1
22,788.436	AMERICAN FUNDS NEW PERSPECTIVE F2	1,519,988.68	1,043,677.50	3
7,618.621	AMERICAN FUNDS NEW WORLD F2	735,958.79	466,811.56	1
		4,497,765.04	3,395,758.26	9
MUTUAL FUND - REAL ESTATE				
123,862.331	COHEN AND STEERS REAL ESTATE SECURITIES - Z	2,423,985.82	2,010,094.95	5
30,648.13	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q	803,287.49	733,911.47	2
		3,227,273.31	2,744,006.42	7



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AS TRUSTEE FOR COAST
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Asset Detail As Of 06/30/2021

UNITS/BOOK VALUE	DESCRIPTION	MARKET VALUE	AVG COST	% OF PORT
	TOTAL INVESTMENTS	49,424,237.99		
	CASH	62,965.34		
	DUE FROM BROKER	0.00		
	DUE TO BROKER	62,965.34		
	NET ASSETS	49,424,237.99		
	TOTAL MARKET VALUE	49,424,237.99		



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Summary Of Cash Receipts And Disbursements

R E C E I P T S

CASH BALANCE AS OF 07/01/2020		100,868.29
INCOME RECEIVED		
DIVIDENDS	1,619,127.10	
TOTAL INCOME RECEIPTS		1,619,127.10
PROCEEDS FROM THE DISPOSITION OF ASSETS	9,667,829.27	
TOTAL RECEIPTS		11,286,956.37

D I S B U R S E M E N T S

FEES AND OTHER EXPENSES		
ADMINISTRATIVE FEES AND EXPENSES	186,869.20	
TOTAL FEES AND OTHER EXPENSES		186,869.20
COST OF ACQUISITION OF ASSETS	11,137,990.12	
TOTAL DISBURSEMENTS		11,324,859.32
CASH BALANCE AS OF 06/30/2021		62,965.34

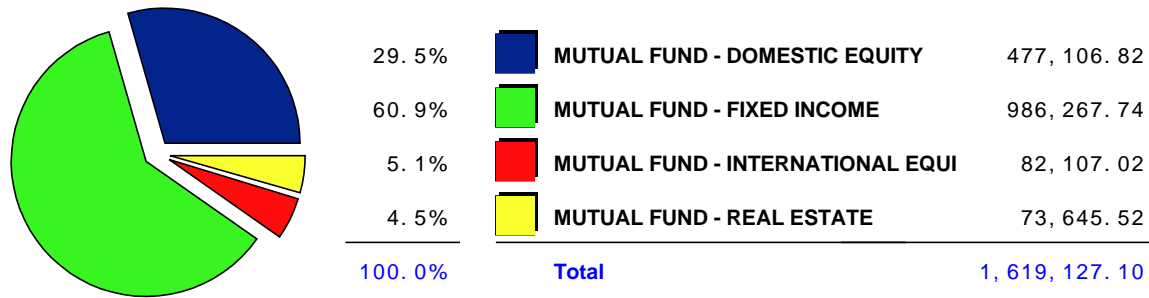


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AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT**

Schedule Of Income

Income Allocation



Income Schedule

DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
DIVIDENDS				
MUTUAL FUND - FIXED INCOME				
BLACKROCK TOTAL RETURN - K				
08/03/2020	DIVIDEND ON 388,810.075 SHS BLACKROCK TOTAL RETURN - K AT .02369 PER SHARE EFFECTIVE 07/31/2020	9,211.08		
09/01/2020	DIVIDEND ON 355,666.915 SHS BLACKROCK TOTAL RETURN - K AT .029067 PER SHARE EFFECTIVE 08/31/2020	10,338.31		
10/01/2020	DIVIDEND ON 351,203.824 SHS BLACKROCK TOTAL RETURN - K AT .025708 PER SHARE EFFECTIVE 09/30/2020	9,028.66		



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
11/02/2020	DIVIDEND ON 345,242.746 SHS BLACKROCK TOTAL RETURN - K AT .026228 PER SHARE EFFECTIVE 10/30/2020	9,055.18		
12/01/2020	DIVIDEND ON 314,516.655 SHS BLACKROCK TOTAL RETURN - K AT .027949 PER SHARE EFFECTIVE 11/30/2020	8,790.35		
12/23/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 346,663.21 SHS BLACKROCK TOTAL RETURN - K AT .210337 PER SHARE EFFECTIVE 12/21/2020	72,916.10		
12/23/2020	SHORT TERM CAPITAL GAINS DIVIDEND ON 346,663.21 SHS BLACKROCK TOTAL RETURN - K AT .259069 PER SHARE EFFECTIVE 12/21/2020	89,809.69		
01/04/2021	DIVIDEND ON 350,300.895 SHS BLACKROCK TOTAL RETURN - K AT .02501 PER SHARE EFFECTIVE 12/31/2020	8,760.92		
02/01/2021	DIVIDEND ON 379,702.881 SHS BLACKROCK TOTAL RETURN - K AT .022425 PER SHARE EFFECTIVE 01/29/2021	8,514.87		
03/01/2021	DIVIDEND ON 380,441.186 SHS BLACKROCK TOTAL RETURN - K AT .02026 PER SHARE EFFECTIVE 02/26/2021	7,707.88		
04/01/2021	DIVIDEND ON 347,578.992 SHS BLACKROCK TOTAL RETURN - K AT .023569 PER SHARE EFFECTIVE 03/31/2021	8,192.01		
05/03/2021	DIVIDEND ON 393,899.3 SHS BLACKROCK TOTAL RETURN - K AT .018998 PER SHARE EFFECTIVE 04/30/2021	7,483.26		



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
06/01/2021	DIVIDEND ON 425,246.745 SHS BLACKROCK TOTAL RETURN - K AT .018603 PER SHARE EFFECTIVE 05/28/2021	7,910.93		
07/01/2021	DIVIDEND ON 388,730.903 SHS BLACKROCK TOTAL RETURN - K AT .021576 PER SHARE EFFECTIVE 06/30/2021	8,387.31		
	SECURITY TOTAL	266,106.55	266,106.55	
	GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6			
10/01/2020	DIVIDEND ON 73,950.755 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .108925 PER SHARE EFFECTIVE 09/30/2020	8,055.08		
11/02/2020	DIVIDEND ON 82,357.102 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .124267 PER SHARE EFFECTIVE 10/30/2020	10,234.30		
12/01/2020	DIVIDEND ON 82,745.943 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .107313 PER SHARE EFFECTIVE 11/30/2020	8,879.69		
01/04/2021	DIVIDEND ON 83,073.365 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .125717 PER SHARE EFFECTIVE 12/31/2020	10,443.70		
02/01/2021	DIVIDEND ON 88,089.567 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .098373 PER SHARE EFFECTIVE 01/29/2021	8,665.62		
03/01/2021	DIVIDEND ON 88,422.429 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .103899 PER SHARE EFFECTIVE 02/26/2021	9,187.03		

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04/01/2021	DIVIDEND ON 87,925.922 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .100129 PER SHARE EFFECTIVE 03/31/2021	8,803.90		
05/03/2021	DIVIDEND ON 89,868.536 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .09093 PER SHARE EFFECTIVE 04/30/2021	8,171.77		
06/01/2021	DIVIDEND ON 92,856.705 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .08729 PER SHARE EFFECTIVE 05/28/2021	8,105.49		
07/01/2021	DIVIDEND ON 92,724.325 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 AT .083691 PER SHARE EFFECTIVE 06/30/2021	7,760.19		
	SECURITY TOTAL	88,306.77	88,306.77	
	GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND			
08/03/2020	DIVIDEND ON 244,588.888 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .046237 PER SHARE EFFECTIVE 07/31/2020	11,309.04		
09/01/2020	DIVIDEND ON 244,669.898 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .041694 PER SHARE EFFECTIVE 08/31/2020	10,201.17		
10/01/2020	DIVIDEND ON 213,965.496 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .045809 PER SHARE EFFECTIVE 09/30/2020	9,801.59		
11/02/2020	DIVIDEND ON 211,004.523 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .050967 PER SHARE EFFECTIVE 10/30/2020	10,754.19		



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
12/01/2020	DIVIDEND ON 211,532.725 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .045376 PER SHARE EFFECTIVE 11/30/2020	9,598.41		
12/18/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 211,993.522 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .108794 PER SHARE EFFECTIVE 12/16/2020	23,063.64		
12/18/2020	SHORT TERM CAPITAL GAINS DIVIDEND ON 211,993.522 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .322061 PER SHARE EFFECTIVE 12/16/2020	68,274.74		
01/04/2021	DIVIDEND ON 213,912.396 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .053257 PER SHARE EFFECTIVE 12/31/2020	11,392.42		
02/01/2021	DIVIDEND ON 229,083.657 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .040044 PER SHARE EFFECTIVE 01/29/2021	9,173.33		
03/01/2021	DIVIDEND ON 229,560.649 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .045268 PER SHARE EFFECTIVE 02/26/2021	10,391.82		
04/01/2021	DIVIDEND ON 227,908.74 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .042478 PER SHARE EFFECTIVE 03/31/2021	9,681.16		
05/03/2021	DIVIDEND ON 237,747.208 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .039661 PER SHARE EFFECTIVE 04/30/2021	9,429.30		

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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
06/01/2021	DIVIDEND ON 255,412.012 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .035488 PER SHARE EFFECTIVE 05/28/2021	9,063.99		
07/01/2021	DIVIDEND ON 254,639.768 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND AT .039168 PER SHARE EFFECTIVE 06/30/2021	9,973.78		
	SECURITY TOTAL	212,108.58	212,108.58	
	PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6			
08/03/2020	DIVIDEND ON 299,342.294 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .020843 PER SHARE EFFECTIVE 07/31/2020	6,239.17		
09/01/2020	DIVIDEND ON 274,110.377 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .023684 PER SHARE EFFECTIVE 08/31/2020	6,491.94		
10/01/2020	DIVIDEND ON 302,940.151 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .020819 PER SHARE EFFECTIVE 09/30/2020	6,306.96		
11/02/2020	DIVIDEND ON 304,133.43 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .021393 PER SHARE EFFECTIVE 10/30/2020	6,506.33		
12/01/2020	DIVIDEND ON 277,325.114 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .02093 PER SHARE EFFECTIVE 11/30/2020	5,804.47		
12/24/2020	DIVIDEND ON 305,858.242 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .03842 PER SHARE EFFECTIVE 12/22/2020	11,751.07		



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01/04/2021	DIVIDEND ON 306,224.091 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .019137 PER SHARE EFFECTIVE 12/31/2020	5,860.32		
02/01/2021	DIVIDEND ON 324,490.934 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .017799 PER SHARE EFFECTIVE 01/29/2021	5,775.47		
03/01/2021	DIVIDEND ON 325,331.797 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .015764 PER SHARE EFFECTIVE 02/26/2021	5,128.46		
04/01/2021	DIVIDEND ON 297,408.958 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .018273 PER SHARE EFFECTIVE 03/31/2021	5,434.42		
05/03/2021	DIVIDEND ON 337,597.193 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .016949 PER SHARE EFFECTIVE 04/30/2021	5,721.90		
06/01/2021	DIVIDEND ON 365,447.44 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .017538 PER SHARE EFFECTIVE 05/28/2021	6,409.14		
07/01/2021	DIVIDEND ON 334,388.628 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 AT .018604 PER SHARE EFFECTIVE 06/30/2021	6,220.83		
	SECURITY TOTAL	83,650.48	83,650.48	
	PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6			
08/03/2020	DIVIDEND ON 321,120.951 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .037562 PER SHARE EFFECTIVE 07/31/2020	12,061.87		



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
09/01/2020	DIVIDEND ON 293,929.151 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .041254 PER SHARE EFFECTIVE 08/31/2020	12,125.78		
10/01/2020	DIVIDEND ON 293,935.376 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .036384 PER SHARE EFFECTIVE 09/30/2020	10,694.59		
11/02/2020	DIVIDEND ON 289,854.533 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .038183 PER SHARE EFFECTIVE 10/30/2020	11,067.39		
12/01/2020	DIVIDEND ON 264,187.166 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .040405 PER SHARE EFFECTIVE 11/30/2020	10,674.53		
01/04/2021	DIVIDEND ON 291,314.683 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .037691 PER SHARE EFFECTIVE 12/31/2020	10,979.90		
02/01/2021	DIVIDEND ON 307,411.944 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .033848 PER SHARE EFFECTIVE 01/29/2021	10,405.14		
03/01/2021	DIVIDEND ON 308,145.062 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .030433 PER SHARE EFFECTIVE 02/26/2021	9,377.91		
04/01/2021	DIVIDEND ON 281,644.504 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .035207 PER SHARE EFFECTIVE 03/31/2021	9,915.91		
05/03/2021	DIVIDEND ON 320,663.271 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .030348 PER SHARE EFFECTIVE 04/30/2021	9,731.55		



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
06/01/2021	DIVIDEND ON 348,946.44 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .032792 PER SHARE EFFECTIVE 05/28/2021	11,442.54		
07/01/2021	DIVIDEND ON 319,150.381 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 AT .033685 PER SHARE EFFECTIVE 06/30/2021	10,750.59		
	SECURITY TOTAL	129,227.70	129,227.70	
	WESTERN ASSET CORE PLUS BOND IS			
08/03/2020	DIVIDEND ON 388,578.592 SHS WESTERN ASSET CORE PLUS BOND IS AT .028419 PER SHARE EFFECTIVE 07/31/2020	11,043.03		
09/01/2020	DIVIDEND ON 355,590.641 SHS WESTERN ASSET CORE PLUS BOND IS AT .028713 PER SHARE EFFECTIVE 08/31/2020	10,210.16		
10/01/2020	DIVIDEND ON 350,925.348 SHS WESTERN ASSET CORE PLUS BOND IS AT .027025 PER SHARE EFFECTIVE 09/30/2020	9,483.73		
11/02/2020	DIVIDEND ON 345,130.665 SHS WESTERN ASSET CORE PLUS BOND IS AT .028069 PER SHARE EFFECTIVE 10/30/2020	9,687.61		
12/01/2020	DIVIDEND ON 314,468.839 SHS WESTERN ASSET CORE PLUS BOND IS AT .027819 PER SHARE EFFECTIVE 11/30/2020	8,748.30		
12/16/2020	SHORT TERM CAPITAL GAINS DIVIDEND ON 346,606.742 SHS WESTERN ASSET CORE PLUS BOND IS AT .01533 PER SHARE EFFECTIVE 12/14/2020	5,313.48		



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
12/16/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 346,606.742 SHS WESTERN ASSET CORE PLUS BOND IS AT .16242 PER SHARE EFFECTIVE 12/14/2020	56,295.87		
01/04/2021	DIVIDEND ON 349,073.089 SHS WESTERN ASSET CORE PLUS BOND IS AT .029392 PER SHARE EFFECTIVE 12/31/2020	10,259.90		
02/01/2021	DIVIDEND ON 370,901.376 SHS WESTERN ASSET CORE PLUS BOND IS AT .02097 PER SHARE EFFECTIVE 01/29/2021	7,777.74		
03/01/2021	DIVIDEND ON 371,562.692 SHS WESTERN ASSET CORE PLUS BOND IS AT .022038 PER SHARE EFFECTIVE 02/26/2021	8,188.43		
04/01/2021	DIVIDEND ON 339,513.763 SHS WESTERN ASSET CORE PLUS BOND IS AT .02698 PER SHARE EFFECTIVE 03/31/2021	9,160.23		
05/03/2021	DIVIDEND ON 386,053.964 SHS WESTERN ASSET CORE PLUS BOND IS AT .025698 PER SHARE EFFECTIVE 04/30/2021	9,920.90		
06/01/2021	DIVIDEND ON 418,812.888 SHS WESTERN ASSET CORE PLUS BOND IS AT .023315 PER SHARE EFFECTIVE 05/28/2021	9,764.61		
06/18/2021	SHORT TERM CAPITAL GAINS DIVIDEND ON 399,480.604 SHS WESTERN ASSET CORE PLUS BOND IS AT .03843 PER SHARE EFFECTIVE 06/16/2021	15,352.04		
06/18/2021	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 399,480.604 SHS WESTERN ASSET CORE PLUS BOND IS AT .03981 PER SHARE EFFECTIVE 06/16/2021	15,903.32		



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
07/01/2021	DIVIDEND ON 383,880.05 SHS WESTERN ASSET CORE PLUS BOND IS AT .02542 PER SHARE EFFECTIVE 06/30/2021	9,758.31		
	SECURITY TOTAL	206,867.66	206,867.66	
	TOTAL MUTUAL FUND - FIXED INCOME	986,267.74	986,267.74	
	MUTUAL FUND - DOMESTIC EQUITY ALGER FUNDS MID CAP FOCUS - Z			
12/17/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 65,290.654 SHS ALGER FUNDS MID CAP FOCUS - Z AT .0984 PER SHARE EFFECTIVE 12/15/2020	6,424.60		
12/17/2020	SHORT TERM CAPITAL GAINS DIVIDEND ON 65,290.654 SHS ALGER FUNDS MID CAP FOCUS - Z AT .161 PER SHARE EFFECTIVE 12/15/2020	10,511.80		
	SECURITY TOTAL	16,936.40	16,936.40	
	ALGER FUNDS FOCUS EQUITY FUND CL Y			
12/17/2020	DIVIDEND ON 53,754.153 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y AT .018 PER SHARE EFFECTIVE 12/15/2020	967.57		
12/17/2020	SHORT TERM CAPITAL GAINS DIVIDEND ON 53,754.153 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y AT .8577 PER SHARE EFFECTIVE 12/15/2020	46,104.98		
12/17/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 53,754.153 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y AT 2.5311 PER SHARE EFFECTIVE 12/15/2020	136,057.17		
	SECURITY TOTAL	183,129.72	183,129.72	



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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	COLUMBIA CONTRARIAN CORE			
12/11/2020	DIVIDEND ON 80,634.362 SHS COLUMBIA CONTRARIAN CORE AT .27179 PER SHARE EFFECTIVE 12/08/2020	21,915.61		
12/11/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 80,634.362 SHS COLUMBIA CONTRARIAN CORE AT 2.11039 PER SHARE EFFECTIVE 12/08/2020	170,169.95		
	SECURITY TOTAL	192,085.56	192,085.56	
	OAKMARK INTERNATIONAL INST.			
12/14/2020	DIVIDEND ON 29,589.176 SHS OAKMARK INTERNATIONAL INST. AT .1413 PER SHARE EFFECTIVE 12/09/2020	4,180.95		
	SECURITY TOTAL	4,180.95	4,180.95	
	JOHN HANCOCK INTERNATIONAL GROWTH R6			
12/22/2020	DIVIDEND ON 39,408.197 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 AT .10917 PER SHARE EFFECTIVE 12/17/2020	4,302.19		
	SECURITY TOTAL	4,302.19	4,302.19	
	PRUDENTIAL JENNISON GLOBAL OPPS Q			
12/14/2020	SHORT TERM CAPITAL GAINS DIVIDEND ON 31,652.672 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q AT .00545 PER SHARE EFFECTIVE 12/10/2020	172.51		
12/14/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 31,652.672 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q AT .73734 PER SHARE EFFECTIVE 12/10/2020	23,338.78		

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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	SECURITY TOTAL	23,511.29	23,511.29	
	THORNBURG INVESTMENT INCOME BUILDER R6			
09/21/2020	DIVIDEND ON 50,768.468 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .230932 PER SHARE EFFECTIVE 09/17/2020	11,724.05		
12/30/2020	DIVIDEND ON 31,220.875 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .31883 PER SHARE EFFECTIVE 12/28/2020	9,954.16		
03/22/2021	DIVIDEND ON 33,202.724 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .237056 PER SHARE EFFECTIVE 03/18/2021	7,870.91		
06/21/2021	DIVIDEND ON 30,314.079 SHS THORNBURG INVESTMENT INCOME BUILDER R6 AT .298631 PER SHARE EFFECTIVE 06/17/2021	9,052.73		
	SECURITY TOTAL	38,601.85	38,601.85	
	UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6			
12/22/2020	DIVIDEND ON 22,555.552 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 AT .6366 PER SHARE EFFECTIVE 12/17/2020	14,358.86		
	SECURITY TOTAL	14,358.86	14,358.86	
	TOTAL MUTUAL FUND - DOMESTIC EQUITY	477,106.82	477,106.82	
	MUTUAL FUND - INTERNATIONAL EQUITY GOLDMAN SACHS TR II GQG PARTNRS R6			
12/18/2020	DIVIDEND ON 75,881.953 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 AT .0344 PER SHARE EFFECTIVE 12/15/2020	2,610.34		

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DATE	DESCRIPTION	CASH RECEIVED	INCOME EARNED	MARKET / COST BASIS
	SECURITY TOTAL	2,610.34	2,610.34	
	HARTFORD INTERNATIONAL VALUE - Y			
12/31/2020	DIVIDEND ON 49,557.665 SHS HARTFORD INTERNATIONAL VALUE - Y AT .295191 PER SHARE EFFECTIVE 12/28/2020	14,628.98		
	SECURITY TOTAL	14,628.98	14,628.98	
	AMERICAN FUNDS NEW PERSPECTIVE F2			
12/21/2020	DIVIDEND ON 23,823.914 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 AT .1946 PER SHARE EFFECTIVE 12/17/2020	4,636.13		
12/21/2020	LONG TERM CAP GAINS DIVIDEND - PRE 5/6/2003 ON 23,823.914 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 AT 2.424 PER SHARE EFFECTIVE 12/17/2020	57,749.17		
	SECURITY TOTAL	62,385.30	62,385.30	
	AMERICAN FUNDS NEW WORLD F2			
12/21/2020	DIVIDEND ON 8,064.981 SHS AMERICAN FUNDS NEW WORLD F2 AT .3078 PER SHARE EFFECTIVE 12/17/2020	2,482.40		
	SECURITY TOTAL	2,482.40	2,482.40	
	TOTAL MUTUAL FUND - INTERNATIONAL EQUITY	82,107.02	82,107.02	
	MUTUAL FUND - REAL ESTATE			
	COHEN AND STEERS REAL ESTATE SECURITIES - Z			
10/02/2020	DIVIDEND ON 133,283.07 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .094 PER SHARE EFFECTIVE 09/29/2020	12,528.61		



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12/14/2020	DIVIDEND ON 134,121.665 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .209 PER SHARE EFFECTIVE 12/09/2020	28,031.43		
04/05/2021	DIVIDEND ON 135,892.444 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .081 PER SHARE EFFECTIVE 03/30/2021	11,007.29		
07/02/2021	DIVIDEND ON 123,345.503 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z AT .082 PER SHARE EFFECTIVE 06/29/2021	10,114.33		
	SECURITY TOTAL	61,681.66	61,681.66	
	PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q			
07/20/2020	DIVIDEND ON 33,382.706 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .12816 PER SHARE EFFECTIVE 07/16/2020	4,278.33		
10/19/2020	DIVIDEND ON 31,763.815 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .09456 PER SHARE EFFECTIVE 10/15/2020	3,003.59		
12/21/2020	DIVIDEND ON 31,906.707 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .10035 PER SHARE EFFECTIVE 12/17/2020	3,201.84		
04/19/2021	DIVIDEND ON 32,050.739 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q AT .04618 PER SHARE EFFECTIVE 04/15/2021	1,480.10		
	SECURITY TOTAL	11,963.86	11,963.86	
	TOTAL MUTUAL FUND - REAL ESTATE	73,645.52	73,645.52	
	TOTAL DIVIDENDS	1,619,127.10	1,619,127.10	



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TOTAL INCOME		1,619,127.10	1,619,127.10	



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Schedule Of Fees And Other Expenses

DATE	DESCRIPTION	CASH
ADMINISTRATIVE FEES AND EXPENSES		
07/14/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES JUNE 2020	4,962.18
07/14/2020	MONTHLY FEE TO MORGAN STANLEY JUNE 2020	4,628.40
07/14/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY JUNE 2020	4,772.43
08/13/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY JULY 2020	4,929.33
08/13/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES JULY 2020	5,066.77
08/13/2020	MONTHLY FEE TO MORGAN STANLEY JULY 2020	4,791.84
09/15/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY AUGUST 2020	5,029.77
09/15/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST 2020	5,133.73
09/15/2020	MONTHLY FEE TO MORGAN STANLEY AUGUST 2020	4,896.46
10/09/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY SEPTEMBER 2020	4,977.06
10/09/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES SEPTEMBER 2020	5,098.60
10/09/2020	MONTHLY FEE TO MORGAN STANLEY SEPTEMBER 2020	4,841.56
11/09/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY OCTOBER 2020	4,934.70
11/09/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES OCTOBER 2020	5,070.35
11/09/2020	MONTHLY FEE TO MORGAN STANLEY OCTOBER 2020	4,797.43



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Schedule Of Fees And Other Expenses

DATE	DESCRIPTION	CASH
12/08/2020	MONTHLY FEE TO BENEFIT TRUST COMPANY NOVEMBER 2020	5,239.96
12/08/2020	MONTHLY FEE TO KEENAN AND ASSOCIATES NOVEMBER 2020	5,273.86
12/08/2020	MONTHLY FEE TO MORGAN STANLEY NOVEMBER 2020	5,115.41
01/11/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY DECEMBER 2020	5,382.53
01/11/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES DECEMBER 2020	5,368.91
01/11/2021	MONTHLY FEE TO MORGAN STANLEY DECEMBER 2020	5,263.92
02/08/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY JANUARY 2021	5,375.60
02/08/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES JANUARY 2021	5,364.29
02/08/2021	MONTHLY FEE TO MORGAN STANLEY JANUARY 2021	5,256.70
03/08/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY FEBRUARY 2021	5,430.73
03/08/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES FEBRUARY 2021	5,401.04
03/08/2021	MONTHLY FEE TO MORGAN STANLEY FEBRUARY 2021	5,314.13
04/09/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY MARCH 2021	5,408.15
04/09/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES MARCH 2021	5,385.99
04/09/2021	MONTHLY FEE TO MORGAN STANLEY MARCH 2021	5,290.61
05/10/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY APRIL 2021	5,565.28



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DATE	DESCRIPTION	CASH
05/10/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES APRIL 2021	5,490.74
05/10/2021	MONTHLY FEE TO MORGAN STANLEY APRIL 2021	5,454.28
06/09/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY MAY 2021	5,582.32
06/09/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES MAY 2021	5,502.10
06/09/2021	MONTHLY FEE TO MORGAN STANLEY MAY 2021	5,472.04
TOTAL ADMINISTRATIVE FEES AND EXPENSES		186,869.20
TOTAL FEES AND OTHER EXPENSES		186,869.20

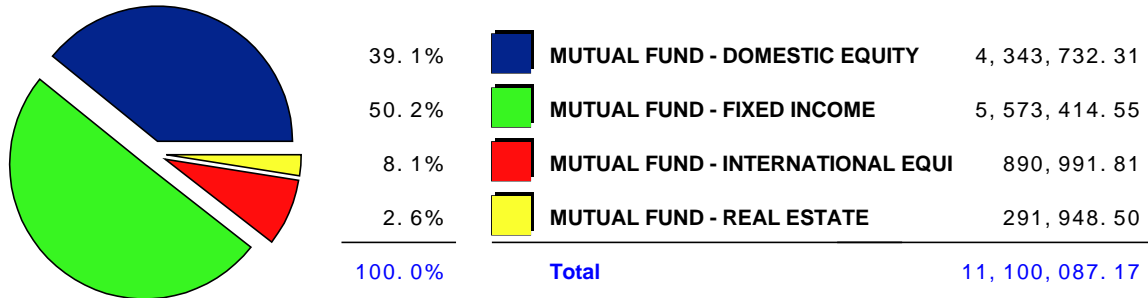


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Schedule Of Purchases

Purchase Allocation



Purchase Schedule

TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
MUTUAL FUND - FIXED INCOME				
BLACKROCK TOTAL RETURN - K				
07/31/2020	08/03/2020	PURCHASED 729.88 SHS BLACKROCK TOTAL RETURN - K ON 07/31/2020 AT 12.62 FOR REINVESTMENT	729.88	9,211.08
08/31/2020	09/01/2020	PURCHASED 824.427 SHS BLACKROCK TOTAL RETURN - K ON 08/31/2020 AT 12.54 FOR REINVESTMENT	824.427	10,338.31
09/30/2020	10/01/2020	PURCHASED 720.563 SHS BLACKROCK TOTAL RETURN - K ON 09/30/2020 AT 12.53 FOR REINVESTMENT	720.563	9,028.66
10/30/2020	11/02/2020	PURCHASED 725.575 SHS BLACKROCK TOTAL RETURN - K ON 10/30/2020 AT 12.48 FOR REINVESTMENT	725.575	9,055.18



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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
11/30/2020	12/01/2020	PURCHASED 694.889 SHS BLACKROCK TOTAL RETURN - K ON 11/30/2020 AT 12.65 FOR REINVESTMENT	694.889	8,790.35
12/22/2020	12/23/2020	PURCHASED 5,976.73 SHS BLACKROCK TOTAL RETURN - K ON 12/22/2020 AT 12.20 FOR REINVESTMENT	5,976.73	72,916.10
12/22/2020	12/23/2020	PURCHASED 7,361.45 SHS BLACKROCK TOTAL RETURN - K ON 12/22/2020 AT 12.20 FOR REINVESTMENT	7,361.45	89,809.69
12/31/2020	01/04/2021	PURCHASED 716.347 SHS BLACKROCK TOTAL RETURN - K ON 12/31/2020 AT 12.23 FOR REINVESTMENT	716.347	8,760.92
01/29/2021	02/01/2021	PURCHASED 701.39 SHS BLACKROCK TOTAL RETURN - K ON 01/29/2021 AT 12.14 FOR REINVESTMENT	701.39	8,514.87
02/26/2021	03/01/2021	PURCHASED 642.323 SHS BLACKROCK TOTAL RETURN - K ON 02/26/2021 AT 12.00 FOR REINVESTMENT	642.323	7,707.88
03/31/2021	04/01/2021	PURCHASED 692.478 SHS BLACKROCK TOTAL RETURN - K ON 03/31/2021 AT 11.83 FOR REINVESTMENT	692.478	8,192.01
04/22/2021	04/23/2021	PURCHASED 41,614.127 SHS BLACKROCK TOTAL RETURN - K ON 04/22/2021 AT 11.91	41,614.127	495,624.25
04/30/2021	05/03/2021	PURCHASED 628.845 SHS BLACKROCK TOTAL RETURN - K ON 04/30/2021 AT 11.90 FOR REINVESTMENT	628.845	7,483.26
05/28/2021	06/01/2021	PURCHASED 664.226 SHS BLACKROCK TOTAL RETURN - K ON 05/28/2021 AT 11.91 FOR REINVESTMENT	664.226	7,910.93
06/30/2021	07/01/2021	PURCHASED 698.361 SHS BLACKROCK TOTAL RETURN - K ON 06/30/2021 AT 12.01 FOR REINVESTMENT	698.361	8,387.31
TOTAL			63,391.611	761,730.80



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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
		GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6		
09/03/2020	09/04/2020	PURCHASED 82,399.936 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 09/03/2020 AT 26.35	82,399.936	2,171,238.31
09/30/2020	10/01/2020	PURCHASED 305.812 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 09/30/2020 AT 26.34 FOR REINVESTMENT	305.812	8,055.08
10/30/2020	11/02/2020	PURCHASED 388.841 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 10/30/2020 AT 26.32 FOR REINVESTMENT	388.841	10,234.30
11/30/2020	12/01/2020	PURCHASED 327.422 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 11/30/2020 AT 27.12 FOR REINVESTMENT	327.422	8,879.69
12/31/2020	01/04/2021	PURCHASED 379.909 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 12/31/2020 AT 27.49 FOR REINVESTMENT	379.909	10,443.70
01/29/2021	02/01/2021	PURCHASED 315.343 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 01/29/2021 AT 27.48 FOR REINVESTMENT	315.343	8,665.62
02/26/2021	03/01/2021	PURCHASED 334.439 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 02/26/2021 AT 27.47 FOR REINVESTMENT	334.439	9,187.03
03/31/2021	04/01/2021	PURCHASED 323.079 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 03/31/2021 AT 27.25 FOR REINVESTMENT	323.079	8,803.90
04/22/2021	04/23/2021	PURCHASED 3,488.841 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 04/22/2021 AT 27.36	3,488.841	95,454.69



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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
04/30/2021	05/03/2021	PURCHASED 298.894 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 04/30/2021 AT 27.34 FOR REINVESTMENT	298.894	8,171.77
05/28/2021	06/01/2021	PURCHASED 295.713 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 05/28/2021 AT 27.41 FOR REINVESTMENT	295.713	8,105.49
06/30/2021	07/01/2021	PURCHASED 283.425 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 06/30/2021 AT 27.38 FOR REINVESTMENT	283.425	7,760.19
TOTAL			89,141.654	2,354,999.77
GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND				
07/31/2020	08/03/2020	PURCHASED 548.983 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/31/2020 AT 20.60 FOR REINVESTMENT	548.983	11,309.04
08/31/2020	09/01/2020	PURCHASED 497.375 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 08/31/2020 AT 20.51 FOR REINVESTMENT	497.375	10,201.17
09/30/2020	10/01/2020	PURCHASED 477.893 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 09/30/2020 AT 20.51 FOR REINVESTMENT	477.893	9,801.59
10/30/2020	11/02/2020	PURCHASED 528.202 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 10/30/2020 AT 20.36 FOR REINVESTMENT	528.202	10,754.19
11/30/2020	12/01/2020	PURCHASED 460.797 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 11/30/2020 AT 20.83 FOR REINVESTMENT	460.797	9,598.41



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12/17/2020	12/18/2020	PURCHASED 1,130.571 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/17/2020 AT 20.40 FOR REINVESTMENT	1,130.571	23,063.64
12/17/2020	12/18/2020	PURCHASED 3,346.801 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/17/2020 AT 20.40 FOR REINVESTMENT	3,346.801	68,274.74
12/31/2020	01/04/2021	PURCHASED 555.728 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 12/31/2020 AT 20.50 FOR REINVESTMENT	555.728	11,392.42
01/29/2021	02/01/2021	PURCHASED 451.888 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 01/29/2021 AT 20.30 FOR REINVESTMENT	451.888	9,173.33
02/26/2021	03/01/2021	PURCHASED 521.154 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 02/26/2021 AT 19.94 FOR REINVESTMENT	521.154	10,391.82
03/31/2021	04/01/2021	PURCHASED 493.182 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 03/31/2021 AT 19.63 FOR REINVESTMENT	493.182	9,681.16
04/22/2021	04/23/2021	PURCHASED 23,799.199 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 04/22/2021 AT 19.88	23,799.199	473,128.07
04/30/2021	05/03/2021	PURCHASED 475.987 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 04/30/2021 AT 19.81 FOR REINVESTMENT	475.987	9,429.30
05/28/2021	06/01/2021	PURCHASED 455.477 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 05/28/2021 AT 19.90 FOR REINVESTMENT	455.477	9,063.99



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06/30/2021	07/01/2021	PURCHASED 495.222 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/30/2021 AT 20.14 FOR REINVESTMENT	495.222	9,973.78
TOTAL			34,238.459	685,236.65
PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6				
07/31/2020	08/03/2020	PURCHASED 873.833 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 07/31/2020 AT 7.14 FOR REINVESTMENT	873.833	6,239.17
08/31/2020	09/01/2020	PURCHASED 909.235 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 08/31/2020 AT 7.14 FOR REINVESTMENT	909.235	6,491.94
09/03/2020	09/04/2020	PURCHASED 2,117.254 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 09/03/2020 AT 7.17	2,117.254	15,180.71
09/30/2020	10/01/2020	PURCHASED 890.814 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 09/30/2020 AT 7.08 FOR REINVESTMENT	890.814	6,306.96
10/30/2020	11/02/2020	PURCHASED 924.195 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 10/30/2020 AT 7.04 FOR REINVESTMENT	924.195	6,506.33
11/30/2020	12/01/2020	PURCHASED 800.617 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 11/30/2020 AT 7.25 FOR REINVESTMENT	800.617	5,804.47
12/23/2020	12/24/2020	PURCHASED 1,609.736 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 12/23/2020 AT 7.30 FOR REINVESTMENT	1,609.736	11,751.07



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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
12/31/2020	01/04/2021	PURCHASED 798.409 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 12/31/2020 AT 7.34 FOR REINVESTMENT	798.409	5,860.32
01/29/2021	02/01/2021	PURCHASED 798.82 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 01/29/2021 AT 7.23 FOR REINVESTMENT	798.82	5,775.47
02/26/2021	03/01/2021	PURCHASED 735.791 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 02/26/2021 AT 6.97 FOR REINVESTMENT	735.791	5,128.46
03/31/2021	04/01/2021	PURCHASED 801.537 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 03/31/2021 AT 6.78 FOR REINVESTMENT	801.537	5,434.42
04/22/2021	04/23/2021	PURCHASED 36,612.182 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 04/22/2021 AT 6.93	36,612.182	253,722.42
04/30/2021	05/03/2021	PURCHASED 830.464 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 04/30/2021 AT 6.89 FOR REINVESTMENT	830.464	5,721.90
05/28/2021	06/01/2021	PURCHASED 922.178 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 05/28/2021 AT 6.95 FOR REINVESTMENT	922.178	6,409.14
06/30/2021	07/01/2021	PURCHASED 896.373 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 06/30/2021 AT 6.94 FOR REINVESTMENT	896.373	6,220.83
TOTAL			50,521.438	352,553.61



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TRADE DATE	SETTLMT DATE	DESCRIPTION	UNITS	AVG COST
		PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6		
07/31/2020	08/03/2020	PURCHASED 801.453 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 07/31/2020 AT 15.05 FOR REINVESTMENT	801.453	12,061.87
08/31/2020	09/01/2020	PURCHASED 813.265 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 08/31/2020 AT 14.91 FOR REINVESTMENT	813.265	12,125.78
09/30/2020	10/01/2020	PURCHASED 719.206 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 09/30/2020 AT 14.87 FOR REINVESTMENT	719.206	10,694.59
10/30/2020	11/02/2020	PURCHASED 751.35 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 10/30/2020 AT 14.73 FOR REINVESTMENT	751.35	11,067.39
11/30/2020	12/01/2020	PURCHASED 708.8 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 11/30/2020 AT 15.06 FOR REINVESTMENT	708.8	10,674.53
12/31/2020	01/04/2021	PURCHASED 726.664 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 12/31/2020 AT 15.11 FOR REINVESTMENT	726.664	10,979.90
01/29/2021	02/01/2021	PURCHASED 696.462 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 01/29/2021 AT 14.94 FOR REINVESTMENT	696.462	10,405.14
02/26/2021	03/01/2021	PURCHASED 641.883 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 02/26/2021 AT 14.61 FOR REINVESTMENT	641.883	9,377.91
03/31/2021	04/01/2021	PURCHASED 691.486 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 03/31/2021 AT 14.34 FOR REINVESTMENT	691.486	9,915.91



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04/22/2021	04/23/2021	PURCHASED 37,766.11 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 04/22/2021 AT 14.52	37,766.11	548,363.91
04/30/2021	05/03/2021	PURCHASED 672.533 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 04/30/2021 AT 14.47 FOR REINVESTMENT	672.533	9,731.55
05/28/2021	06/01/2021	PURCHASED 786.97 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 05/28/2021 AT 14.54 FOR REINVESTMENT	786.97	11,442.54
06/30/2021	07/01/2021	PURCHASED 731.83 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 06/30/2021 AT 14.69 FOR REINVESTMENT	731.83	10,750.59
TOTAL			46,508.012	677,591.61
WESTERN ASSET CORE PLUS BOND IS				
07/31/2020	08/03/2020	PURCHASED 877.824 SHS WESTERN ASSET CORE PLUS BOND IS ON 07/31/2020 AT 12.58 FOR REINVESTMENT	877.824	11,043.03
08/31/2020	09/01/2020	PURCHASED 814.857 SHS WESTERN ASSET CORE PLUS BOND IS ON 08/31/2020 AT 12.53 FOR REINVESTMENT	814.857	10,210.16
09/30/2020	10/01/2020	PURCHASED 762.971 SHS WESTERN ASSET CORE PLUS BOND IS ON 09/30/2020 AT 12.43 FOR REINVESTMENT	762.971	9,483.73
10/30/2020	11/02/2020	PURCHASED 785.058 SHS WESTERN ASSET CORE PLUS BOND IS ON 10/30/2020 AT 12.34 FOR REINVESTMENT	785.058	9,687.61
11/30/2020	12/01/2020	PURCHASED 691.019 SHS WESTERN ASSET CORE PLUS BOND IS ON 11/30/2020 AT 12.66 FOR REINVESTMENT	691.019	8,748.30



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12/15/2020	12/16/2020	PURCHASED 425.419 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/15/2020 AT 12.49 FOR REINVESTMENT	425.419	5,313.48
12/15/2020	12/16/2020	PURCHASED 4,507.275 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/15/2020 AT 12.49 FOR REINVESTMENT	4,507.275	56,295.87
12/31/2020	01/04/2021	PURCHASED 816.871 SHS WESTERN ASSET CORE PLUS BOND IS ON 12/31/2020 AT 12.56 FOR REINVESTMENT	816.871	10,259.90
01/29/2021	02/01/2021	PURCHASED 628.25 SHS WESTERN ASSET CORE PLUS BOND IS ON 01/29/2021 AT 12.38 FOR REINVESTMENT	628.25	7,777.74
02/26/2021	03/01/2021	PURCHASED 675.613 SHS WESTERN ASSET CORE PLUS BOND IS ON 02/26/2021 AT 12.12 FOR REINVESTMENT	675.613	8,188.43
03/31/2021	04/01/2021	PURCHASED 769.121 SHS WESTERN ASSET CORE PLUS BOND IS ON 03/31/2021 AT 11.91 FOR REINVESTMENT	769.121	9,160.23
04/22/2021	04/23/2021	PURCHASED 44,241.262 SHS WESTERN ASSET CORE PLUS BOND IS ON 04/22/2021 AT 12.08	44,241.262	534,434.45
04/30/2021	05/03/2021	PURCHASED 823.311 SHS WESTERN ASSET CORE PLUS BOND IS ON 04/30/2021 AT 12.05 FOR REINVESTMENT	823.311	9,920.90
05/28/2021	06/01/2021	PURCHASED 806.326 SHS WESTERN ASSET CORE PLUS BOND IS ON 05/28/2021 AT 12.11 FOR REINVESTMENT	806.326	9,764.61
06/17/2021	06/18/2021	PURCHASED 1,270.864 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/17/2021 AT 12.08 FOR REINVESTMENT	1,270.864	15,352.04



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06/17/2021	06/18/2021	PURCHASED 1,316.5 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/17/2021 AT 12.08 FOR REINVESTMENT	1,316.5	15,903.32
06/30/2021	07/01/2021	PURCHASED 805.806 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/30/2021 AT 12.11 FOR REINVESTMENT	805.806	9,758.31
TOTAL			61,018.347	741,302.11
TOTAL MUTUAL FUND - FIXED INCOME			344,819.521	5,573,414.55
MUTUAL FUND - DOMESTIC EQUITY				
ALGER FUNDS MID CAP FOCUS - Z				
09/03/2020	09/04/2020	PURCHASED 67,083.777 SHS ALGER FUNDS MID CAP FOCUS - Z ON 09/03/2020 AT 14.50	67,083.777	972,714.76
12/16/2020	12/17/2020	PURCHASED 348.784 SHS ALGER FUNDS MID CAP FOCUS - Z ON 12/16/2020 AT 18.42 FOR REINVESTMENT	348.784	6,424.60
12/16/2020	12/17/2020	PURCHASED 570.673 SHS ALGER FUNDS MID CAP FOCUS - Z ON 12/16/2020 AT 18.42 FOR REINVESTMENT	570.673	10,511.80
TOTAL			68,003.234	989,651.16
ALGER FUNDS SMALL CAP FOCUS Z				
09/16/2020	09/17/2020	PURCHASED 1.493 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 09/16/2020 AT 26.13	1.493	39.00
TOTAL			1.493	39.00



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		ALGER FUNDS FOCUS EQUITY FUND CL Y		
12/16/2020	12/17/2020	PURCHASED 17.589 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/16/2020 AT 55.01 FOR REINVESTMENT	17.589	967.57
12/16/2020	12/17/2020	PURCHASED 838.12 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/16/2020 AT 55.01 FOR REINVESTMENT	838.12	46,104.98
12/16/2020	12/17/2020	PURCHASED 2,473.317 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 12/16/2020 AT 55.01 FOR REINVESTMENT	2,473.317	136,057.17
TOTAL			3,329.026	183,129.72
		COLUMBIA CONTRARIAN CORE		
09/03/2020	09/04/2020	PURCHASED 22,328.572 SHS COLUMBIA CONTRARIAN CORE ON 09/03/2020 AT 30.21	22,328.572	674,546.16
12/09/2020	12/11/2020	PURCHASED 722.334 SHS COLUMBIA CONTRARIAN CORE ON 12/09/2020 AT 30.34 FOR REINVESTMENT	722.334	21,915.61
12/09/2020	12/11/2020	PURCHASED 5,608.766 SHS COLUMBIA CONTRARIAN CORE ON 12/09/2020 AT 30.34 FOR REINVESTMENT	5,608.766	170,169.95
TOTAL			28,659.672	866,631.72
		OAKMARK INTERNATIONAL INST.		
12/10/2020	12/14/2020	PURCHASED 164.346 SHS OAKMARK INTERNATIONAL INST. ON 12/10/2020 AT 25.44 FOR REINVESTMENT	164.346	4,180.95
TOTAL			164.346	4,180.95



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		JOHN HANCOCK INTERNATIONAL GROWTH R6		
12/18/2020	12/22/2020	PURCHASED 118.976 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 12/18/2020 AT 36.16 FOR REINVESTMENT	118.976	4,302.19
		TOTAL	118.976	4,302.19
		CLEARBRIDGE SELECT - IS		
09/03/2020	09/04/2020	PURCHASED 40,810.353 SHS CLEARBRIDGE SELECT - IS ON 09/03/2020 AT 40.86	40,810.353	1,667,511.01
		TOTAL	40,810.353	1,667,511.01
		PRUDENTIAL JENNISON GLOBAL OPPS Q		
09/03/2020	09/04/2020	PURCHASED 10,586.77 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 09/03/2020 AT 40.37	10,586.77	427,387.90
12/11/2020	12/14/2020	PURCHASED 3.835 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 12/11/2020 AT 44.98 FOR REINVESTMENT	3.835	172.51
12/11/2020	12/14/2020	PURCHASED 518.87 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 12/11/2020 AT 44.98 FOR REINVESTMENT	518.87	23,338.78
		TOTAL	11,109.475	450,899.19
		THORNBURG INVESTMENT INCOME BUILDER R6		
09/17/2020	09/21/2020	PURCHASED 601.233 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 09/17/2020 AT 19.50 FOR REINVESTMENT	601.233	11,724.05



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12/28/2020	12/30/2020	PURCHASED 464.497 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 12/28/2020 AT 21.43 FOR REINVESTMENT	464.497	9,954.16
03/18/2021	03/22/2021	PURCHASED 340.29 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 03/18/2021 AT 23.13 FOR REINVESTMENT	340.29	7,870.91
06/17/2021	06/21/2021	PURCHASED 381.972 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 06/17/2021 AT 23.70 FOR REINVESTMENT	381.972	9,052.73
TOTAL			1,787.992	38,601.85
UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6				
09/03/2020	09/04/2020	PURCHASED 2,595.466 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 09/03/2020 AT 47.94	2,595.466	124,426.66
12/18/2020	12/22/2020	PURCHASED 227.053 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/18/2020 AT 63.24 FOR REINVESTMENT	227.053	14,358.86
TOTAL			2,822.519	138,785.52
TOTAL MUTUAL FUND - DOMESTIC EQUITY			156,807.086	4,343,732.31
MUTUAL FUND - INTERNATIONAL EQUITY				
GOLDMAN SACHS TR II GQG PARTNRS R6				
09/03/2020	09/04/2020	PURCHASED 23,854.547 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 09/03/2020 AT 17.10	23,854.547	407,912.75
12/16/2020	12/18/2020	PURCHASED 146.648 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 12/16/2020 AT 17.80 FOR REINVESTMENT	146.648	2,610.34



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04/22/2021	04/23/2021	PURCHASED 1,437.801 SHS GOLDMAN SACHS TR II GQG PARTNRS R6 ON 04/22/2021 AT 18.98	1,437.801	27,289.46
TOTAL			25,438.996	437,812.55
HARTFORD INTERNATIONAL VALUE - Y				
12/29/2020	12/31/2020	PURCHASED 1,029.485 SHS HARTFORD INTERNATIONAL VALUE - Y ON 12/29/2020 AT 14.21 FOR REINVESTMENT	1,029.485	14,628.98
TOTAL			1,029.485	14,628.98
AMERICAN FUNDS NEW PERSPECTIVE F2				
09/03/2020	09/04/2020	PURCHASED 6,874.22 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 09/03/2020 AT 54.36	6,874.22	373,682.58
12/17/2020	12/21/2020	PURCHASED 78.01 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/17/2020 AT 59.43 FOR REINVESTMENT	78.01	4,636.13
12/17/2020	12/21/2020	PURCHASED 971.717 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 12/17/2020 AT 59.43 FOR REINVESTMENT	971.717	57,749.17
TOTAL			7,923.947	436,067.88
AMERICAN FUNDS NEW WORLD F2				
12/17/2020	12/21/2020	PURCHASED 28.629 SHS AMERICAN FUNDS NEW WORLD F2 ON 12/17/2020 AT 86.71 FOR REINVESTMENT	28.629	2,482.40
TOTAL			28.629	2,482.40
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY			34,421.057	890,991.81



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MUTUAL FUND - REAL ESTATE				
		COHEN AND STEERS REAL ESTATE SECURITIES - Z		
09/03/2020	09/04/2020	PURCHASED 14,120.503 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 09/03/2020 AT 15.46	14,120.503	218,302.98
09/30/2020	10/02/2020	PURCHASED 838.595 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 09/30/2020 AT 14.94 FOR REINVESTMENT	838.595	12,528.61
12/10/2020	12/14/2020	PURCHASED 1,770.779 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 12/10/2020 AT 15.83 FOR REINVESTMENT	1,770.779	28,031.43
03/31/2021	04/05/2021	PURCHASED 628.27 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 03/31/2021 AT 17.52 FOR REINVESTMENT	628.27	11,007.29
06/30/2021	07/02/2021	PURCHASED 516.828 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/30/2021 AT 19.57 FOR REINVESTMENT	516.828	10,114.33
		TOTAL	17,874.975	279,984.64
		PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q		
07/17/2020	07/20/2020	PURCHASED 211.38 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 07/17/2020 AT 20.24 FOR REINVESTMENT	211.38	4,278.33
10/16/2020	10/19/2020	PURCHASED 142.892 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 10/16/2020 AT 21.02 FOR REINVESTMENT	142.892	3,003.59



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12/18/2020	12/21/2020	PURCHASED 144.032 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 12/18/2020 AT 22.23 FOR REINVESTMENT	144.032	3,201.84
04/16/2021	04/19/2021	PURCHASED 59.323 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 04/16/2021 AT 24.95 FOR REINVESTMENT	59.323	1,480.10
TOTAL			557.627	11,963.86
TOTAL MUTUAL FUND - REAL ESTATE			18,432.602	291,948.50
TOTAL PURCHASES			554,480.266	11,100,087.17

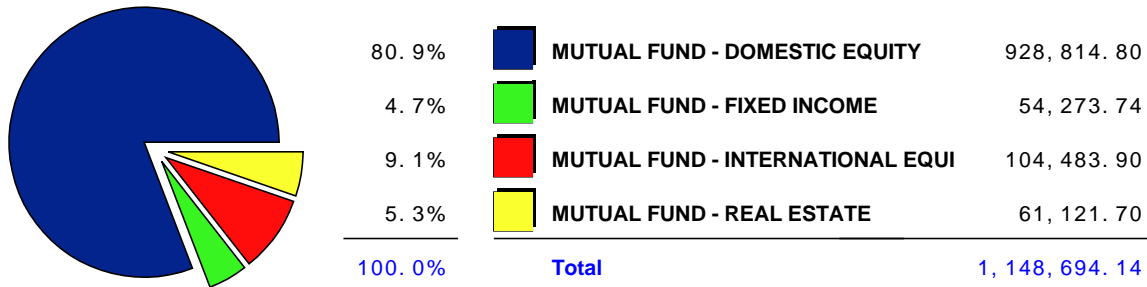


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Realized Gains & Losses Allocation



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					
09/03/2020	09/04/2020	SOLD 45,377.554 SHS BLACKROCK TOTAL RETURN - K ON 09/03/2020 AT 12.61	572,210.95	562,261.78 535,360.62	9,949.17 36,850.33
09/14/2020	09/15/2020	SOLD 464.645 SHS BLACKROCK TOTAL RETURN - K ON 09/14/2020 AT 12.58	5,845.24	5,757.30 5,481.84	87.94 363.40
TOTAL 45,842.199 SHS			578,056.19	568,019.08 540,842.46	10,037.11 37,213.73

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GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6					
09/14/2020	09/15/2020	SOLD 348.646 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 09/14/2020 AT 26.43	9,214.72	9,186.82 9,186.82	27.90 27.90
TOTAL 348.646 SHS			9,214.72	9,186.82 9,186.82	27.90 27.90
GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND					
07/13/2020	07/14/2020	SOLD 708.235 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 07/13/2020 AT 20.28	14,363.01	14,242.61 13,154.84	120.40 1,208.17
08/12/2020	08/13/2020	SOLD 719.958 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 08/12/2020 AT 20.54	14,787.94	14,479.15 13,375.85	308.79 1,412.09
09/03/2020	09/04/2020	SOLD 34,388.658 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 09/03/2020 AT 20.65	710,125.78	691,621.50 639,029.65	18,504.28 71,096.13
05/07/2021	05/10/2021	SOLD 158.276 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 05/07/2021 AT 19.88	3,146.53	3,180.79 2,970.88	34.26- 175.65
TOTAL 35,975.127 SHS			742,423.26	723,524.05 668,531.22	18,899.21 73,892.04
PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6					
09/03/2020	09/04/2020	SOLD 33,600.342 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 09/03/2020 AT 15.03	505,013.14	494,640.66 490,530.41	10,372.48 14,482.73
05/07/2021	05/10/2021	SOLD 236.09 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 05/07/2021 AT 14.53	3,430.39	3,470.36 3,445.24	39.97- 14.85-
TOTAL 33,836.432 SHS			508,443.53	498,111.02 493,975.65	10,332.51 14,467.88



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WESTERN ASSET CORE PLUS BOND IS					
09/03/2020	09/04/2020	SOLD 45,903.579 SHS WESTERN ASSET CORE PLUS BOND IS ON 09/03/2020 AT 12.61	578,844.13	563,750.89 544,033.68	15,093.24 34,810.45
05/07/2021	05/10/2021	SOLD 819.586 SHS WESTERN ASSET CORE PLUS BOND IS ON 05/07/2021 AT 12.12	9,933.38	10,049.61 9,746.15	116.23- 187.23
TOTAL 46,723.165 SHS			588,777.51	573,800.50 553,779.83	14,977.01 34,997.68
TOTAL MUTUAL FUND - FIXED INCOME			2,426,915.21	2,372,641.47 2,266,315.98	54,273.74 160,599.23
MUTUAL FUND - DOMESTIC EQUITY					
ALGER FUNDS MID CAP FOCUS - Z					
10/08/2020	10/09/2020	SOLD 925.96 SHS ALGER FUNDS MID CAP FOCUS - Z ON 10/08/2020 AT 16.11	14,917.22	13,426.42 13,426.42	1,490.80 1,490.80
11/06/2020	11/09/2020	SOLD 867.163 SHS ALGER FUNDS MID CAP FOCUS - Z ON 11/06/2020 AT 17.07	14,802.48	12,573.86 12,573.86	2,228.62 2,228.62
02/05/2021	02/08/2021	SOLD 725.798 SHS ALGER FUNDS MID CAP FOCUS - Z ON 02/05/2021 AT 22.04	15,996.59	10,563.58 10,563.58	5,433.01 5,433.01
04/22/2021	04/23/2021	SOLD 11,138.901 SHS ALGER FUNDS MID CAP FOCUS - Z ON 04/22/2021 AT 19.92	221,886.91	162,120.43 162,120.43	59,766.48 59,766.48
TOTAL 13,657.822 SHS			267,603.20	198,684.29 198,684.29	68,918.91 68,918.91



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ALGER FUNDS SMALL CAP FOCUS Z					
09/03/2020	09/04/2020	SOLD 9,275.288 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 09/03/2020 AT 27.24	252,658.85	240,879.23 140,374.41	11,779.62 112,284.44
04/22/2021	04/23/2021	SOLD 1,921.73 SHS ALGER FUNDS SMALL CAP FOCUS Z ON 04/22/2021 AT 33.05	63,513.16	49,907.34 29,084.42	13,605.82 34,428.74
TOTAL 11,197.018 SHS			316,172.01	290,786.57 169,458.83	25,385.44 146,713.18
ALGER FUNDS FOCUS EQUITY FUND CL Y					
09/03/2020	09/04/2020	SOLD 3,637.357 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 09/03/2020 AT 54.79	199,290.77	171,210.39 133,423.75	28,080.38 65,867.02
04/22/2021	04/23/2021	SOLD 933.09 SHS ALGER FUNDS FOCUS EQUITY FUND CL Y ON 04/22/2021 AT 59.91	55,901.44	44,352.62 35,224.53	11,548.82 20,676.91
TOTAL 4,570.447 SHS			255,192.21	215,563.01 168,648.28	39,629.20 86,543.93
COLUMBIA CONTRARIAN CORE					
04/22/2021	04/23/2021	SOLD 7,818.275 SHS COLUMBIA CONTRARIAN CORE ON 04/22/2021 AT 34.66	270,981.40	219,700.17 210,676.39	51,281.23 60,305.01
TOTAL 7,818.275 SHS			270,981.40	219,700.17 210,676.39	51,281.23 60,305.01
OAKMARK SELECT FUND-INSTITUTIONAL					
09/03/2020	09/04/2020	SOLD 46,211.523 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 09/03/2020 AT 40.27	1,860,938.03	1,668,235.98 2,018,115.19	192,702.05 157,177.16-



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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
09/16/2020	09/17/2020	SOLD .5 SHS OAKMARK SELECT FUND-INSTITUTIONAL ON 09/16/2020 AT 39.88	19.94	18.05 21.84	1.89 1.90-
TOTAL 46,212.023 SHS			1,860,957.97	1,668,254.03 2,018,137.03	192,703.94 157,179.06-
OAKMARK INTERNATIONAL INST.					
09/03/2020	09/04/2020	SOLD 4,690.64 SHS OAKMARK INTERNATIONAL INST. ON 09/03/2020 AT 20.89	97,987.48	90,060.29 130,094.33	7,927.19 32,106.85-
01/08/2021	01/11/2021	SOLD 409.146 SHS OAKMARK INTERNATIONAL INST. ON 01/08/2021 AT 27.00	11,046.94	7,869.71 11,342.43	3,177.23 295.49-
04/22/2021	04/23/2021	SOLD 5,418.299 SHS OAKMARK INTERNATIONAL INST. ON 04/22/2021 AT 28.89	156,534.66	104,218.09 150,207.18	52,316.57 6,327.48
06/08/2021	06/09/2021	SOLD 246.766 SHS OAKMARK INTERNATIONAL INST. ON 06/08/2021 AT 31.25	7,711.43	4,746.41 6,840.90	2,965.02 870.53
TOTAL 10,764.851 SHS			273,280.51	206,894.50 298,484.84	66,386.01 25,204.33-
HARTFORD FUNDS MIDCAP CLASS Y					
09/03/2020	09/04/2020	SOLD 31,874.951 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 09/03/2020 AT 38.56	1,229,098.11	1,143,673.24 1,059,260.38	85,424.87 169,837.73
09/16/2020	09/17/2020	SOLD .5 SHS HARTFORD FUNDS MIDCAP CLASS Y ON 09/16/2020 AT 38.12	19.06	17.94 16.62	1.12 2.44
TOTAL 31,875.451 SHS			1,229,117.17	1,143,691.18 1,059,277.00	85,425.99 169,840.17



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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
JOHN HANCOCK INTERNATIONAL GROWTH R6					
09/03/2020	09/04/2020	SOLD 1,183.011 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 09/03/2020 AT 32.73	38,719.96	34,827.84 33,636.33	3,892.12 5,083.63
04/22/2021	04/23/2021	SOLD 2,234.064 SHS JOHN HANCOCK INTERNATIONAL GROWTH R6 ON 04/22/2021 AT 39.54	88,334.88	65,816.03 63,572.69	22,518.85 24,762.19
TOTAL 3,417.075 SHS			127,054.84	100,643.87 97,209.02	26,410.97 29,845.82
CLEARBRIDGE SELECT - IS					
04/22/2021	04/23/2021	SOLD 5,988.044 SHS CLEARBRIDGE SELECT - IS ON 04/22/2021 AT 53.08	317,845.38	244,671.48 244,671.48	73,173.90 73,173.90
TOTAL 5,988.044 SHS			317,845.38	244,671.48 244,671.48	73,173.90 73,173.90
PRUDENTIAL JENNISON GLOBAL OPPS Q					
04/22/2021	04/23/2021	SOLD 479.958 SHS PRUDENTIAL JENNISON GLOBAL OPPS Q ON 04/22/2021 AT 46.41	22,274.85	17,498.14 13,853.28	4,776.71 8,421.57
TOTAL 479.958 SHS			22,274.85	17,498.14 13,853.28	4,776.71 8,421.57
THORNBURG INVESTMENT INCOME BUILDER R6					
09/03/2020	09/04/2020	SOLD 24,417.299 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 09/03/2020 AT 19.44	474,672.30	459,289.40 515,428.43	15,382.90 40,756.13 -
04/22/2021	04/23/2021	SOLD 3,376.916 SHS THORNBURG INVESTMENT INCOME BUILDER R6 ON 04/22/2021 AT 23.33	78,783.44	63,837.79 71,270.42	14,945.65 7,513.02



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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
TOTAL 27,794.215 SHS			553,455.74	523,127.19 586,698.85	30,328.55 33,243.11 -
UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6					
12/07/2020	12/08/2020	SOLD 245.55 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 12/07/2020 AT 63.65	15,629.23	11,123.22 15,483.49	4,506.01 145.74
01/08/2021	01/11/2021	SOLD 72.215 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 01/08/2021 AT 68.80	4,968.42	3,284.19 4,553.75	1,684.23 414.67
03/05/2021	03/08/2021	SOLD 206.337 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 03/05/2021 AT 78.25	16,145.90	9,383.80 13,011.24	6,762.10 3,134.66
04/08/2021	04/09/2021	SOLD 201.16 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 04/08/2021 AT 79.96	16,084.75	9,148.36 12,684.79	6,936.39 3,399.96
04/22/2021	04/23/2021	SOLD 7,144.684 SHS UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6 ON 04/22/2021 AT 79.70	569,431.28	324,926.06 450,530.96	244,505.22 118,900.32
TOTAL 7,869.946 SHS			622,259.58	357,865.63 496,264.23	264,393.95 125,995.35
TOTAL MUTUAL FUND - DOMESTIC EQUITY			6,116,194.86	5,187,380.06 5,562,063.52	928,814.80 554,131.34
MUTUAL FUND - INTERNATIONAL EQUITY					
HARTFORD INTERNATIONAL VALUE - Y					
09/03/2020	09/04/2020	SOLD 35,984.085 SHS HARTFORD INTERNATIONAL VALUE - Y ON 09/03/2020 AT 12.29	442,244.41	419,214.59 590,466.88	23,029.82 148,222.47 -
04/22/2021	04/23/2021	SOLD 7,677.011 SHS HARTFORD INTERNATIONAL VALUE - Y ON 04/22/2021 AT 16.02	122,985.71	89,837.13 125,629.36	33,148.58 2,643.65 -

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06/08/2021	06/09/2021	SOLD 507.169 SHS HARTFORD INTERNATIONAL VALUE - Y ON 06/08/2021 AT 17.44	8,845.03	5,934.94 8,299.50	2,910.09 545.53
TOTAL 44,168.265 SHS			574,075.15	514,986.66 724,395.74	59,088.49 150,320.59-
AMERICAN FUNDS NEW PERSPECTIVE F2					
04/22/2021	04/23/2021	SOLD 2,085.205 SHS AMERICAN FUNDS NEW PERSPECTIVE F2 ON 04/22/2021 AT 64.26	133,995.30	104,277.71 95,499.38	29,717.59 38,495.92
TOTAL 2,085.205 SHS			133,995.30	104,277.71 95,499.38	29,717.59 38,495.92
AMERICAN FUNDS NEW WORLD F2					
09/03/2020	09/04/2020	SOLD 684.322 SHS AMERICAN FUNDS NEW WORLD F2 ON 09/03/2020 AT 75.30	51,529.45	46,650.23 41,868.29	4,879.22 9,661.16
04/22/2021	04/23/2021	SOLD 474.989 SHS AMERICAN FUNDS NEW WORLD F2 ON 04/22/2021 AT 90.97	43,209.75	32,411.15 29,103.74	10,798.60 14,106.01
TOTAL 1,159.311 SHS			94,739.20	79,061.38 70,972.03	15,677.82 23,767.17
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY			802,809.65	698,325.75 890,867.15	104,483.90 88,057.50-
MUTUAL FUND - REAL ESTATE					
COHEN AND STEERS REAL ESTATE SECURITIES - Z					
04/22/2021	04/23/2021	SOLD 13,175.211 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 04/22/2021 AT 18.65	245,717.69	193,829.79 213,628.92	51,887.90 32,088.77
TOTAL 13,175.211 SHS			245,717.69	193,829.79 213,628.92	51,887.90 32,088.77



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TRADE DATE	SETTLMT DATE	DESCRIPTION	PROCEEDS	MKT / COST BASIS	MKT / COST GAIN / LOSS
		PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q			
09/03/2020	09/04/2020	SOLD 1,830.271 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 09/03/2020 AT 21.62	39,570.46	37,208.37 43,863.26	2,362.09 4,292.80-
04/22/2021	04/23/2021	SOLD 1,461.932 SHS PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q ON 04/22/2021 AT 25.05	36,621.40	29,749.69 35,007.97	6,871.71 1,613.43
		TOTAL 3,292.203 SHS	76,191.86	66,958.06 78,871.23	9,233.80 2,679.37-
		TOTAL MUTUAL FUND - REAL ESTATE	321,909.55	260,787.85 292,500.15	61,121.70 29,409.40
		TOTAL SALES	9,667,829.27	8,519,135.13 9,011,746.80	1,148,694.14 656,082.47

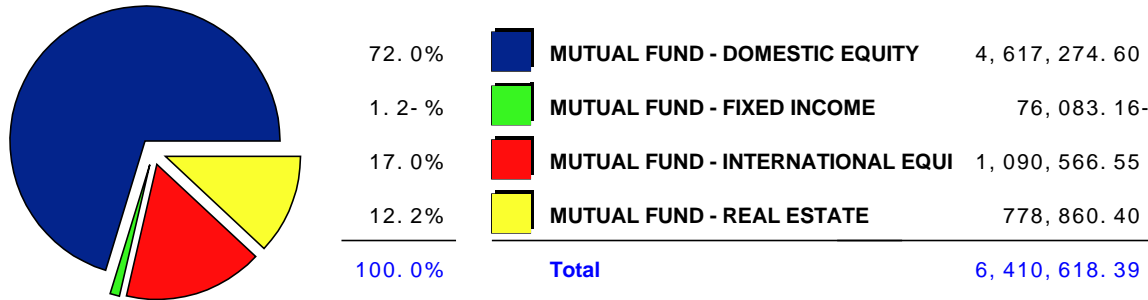


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Schedule Of Unrealized Gains & Losses

Unrealized Gains & Losses Allocation



Unrealized Gains & Losses Schedule

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
MUTUAL FUND - FIXED INCOME				
BLACKROCK TOTAL RETURN - K	406,359.487	5,011,068.55 4,806,825.60	4,880,377.44	130,691.11 - 73,551.84
GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6	88,793.008	2,345,812.95 2,345,812.95	2,431,152.56	85,339.61 85,339.61
GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND	243,560.455	4,894,637.74 4,572,881.45	4,905,307.56	10,669.82 332,426.11
PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6	349,863.732	2,406,041.75 2,460,453.16	2,428,054.30	22,012.55 32,398.86 -



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Schedule Of Unrealized Gains & Losses

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6	333,792.531	4,906,380.99 4,871,036.92	4,903,412.28	2,968.71 - 32,375.36
WESTERN ASSET CORE PLUS BOND IS	402,873.774	4,939,246.72 4,791,632.08	4,878,801.40	60,445.32 - 87,169.32
TOTAL MUTUAL FUND - FIXED INCOME		24,503,188.70 23,848,642.16	24,427,105.54	76,083.16 - 578,463.38
MUTUAL FUND - DOMESTIC EQUITY				
ALGER FUNDS MID CAP FOCUS - Z	54,345.412	790,966.87 790,966.87	1,134,188.75	343,221.88 343,221.88
ALGER FUNDS SMALL CAP FOCUS Z	60,877.597	1,580,991.41 921,351.88	2,038,790.72	457,799.31 1,117,438.84
ALGER FUNDS FOCUS EQUITY FUND CL Y	56,150.089	2,668,985.09 2,119,688.80	3,555,985.14	887,000.05 1,436,296.34
COLUMBIA CONTRARIAN CORE	79,147.187	2,224,103.17 2,132,752.30	2,861,170.81	637,067.64 728,418.51
OAKMARK INTERNATIONAL INST.	23,679.311	455,458.92 656,442.62	702,328.36	246,869.44 45,885.74
JOHN HANCOCK INTERNATIONAL GROWTH R6	37,293.109	1,098,663.48 1,061,215.54	1,509,625.05	410,961.57 448,409.51
CLEARBRIDGE SELECT - IS	34,822.309	1,422,839.53 1,422,839.53	1,970,942.69	548,103.16 548,103.16
PRUDENTIAL JENNISON GLOBAL OPPS Q	31,695.419	1,155,540.17 914,841.33	1,548,004.26	392,464.09 633,162.93
THORNBURG INVESTMENT INCOME BUILDER R6	29,944.384	567,905.58 632,972.76	703,992.47	136,086.89 71,019.71



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Schedule Of Unrealized Gains & Losses

DESCRIPTION	UNITS	BEGINNING MKT / COST	ENDING MKT VALUE	GAIN / LOSS MKT / COST
UNDISCOVERED MANAGERS BEHAVIORAL VALUE R6	15,158.209	689,365.28 955,849.46	1,247,065.85	557,700.57 291,216.39
TOTAL MUTUAL FUND - DOMESTIC EQUITY		12,654,819.50 11,608,921.09	17,272,094.10	4,617,274.60 5,663,173.01
MUTUAL FUND - INTERNATIONAL EQUITY				
GOLDMAN SACHS TR II GQG PARTNRS R6	77,466.402	1,251,521.18 1,191,371.80	1,535,384.09	283,862.91 344,012.29
HARTFORD INTERNATIONAL VALUE - Y	42,402.97	496,203.71 693,897.40	706,433.48	210,229.77 12,536.08
AMERICAN FUNDS NEW PERSPECTIVE F2	22,788.436	1,139,612.59 1,043,677.50	1,519,988.68	380,376.09 476,311.18
AMERICAN FUNDS NEW WORLD F2	7,618.621	519,861.01 466,811.56	735,958.79	216,097.78 269,147.23
TOTAL MUTUAL FUND - INTERNATIONAL EQUITY		3,407,198.49 3,395,758.26	4,497,765.04	1,090,566.55 1,102,006.78
MUTUAL FUND - REAL ESTATE				
COHEN AND STEERS REAL ESTATE SECURITIES - Z	123,862.331	1,824,736.70 2,010,094.95	2,423,985.82	599,249.12 413,890.87
PRUDENTIAL FUNDS GLOBAL REAL ESTATE CL Q	30,648.13	623,676.21 733,911.47	803,287.49	179,611.28 69,376.02
TOTAL MUTUAL FUND - REAL ESTATE		2,448,412.91 2,744,006.42	3,227,273.31	778,860.40 483,266.89
TOTAL UNREALIZED GAINS & LOSSES		43,013,619.60 41,597,327.93	49,424,237.99	6,410,618.39 7,826,910.06

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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:	40,432,667.56			
SECURITY TRANSACTIONS EXCEEDING 5%:				
MUTUAL FUND - FIXED INCOME				
GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6				
PURCHASED 82,399.936 SHS ON 09/03/2020 AT 26.35	2,171,238.31	2,171,238.31	2,168,766.32	
SOLD 348.646 SHS ON 09/14/2020 AT 26.43	9,214.72	9,186.82	9,235.63	27.90
PURCHASED 305.812 SHS ON 09/30/2020 AT 26.34 FOR REINVESTMENT	8,055.08	8,055.08	8,055.09	
PURCHASED 388.841 SHS ON 10/30/2020 AT 26.32 FOR REINVESTMENT	10,234.30	10,234.30	10,253.74	
PURCHASED 327.422 SHS ON 11/30/2020 AT 27.12 FOR REINVESTMENT	8,879.69	8,879.69	8,886.23	
PURCHASED 379.909 SHS ON 12/31/2020 AT 27.49 FOR REINVESTMENT	10,443.70	10,443.70	10,428.50	
PURCHASED 315.343 SHS ON 01/29/2021 AT 27.48 FOR REINVESTMENT	8,665.62	8,665.62	8,678.24	
PURCHASED 334.439 SHS ON 02/26/2021 AT 27.47 FOR REINVESTMENT	9,187.03	9,187.03	9,213.79	
PURCHASED 323.079 SHS ON 03/31/2021 AT 27.25 FOR REINVESTMENT	8,803.90	8,803.90	8,820.06	
PURCHASED 3,488.841 SHS ON 04/22/2021 AT 27.36	95,454.69	95,454.69	95,454.69	



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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
PURCHASED 298.894 SHS ON 04/30/2021 AT 27.34 FOR REINVESTMENT	8,171.77	8,171.77	8,177.74	
PURCHASED 295.713 SHS ON 05/28/2021 AT 27.41 FOR REINVESTMENT	8,105.49	8,105.49	8,105.49	
PURCHASED 283.425 SHS ON 06/30/2021 AT 27.38 FOR REINVESTMENT	7,760.19	7,760.19	7,757.34	
TOTAL	2,364,214.49	2,364,186.59	2,361,832.86	27.90
TOTAL MUTUAL FUND - FIXED INCOME	2,364,214.49	2,364,186.59	2,361,832.86	27.90
TOTAL SECURITY TRANSACTIONS EXCEEDING 5%		2,364,186.59		



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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:	40,432,667.56			
SINGLE TRANSACTIONS EXCEEDING 5%:				
09/04/2020 PURCHASED 82,399.936 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 09/03/2020 AT 26.35		2,171,238.31		
TOTAL SINGLE TRANSACTIONS EXCEEDING 5%		2,171,238.31		



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Balance Sheet

	AS OF 07/01/2020		AS OF 06/30/2021	
	AVG COST	MARKET VALUE	AVG COST	MARKET VALUE
	VALUE	VALUE	VALUE	VALUE
A S S E T S				
CASH	100,868.29	100,868.29	62,965.34	62,965.34
DUE FROM BROKERS	0.00	0.00	0.00	0.00
TOTAL CASH & RECEIVABLES	100,868.29	100,868.29	62,965.34	62,965.34
MUTUAL FUNDS				
MUTUAL FUND - FIXED INCOME	21,722,613.35	22,354,846.54	23,848,642.16	24,427,105.54
MUTUAL FUND - DOMESTIC EQUITY	11,646,182.54	12,446,036.33	11,608,921.09	17,272,094.10
MUTUAL FUND - INTERNATIONAL EQUI	3,395,633.60	3,214,532.43	3,395,758.26	4,497,765.04
MUTUAL FUND - REAL ESTATE	2,744,558.07	2,417,252.26	2,744,006.42	3,227,273.31
TOTAL MUTUAL FUNDS	39,508,987.56	40,432,667.56	41,597,327.93	49,424,237.99
TOTAL HOLDINGS	39,508,987.56	40,432,667.56	41,597,327.93	49,424,237.99
TOTAL ASSETS	39,609,855.85	40,533,535.85	41,660,293.27	49,487,203.33
L I A B I L I T I E S				
DUE TO BROKERS	100,868.29	100,868.29	62,965.34	62,965.34
TOTAL LIABILITIES	100,868.29	100,868.29	62,965.34	62,965.34
TOTAL NET ASSET VALUE	39,508,987.56	40,432,667.56	41,597,327.93	49,424,237.99

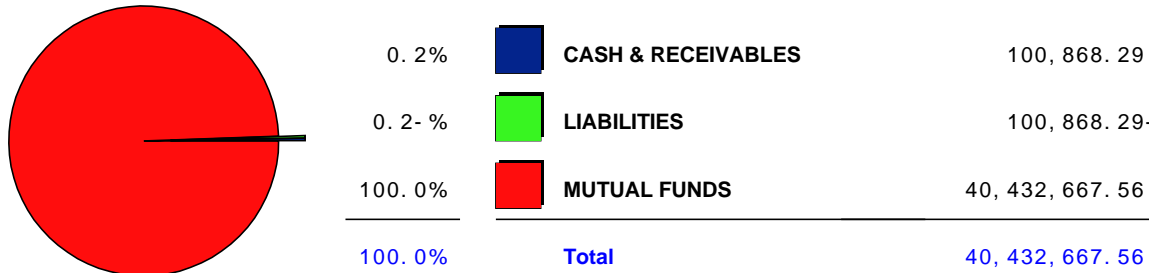


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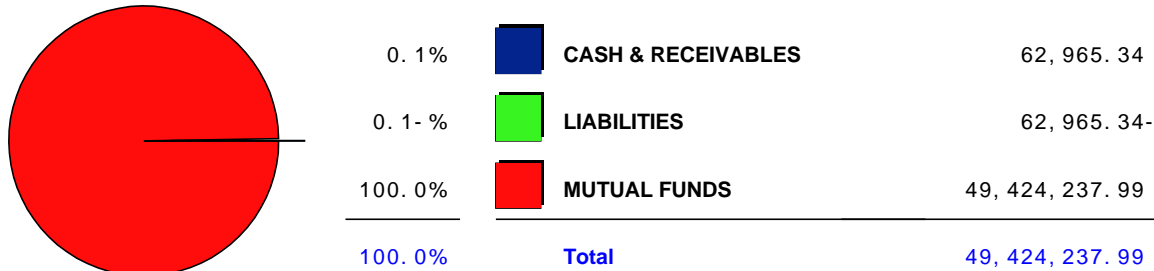
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115150007400
**BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT**

Beginning Market Allocation



Ending Market Allocation





Statement Period
Account Number

07/01/2020 through 06/30/2021
115150007400
**BENEFIT TRUST COMPANY
AS TRUSTEE FOR COAST
COMMUNITY COLLEGE DISTRICT**

Schedule Of Prior Period Trades Settled

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 R6 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 PRIOR PERIOD TRADES SETTLED		100,868.29
	NET RECEIVABLE/PAYABLE		100,868.29 -



Statement Period
Account Number

07/01/2020 through 06/30/2021
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
07/01/2021	PURCHASED 731.83 SHS PRUDENTIAL FUNDS TOTAL RETURN BOND CL R6 ON 06/30/2021 AT 14.69 FOR REINVESTMENT		10,750.59
07/01/2021	PURCHASED 495.222 SHS GUGGENHEIM INVESTMENTS INVESTMENT GRADE BOND FUND ON 06/30/2021 AT 20.14 FOR REINVESTMENT		9,973.78
07/01/2021	PURCHASED 896.373 SHS PRUDENTIAL GBL TOTL RTRN FD INC PGIM TTL R6 ON 06/30/2021 AT 6.94 FOR REINVESTMENT		6,220.83
07/01/2021	PURCHASED 805.806 SHS WESTERN ASSET CORE PLUS BOND IS ON 06/30/2021 AT 12.11 FOR REINVESTMENT		9,758.31
07/01/2021	PURCHASED 283.425 SHS GUGGENHEIM INVESTMENTS FDS TR MACRO OPPTY R6 ON 06/30/2021 AT 27.38 FOR REINVESTMENT		7,760.19
07/01/2021	PURCHASED 698.361 SHS BLACKROCK TOTAL RETURN - K ON 06/30/2021 AT 12.01 FOR REINVESTMENT		8,387.31
07/02/2021	PURCHASED 516.828 SHS COHEN AND STEERS REAL ESTATE SECURITIES - Z ON 06/30/2021 AT 19.57 FOR REINVESTMENT		10,114.33
	TOTAL PENDING TRADES END OF PERIOD		62,965.34
	NET RECEIVABLE/PAYABLE		62,965.34 -

RBOA Meeting Agendas & Minutes

Retirement Board of Authority Meeting Minutes

- **Most Recent Board Agenda**
- **Most Recent Meeting Minutes**
- **Prior Board Agendas**
- **Prior Meeting Minutes**



Retirement Board of Authority

Regular Meeting Agenda Coast Community College District ZOOM Meeting August 12, 2021 at 1:00 p.m.

Join Zoom Meeting: <https://cccd-edu.zoom.us/j/99489739773> / Meeting ID: 994 8973 9773

Issues with logging in: Rosalie Triggs, 714-349-9835

1. Call to Order and Review of Agenda (Doc.1) Vice Chancellor Dunn
2. Roll Call Executive Assistant, Rosalie Triggs
3. Opportunity for Public Comment Vice Chancellor Dunn
4. Approval of February 11, 2021 Meeting Minutes (Doc.2) Vice Chancellor Dunn
5. Comments from the Vice Chancellor Vice Chancellor Dunn
 - a. Risk Tolerance Discussion
6. Keenan Financial Services (KFS) Gail Beal & Team
 - a. Market Overview (Doc. 3)
 - b. Performance Report (Doc. 4)
 - c. Investment Policy Statement (Doc. 5)
 - i. Review and Accept Language Changes
 - d. Disbursement Report Fiscal Year 2020-21 (Doc. 6) & July 2021[beginning fiscal year 2021-22] (Doc. 7)
 - e. OPEB Questionnaire for Substantive Plan Update Year End 2021 (Doc. 8)
7. Community College League of California (CCLC) Lisa Mealoy & Team
 - a. Performance Report (Doc. 9, pg. 13)
 - b. Disbursement Report (Doc. 9, pg. 26)
8. Closing Comments All
9. Date and Time of Next Meeting - February 10, 2022 (Doc. 10) Vice Chancellor Dunn
10. Adjournment Vice Chancellor Dunn

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.



Retirement Board of Authority

Regular Meeting Agenda Coast Community College District ZOOM Meeting February 11, 2021 at 10:00 a.m.

Join Zoom Meeting

<https://zoom.us/j/96048148102?pwd=OXFsOFZSEt5eG8vMVhMSmZhV08zQT09>

Meeting ID: 960 4814 8102

Passcode: 993850

- | | |
|---|-------------------------------------|
| 1. Call to Order | Vice Chancellor Dunn |
| 2. Roll Call | Executive Assistant, Rosalie Triggs |
| 3. Opportunity for Public Comment | Vice Chancellor Dunn |
| 4. Approval of August 18, 2020 Meeting Minutes | Vice Chancellor Dunn |
| 5. Comments from the Vice Chancellor | Vice Chancellor Dunn |
| 6. Community College League of California (CCLC) | Lisa Mealoy & Team |
| a. Performance Report | |
| b. Disbursement Report | |
| 7. Keenan Financial Services (KFS) | Gail Beal & Team |
| a. Performance Report | |
| b. Review of Investment Policy Statement | |
| c. Disbursement Report | |
| d. Comprehensive Compliance/Substantive Plan Update | |
| 8. Closing Comments | All |
| 9. Date and Time of Next Meeting | Vice Chancellor Dunn |
| 10. Adjournment | Vice Chancellor Dunn |

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.



RETIREMENT BOARD OF AUTHORITY

RETIREMENT BOARD OF AUTHORITY MEETING MINUTES

COAST COMMUNITY COLLEGE DISTRICT

February 11, 2021

Zoom Meeting: <https://zoom.us/j/96048148102>

Meeting ID: 960 4814 8102

Passcode: 993850

1. Call to Order

Vice Chancellor, Dr. Andy Dunn called the meeting to order at 10:02 a.m.

2. Roll Call

All Retirement Board Members were present.

Coast Community College District Retirement Board of Authority Members:

Mary Hornbuckle, Board of Trustees

Jim Moreno, Board of Trustees

Dr. Andy Dunn, Vice Chancellor, Finance & Administrative Services

Daniela Thompson, Administrative Director, Fiscal Services

Rachel Snell, Director, Internal Audit

Maryann Watson, Coast Federation of Educators Representative

Quintin Powell, CFCE Representative

Others in Attendance:

Burke, Williams & Sorensen, LLP

Dr. Jack P. Lipton, Coast Community College District General (Legal) Counsel

Keenan Financial Services

Futuris Program Coordinator & Plan Advisor

Gail Beal, Senior Vice President

Roslyn Washington, Assistant Vice President

Kristin Cooper, Service Representative

Futuris Program Consultants

Scott Rankin, Discretionary Trustee, Benefit Trust Company (BTC) Cary

Allison, Registered Investment Advisor, Morgan Stanley

Community College League of Californian (CCLC)

Lisa Mealoy, Chief Operations Officer

Tim Filla, Principle Consultant, Meketa Investment Group

Pam Uyehara, Vice President, Relationship Manager, US Bank

3. Opportunity for Public Comment

There were no requests to address the Board.

4. Approval of Meeting Minutes

On a motion from Trustee Mary Hornbuckle, seconded by Trustee Jim Moreno, the meeting minutes from August 18, 2020, were unanimously approved without comments or questions.

Motion carried with the following vote:

Ayes:	Trustees Moreno and Hornbuckle, committee members Snell, Thompson, Watson, and Dunn
Noes:	None
Abstain:	Quintin Powell
Absent:	None

5. Comments from the Vice Chancellor

Dr. Dunn reviewed the membership constituency for the current year, confirming that Mary Ann Watson will remain on the committee to represent the Coast Federation of Educators (CFE) and Quintin Powell is joining the committee to represent the Coast Federation of Classified Employees (CFCE).

6. Community College League of California (CCLC) Retiree Health Benefit Plan (RHBP)

a. Executive Summary (Tim Filla, Meketa Investment Group)

- Following the election results we have moved into an environment with a divided congress, more political stability, and no impending threats of tax increases. Interest rates are low with additional fiscal stimulus projected for the future, and we are looking for reduced trade tensions with China. The big question remains on how long this environment will last?
- There is strong market rally. For the year global risk assets recovered meaningfully from their declines to finish in strong positive territory. The future is looking better/brighter and one year results are incredible given the environment (COVID-19 pandemic). The S&P 500 is at 18.4% and the 30-year US Treasury is performing particularly well, up nearly 20%. Fixed income returns were also quite strong during this period.
- We are closely monitoring the level of the yield; if interest rates should move up we will begin to question the economic recovery we are experiencing. Currently the yield curve is (modestly) steepening, although we don't believe that the level is a threat to markets. However, should it rise to 2% on the long end, we could see some damaged equity markets (similar to 2015). The bond markets are being watched closely.
- The Market is surpassing its prior peak. The world is in a recovery scenario and although we are not back to the tech bubble days, valuations based on both forward and backward earnings rose to levels not seen since 2001.
- Sector returns are being seen in Information Technology, FAANG plus Microsoft is leading the rally. Industrials and metals, and energy are also rallying. The market recovery has been driven by a select few technology companies that have benefited from the stay at home environment related to the pandemic.
- We are seeing some volatility between the bond market and stock market. This is due to Feds intervening directly in the bond markets.

- The US dollar has shown some minor weakening. Investors are seeking higher growth in non-US assets in emerging markets. This could be due to interest rates in other countries being zero or close to zero.
- Oil prices are showing a strong recovery with the price per barrel hovering in the mid-50's which is an interesting phenomenon given the energy sector is down 33% overall due to the impact that the virus has had on supply and demand (very little travel/commuting occurring).
- Break even inflation has bounced back to pre-crisis levels. The Feds have stated they are willing to let inflation run "hot"; however, we think this runs contrary to other economic indicators and is a perception issue. When you look at the unemployment levels you see a decline from a high of 14.7% in April 2020 to 6.7% in December. Although levels are lower, they still remain well above the pre-COVID levels. There is a slack in the labor force and further pressures on inflation are relatively unlikely until the US unemployment levels are approaching full employment.

b. Performance Report (Tim Filla, Meketa Investment Group)

In the performance period from September 30, 2020 (2nd Quarter of Fiscal Year 2021) the portfolio value increased from \$45,485,953 to \$49,079,602 as of December 31, 2020. Indicating an 8% return for the 2nd quarter. The change in market value over the quarter was \$3,279,210 with portfolio fees of \$15,283.

Asset allocation remains in Global Equities (48.8%), Natural Resources (3.1%), Investment Grade Bonds (32.6%), TIPS (7.5%), High Yield Bonds (5.0%), Bank Loans (2.7%) and Cash & Short-Term Bonds (0.2%). The portfolio is considered balanced to target (annually) as of December 31, 2020.

Performance of the League's portfolio YTD 12/31/2020 is \$49,079,602.

Trailing Performance as of 9/30/2020 (net of fees)		
Calendar Year to Date	Last 12 months	Annualized Inception to Date (7/1/2006)
7.9%	13.5%	6.3%

Trailing period performance is 7.9% over the course of the 2nd quarter. Annual return, fiscal YTD is 13.5 % which is two points below the policy benchmark of 13.7%. Fiscal year performance for 2020 is 4.4%.

c. Disbursement (Expense) Report (Tim Filla, Meketa Investment Group)

The Disbursement Report for fiscal year 2020-21 was presented with total management fees YTD of \$30,140.45. A breakdown of the fees YTD shows \$8,769.98 for JPA, \$14,788.35 for Meketa and \$6,582.12 for U.S. Bank.

7. Keenan Financial Services Benefit Trust Account

a. Executive Summary (Cary Allison, Morgan Stanley)

- Growth and technology will not lead the market this year. With unprecedented government stimulus and record high consumer spending retail sales are higher than pre-COVID.
- Unemployment pre-COVID was at 3%, currently it is hovering at 6%.
- There is a strong demand for US Treasuries overseas.
- We are in a Bull Market with GDP at 6%.
- Within the Benefit Trust Account Guggenheim FDS' productivity is up 14% and the TR MACRO OPPTY R6 is an opportunist fund with excellent cash flow for bond purchases.
- Legg Mason was added as Mid Cap Fund which is a great performer in small cap funds.
- Goldman Sachs is solid and well represented in the portfolio.

b. Performance Report (Cary Allison, Morgan Stanley)

In the performance period through December 31, 2020 (4th Quarter of Fiscal Year 2020) the account beginning value of \$40,525,934.10 increased to \$46,533,649.71. The change in market value shows an increase of \$4,555,330.66, with portfolio fees of \$157,798.28 and dividends of \$1,625,812.44.

Performance of the Trust's portfolio YTD 12/30/2020 is \$46,533,649.71.

Total Account (Net of Fees)

Month to Date	Quarter to Date	Year to Date	Last 12 Months	Annualized Inception to Date (6/30/2017)
3.20	9.58	14.86%	14.86%	8.40%

c. Investment Policy Statement Review (Scott Rankin, Benefit Trust Company)

Scott Rankin presented suggested "red-line" language changes to the Investment Policy Statement. Mr. Rankin feels it is more appropriate to remove the "Target Rate of Return" reference and replace it with the term "Target Asset Allocation". Dr. Andy Dunn advised that it would be best to have the agreement reviewed by the district's General Counsel before the Board of Authority votes to take action on these changes. We will bring this "Action" item back to the next meeting to be voted on.

d. Disbursement Report (Roslyn Washington, Keenan Financial Services)

The Disbursement (Expenses) Report for fiscal year 2020-21 was presented with total management fees YTD of \$105,575.20. A breakdown of expenses shows \$35,265.78 for BTC, \$35,974.40 for Keenan and \$34,335.02 for Morgan Stanley.

e. Annual Trust Notice (Roslyn Washington, Keenan Financial Services)

An Annual Notice is provided by Keenan at the beginning of each fiscal year for the District's Annual Trust Statement. A copy of the Annual Trust Notice has been posted on the District website. Committee members or constituents can contact Dr. Dunn's office for additional details.

f. Comprehensive Compliance/Substantive Plan Update (Roslyn Washington, Keenan Financial Services)

The Comprehensive Compliance/Substantive Plan will be updated and presented at the August 2021 meeting.

8. Closing Items of Business

Trustee Moreno acknowledged the good work of both the League and Keenan. Thanking them for their work and efforts on behalf of the Coast District.

Trustee Hornbuckle thanked the team for their insights and optimism.

Dr. Dunn recapped that the committee that we will be meeting twice a year. Once in the February timeframe and another meeting will take place in late August or early September. As we move through COVID we will determine when we will be able to meet face-to-face again rather than on Zoom. Quarterly reports will be provided to Coast by the League and Keenan during the interim time periods.

9. Date and Time of Next Meeting

August 12, 2021, location TBD

10. Adjournment

The meeting was adjourned 11:11 a.m.



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.

B. Keenan Financial Services (KFS)

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.



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

Board of Trustee

Vice Chancellor, Finance & Administrative Services

Administrative Director, Fiscal Services

Director, Internal Audit

Coast Federation of Educators Representative

Coast Federation of Classified Employees Representative

Mary Hornbuckle

Jim Moreno

Andy Dunn

Daniela Thompson

Rachel Snell

Maryann Watson

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

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.

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 Filla 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. Review and Accept Actual Performance Report

- 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; 2017 earnings 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 Fed's 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. Review and Ratify Disbursement (Expenses) Reports

- 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.

B. Keenan Financial Services (KFS)

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.

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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.



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]

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2. Roll Call (*Present, Not Present, or Present Via Telephone*)

Attendance

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Daniela Thompson

Director, Internal Audit

Rachel Snell

Coast Federation of Educators Representative

Maryann Watson

Coast Federation of Classified Employees Representative

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6. Last RBOA Review and Approval of RBOA By-Laws Updates [Action] [Attachment](#)

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B. Keenan Financial Services (KFS)

9. Review and Accept Actual Performance Report [Action] [Attachment](#)

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10. Review and Ratify Disbursement (Expenses) Report [Action]

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C. Community College League of California (CCLC) Retiree Health Benefit Plan (RHBP)

11. Review and Accept Actual Performance Report [Action]

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12. Review and Ratify Disbursement (Expenses) Report [Action]

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13. The CCLC RHBP JPA New Discretionary Investment Plan Option [Information]

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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 Mealey, 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 think 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. Review and Ratify Disbursement (Expenses) Report (Keenan)

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. Review and Accept Actual Performance Report (CCLC)

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. Review and Ratify Disbursement (Expenses) Report (CCLC)

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. The CCLC RHBP JPA New Discretionary Investment Plan Options

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. Closing Comments

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. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

1. Thursday, November 8, 2018 at 9:00AM.
2. This is information only.

XVI. ADJOURNMENT

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

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

Attendance

**RPM Consultant Group
GASB Compliance Consultant**

Name and Title

Chuck Thompson
President/CEO

Attendance

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 managers 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 manage your Portfolio, we use 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 PERFORMANCE 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. CLOSING COMMENTS

1. There were no closing comments.
2. This item was information only.

VII. DATE AND TIME OF NEXT MEETING

1. Tuesday, August 7, 2018 at 9:00 AM.
2. This is information only.

VIII. ADJOURNMENT

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

Program Coordinator

Senior Vice President

Senior Account Manager

Account Executive

Keenan Financial Services

Gail Beal

Roslyn Washington

Jeffrey Mizokawa

Consultants

RPM Consultant Group (RPM)

Benefit Trust Company (BTC)

Morgan Stanley (MS)

Chuck Thompson

Scott Rankin

Cary Allison

7. Approval of Minutes [Action]

Attachment

Review and approval of Retirement Board of Authority (RBOA) minutes from the previous meeting on **August 31, 2017** 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
Director, District Services

Community College League of California (CCLC)
Lisa Mealoy

Consultants
RPM Consultant Group (RPM)
Meketa Investment Group (MIG)
US Bank (US-B)

Chuck Thompson
Tim Filla
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 PERFORMANCE 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
Board of Trustee
Vice Chancellor, Finance and Administrative Services
Administrative Director, Fiscal Affairs
Director, Internal Audit
Coast Federation of Educators Representative
Coast Federation of Classified Employees Representative

Mary Hornbuckle
Jim Moreno
Andy Dunn
Daniela Thompson
Rachel Snell
Rob Schneidermann
Connie Marten

PROGRAM COORDINATOR: (Keenan Financial Services)

Senior Vice President
Senior Account Manager
Assistant Vice President

Gail Beal
Roslyn Washington
Jeffrey Mizokawa

CONSULTANTS:

RPM Consultant Group (RPM)
Benefit Trust Company (BTC)
Morgan Stanley (MS)

Chuck Thompson
Scott Rankin
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.

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

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 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
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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 oversight 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
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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
Roll-forward Valuation
Valuation Date: June 30, 2019
Measurement Date: June 30, 2020**

*Prepared by:
Total Compensation Systems, Inc.*

Date: August 21, 2020

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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, 2020 (the measurement date). This valuation report is based on an earlier GASB 75 valuation as of June 30, 2019. 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, 2020. 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, 2020. 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.

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- 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, 2020 to be \$6,687,203 (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, 2020 (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 substantial liability would have accumulated. We estimate the amount that would have accumulated at June 30, 2020 to be \$106,926,835. 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, 2020 was \$83,689,534. This leaves a Net OPEB Liability (NOL) of \$23,237,301.

Based on the information we were provided, the OPEB Expense for the fiscal year ending June 30, 2020 is \$5,205,290.

We based all of the above estimates on employees as of July, 2019. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

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C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
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.
- 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

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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, 2019 to June 30, 2020, using a measurement date of June 30, 2020. 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.

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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. My experience and continuing education are consistent with the requirements described for actuaries under the Qualification Standards of the American Academy of Actuaries.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Geoffrey L. Kischuk".

Geoffrey L. Kischuk
Actuary
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.

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- **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 the 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 (EARSLS) of plan participants. In calculating the EARSLS, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSLS quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSLS.
- Liability changes resulting from plan changes, for example, cannot be deferred.

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PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

The liability for OPEB benefits was calculated in the valuation as of June 30, 2019 and the methodology used was described in our GASB 75 valuation report dated September 20, 2019. In Part III, we show the tables included in our September 20, 2019 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 September 20, 2019 valuation report.

Actuarial Present Value of Projected Benefit Payments at June 30, 2019

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

C. Cost to Prefund Retiree Benefits

1. Service Cost

Below is the service cost table included in our September 20, 2019 valuation report. This service cost is used in calculating the OPEB expense.

Service Cost Year Beginning July 1, 2019

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
# 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

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2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

The table below shows the TOL included in the September 20, 2019 valuation report. This TOL is used as the beginning of year TOL to roll forward the TOL to June 30, 2020.

Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2019

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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			

In order to determine the June 30, 2020 NOL, we used a “roll-forward” technique for the TOL. The FNP is based on the actual June 30, 2020 FNP. The following table shows the results of the roll-forward.

Changes in Net OPEB Liability as of June 30, 2020

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2019	\$103,551,998	\$80,187,982	\$23,364,016
Service Cost	\$3,833,255	\$0	\$3,833,255
Interest on Total OPEB Liability	\$6,130,451	\$0	\$6,130,451
Expected Investment Income	\$0	\$4,804,481	(\$4,804,481)
Administrative Expenses	\$0	(\$226,594)	\$226,594
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$0	\$0
Employer Contributions as Benefit Payments	\$0	\$6,588,869	(\$6,588,869)
Benefit Payments from Trust	\$0	\$0	\$0
Expected Benefit Payments from Employer	(\$6,588,869)	(\$6,588,869)	\$0
Expected Balance at June 30, 2020	\$106,926,835	\$84,765,869	\$22,160,966
Experience (Gains)/Losses	\$0	\$0	\$0
Changes in Assumptions	\$0	\$0	\$0
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	(\$1,076,335)	\$1,076,335
Other	\$0	\$0	\$0
Net Change during 2019-20	\$3,374,837	\$3,501,552	(\$126,715)
Balance at June 30, 2020 *	\$106,926,835	\$83,689,534	\$23,237,301

* May include a slight rounding error.

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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, 2020

	<i>Beginning Balance</i>	<i>Newly Created</i>	<i>Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	(\$7,422,623)	\$0	\$1,124,640	(\$6,297,983)
Assumption Changes	\$4,899,701	\$0	(\$742,380)	\$4,157,321
Investment (Gains)/Losses	\$22,302	\$1,076,335	(\$201,731)	\$896,906
Deferred Balances	(\$2,500,620)	\$1,076,335	\$180,529	(\$1,243,756)

The following table shows the reconciliation between the change in the NOL and the OPEB expense.

OPEB Expense Fiscal Year Ending June 30, 2020

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$23,364,016	\$23,237,301	(\$126,715)
Deferred Balances	(\$2,500,620)	(\$1,243,756)	\$1,256,864
Change in Net Position	\$25,864,636	\$24,481,057	(\$1,383,579)
Employer Contributions			\$6,588,869
Other			\$0
OPEB Expense			\$5,205,290

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, 2020.

OPEB Expense Fiscal Year Ending June 30, 2020

	<i>Total</i>
Service Cost	\$3,833,255
Interest on Total OPEB Liability (TOL)	\$6,130,451
Employee Contributions	\$0
Recognized Experience (Gains)/Losses	(\$1,124,640)
Recognized Assumption Changes	\$742,380
Expected Investment Income	(\$4,804,481)
Recognized Investment (Gains)/Losses	\$201,731
Contributions After Measurement Date*	\$0
Other	\$0
Administrative Expense	\$226,594
OPEB Expense**	\$5,205,290

* 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 \$6,588,869 in employer contribution.

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 September 20, 2019 valuation report.

<i>Year Beginning</i>				
<i>July 1</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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 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.

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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, 2020

	<u>06/30/2019</u>	<u>06/30/2020</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$80,187,982	\$83,689,534
Capital Assets	\$0	\$0
Total Assets	<u>\$80,187,982</u>	<u>\$83,689,534</u>
Benefits Payable	<u>\$0</u>	<u>\$0</u>
Fiduciary Net Position	<u>\$80,187,982</u>	<u>\$83,689,534</u>

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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

<i>Participant Type</i>	<i>Mortality Tables</i>
Certificated	2009 CalSTRS Mortality
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
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

<i>Employee Type</i>	<i>Service Requirement Tables</i>
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.

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
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

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
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

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
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.

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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.

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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.

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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.

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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	\$16,814,115	\$23,237,301	\$30,301,625

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.

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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
All Fixed Income	55.0000	4.5000
Real Estate Investment Trusts	4.0000	7.5000
All Domestic Equities	22.0000	7.5000
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	\$32,295,494	\$23,237,301	\$15,293,704

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on page 9. 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, 2019.

The measurement date is June 30, 2020.

56 b: We are not aware of a special funding arrangement.

56 c: There were no assumption changes since the prior measurement date.

56.d: There were no changes in benefit terms since the prior measurement date.

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**

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- 57.a: Please see reconciliation on page 9. Please see the notes for Paragraph 244 below for more information.
- 57.b: These items are provided on page 9 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.

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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 2019	2020	Amounts to be Recognized in OPEB Expense after 2020	2021	2022	2023	2024	2025	Thereafter
2018-19	(\$8,547,263)	7.6	(\$1,124,640)	(\$1,124,640)	(\$6,297,983)	(\$1,124,640)	(\$1,124,640)	(\$1,124,640)	(\$1,124,640)	(\$1,124,640)	(\$674,783)
2019-20	\$0	0	\$0	\$0	\$0						
Net Increase (Decrease) in OPEB Expense			(\$1,124,640)	(\$1,124,640)	(\$6,297,983)	(\$1,124,640)	(\$1,124,640)	(\$1,124,640)	(\$1,124,640)	(\$1,124,640)	(\$674,783)

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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 2019	2020	Amounts to be Recognized in OPEB Expense after 2020	2021	2022	2023	2024	2025	Thereafter
2018-19	\$5,642,081	7.6	\$742,380	\$742,380	\$4,157,321	\$742,380	\$742,380	\$742,380	\$742,380	\$742,380	\$445,421
2019-20	\$0	0	\$0	\$0	\$0						
Net Increase (Decrease) in OPEB Expense			\$742,380	\$742,380	\$4,157,321	\$742,380	\$742,380	\$742,380	\$742,380	\$742,380	\$445,421

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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 2019	2020	Amounts to be Recognized in OPEB Expense after 2020	2021	2022	2023	2024	2025	Thereafter
2017-18	(\$382,212)	5	(\$152,886)	(\$76,443)	(\$152,883)	(\$76,443)	(\$76,440)				
2018-19	\$314,535	5	\$62,907	\$62,907	\$188,721	\$62,907	\$62,907	\$62,907			
2019-20	\$1,076,335	5	\$0	\$215,267	\$861,068	\$215,267	\$215,267	\$215,267	\$215,267		
Net Increase (Decrease) in OPEB Expense			(\$89,979)	\$201,731	\$896,906	\$201,731	\$201,734	\$278,174	\$215,267	\$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.

<u>Actuarial Cost Method:</u>	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.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	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.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	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.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	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.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	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.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower

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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
FINANCIAL STATEMENTS
June 30, 2020

COAST COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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COAST COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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COAST COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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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 business-type activities, the fiduciary activities and the discretely presented component units of Coast Community College District, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Coast Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities and the discretely presented component units of the Coast Community College District, as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 21 and the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 75 to 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coast Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Organization and Continuing Disclosure Information, have 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the information on page 81 titled Organization and pages 108 to 110 titled Continuing Disclosure Information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information on page 81 titled Organization and pages 108 to 110 titled 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 February 22, 2021 on our consideration of Coast Community College 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 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 Coast Community College 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 Coast Community College District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California
February 22, 2021

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

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, 2020. 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

State of the 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

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

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.

COVID-19 Pandemic

On March 4, 2020, Governor Gavin Newsom declared a State of Emergency in connection with the COVID-19 pandemic. Following this action, on March 16, 2020, the Board of Governors (BOG) approved a resolution and an emergency regulation to provide Chancellor Eloy Oakley with emergency powers to address the COVID-19 pandemic. Lastly, at a special meeting of the Board of Trustees held March 13, 2020, to address the COVID-19 pandemic, Resolution 20-18 was adopted delegating certain matters to the Chancellor, and Resolution 20-19 was adopted Declaring a State of Emergency and Delegating Authority to the Chancellor to Close District Centers, Campuses, and Offices, and to Otherwise Respond to the Novel Coronavirus (COVID - 19).

Coronavirus Aid, Relief, and Economic Security (CARES) Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is the third federal stimulus package in response to the COVID 19 pandemic. On April 9, 2020, the U.S. Secretary of Education announced that \$6 billion of the total \$13.95 billion Higher Education Emergency Relief Fund would be distributed immediately to colleges and universities to provide direct emergency cash grants to college students. The balance would be allocated at a later date for institutional related needs.

Approximately \$579 million is expected to be received by the California Community College system. Of that amount, approximately \$14 million is directed to the Coast Colleges. These resources are being sent directly to institutions through the Title IV student financial aid distribution system based on a formula primarily weighted toward the full-time enrollment of Pell recipients.

The May Revise

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. Key highlights include \$230 million to cover a 3.26% COLA for CCC apportionments, \$39 million for the Scheduled Maintenance Program (SMP) Block grant, \$45 million ongoing to cover the second year of California College Promise, and \$13 million to provide a COLA for several CCC categorical programs.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

2019-20 Enacted State Budget

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 4, 2020. 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:

- 3.26% Cost of Living Adjustment,
- Reserves of at least 10% consistent with Board Policy 6300,
- No budgeted growth,
- 1,005 “borrowed” FTES from Summer 2020 to ensure Coast closed the prior year at a base FTES level of 28,838.

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.

Revenue Estimates

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) are projected to be a negative \$520 thousand.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

Expense Estimates

Major new expenses reflected a health benefits 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 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.

Supplemental Retirement Plan

At the January 15, 2020, meeting of the Board of Trustees, following several successive years of deficit spending, a declining fund balance and softening enrollments, action was taken by the Board across three significant fronts.

First, through the adoption of Resolution 20-01, in conjunction with Public Agency Retirement Services ("PARS"), the District offered the PARS Supplementary Retirement Plan involving a retirement incentive of 70% of annual salary to eligible classified, faculty, and management employees. Second, under Resolution 20-02, the District offered a retirement incentive of two years of service credit to eligible California State Teachers Retirement System (CalSTRS) members. Lastly, under Resolution 20-03, the Board imposed a Hiring Freeze beginning in January 2020 and running through June 2021.

On April 28, 2020, at a special meeting of the Board of Trustees, action was taken to approve the two plans reflecting 123 employees enrolled in the PARS Supplementary Retirement Plan and the CalSTRS Retirement Incentive Plan. The District is projecting an overall savings of approximately \$2.6 million in the first year and \$11.6 million cumulative over five years, after including all costs of administering the programs.

Other Post-Employment Benefits (OPEB)

Historically, insufficient funds were set aside by governmental entities to fully fund contractual obligations for retiree health care. Beginning in the middle of the last decade, Coast was among the founding members of the Community College League of California (CCLC) Joint Powers Authority for retiree health care funding; a Governmental Accounting Standards Board (GASB) qualified irrevocable trust. More recently, the District opted to divide assets between the CCLC JPA and the Keenan-Futuris Benefit Trust.

Consistent with the guidelines under the GASB Statements 74 & 75, Coast engages the services of an actuary to measure this liability every year. The 2020 study measured this liability at \$107 million. This reflects an increase of \$4 million from the 2019 study. While the term Annual Required Contribution (ARC) is no longer operative, we budget what is referred to as the Actuarially Determined Contribution (ADC) and the normal cost to meet health care obligations

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

for retirees and current employees. That amount, budgeted on a three-year rolling average is \$8.9 million. The Fiduciary Net Position of this trust on June 30, 2020, was \$83.7 million. This leaves a Net OPEB Liability (NOL) of \$23.2 million.

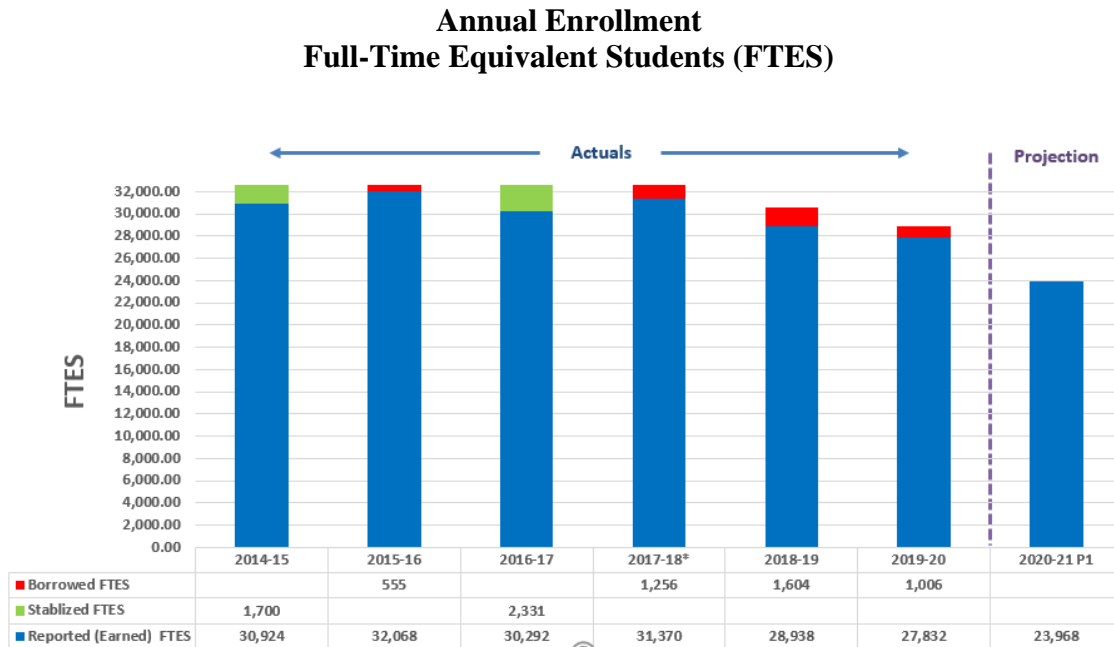
Capital Planning

With respect to our Measure M local GO Bond program, we executed the sixth and final issuance (Series 2019F) of \$168 million late in the calendar year 2019. Along with this new-money issuance, we also executed a Refunding action of the Series 2013A that reduced taxpayer obligations by approximately \$10 million.

In November of 2016, California voters passed Proposition 51, the first statewide education bond approved since 2006. In the 2017-18 Fiscal Year, Orange Coast College's Language and Social Science Building Project successfully competed with project submissions across the state, affording the Coast Community College District \$31 million for the design and construction of this project. Subsequently, in 2018-2019, the District was successful in being awarded \$20 million in State resources toward the Golden West College Language Arts Complex. The Enacted 2019-20 FY State Budget included continuing funding for these two capital projects.

Enrollment Highlights

Enrollments have continued to soften and will be closely monitored by staff. As Coast is under a Hold Harmless provision for the 2020-21 FY, revenues are bifurcated from enrollments. Therefore, Coasts Total Computational Revenue (TCR) for the 2020-21 FY will mirror that of the 2019-20 FY.



COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

Statement of Net Position update

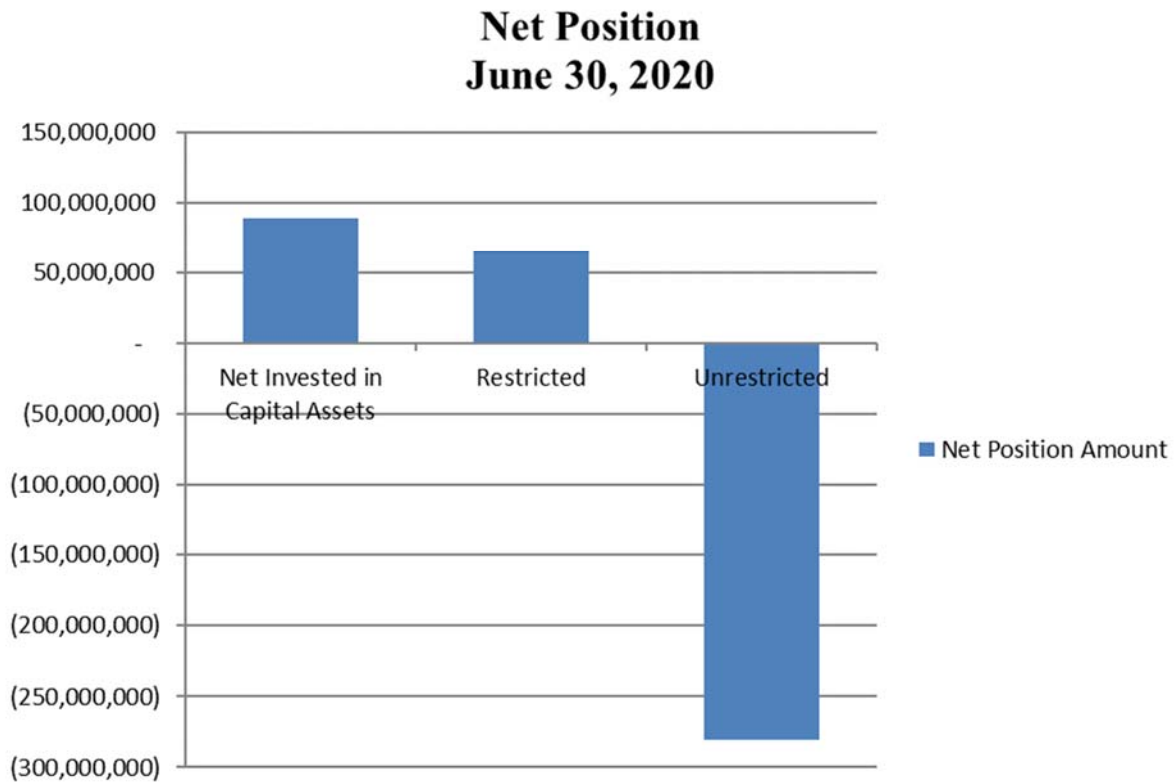
The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred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

	(in thousands)		
	2020	2019	Change
ASSETS			
Current assets			
Cash and cash equivalents	\$ 99,261	\$ 112,360	-12%
Investments	71,871	65,444	10%
Account receivables	34,340	20,472	68%
Notes receivable - current portion	750	750	0%
Inventories	58	68	-15%
Prepaid expenses	1,484	2,000	-26%
Total current assets	<u>207,764</u>	<u>201,094</u>	3%
Non-current assets			
Restricted cash and cash equivalents	252,081	214,913	17%
Restricted student loans receivable, net	2,502	2,550	-2%
Notes receivable	9,938	10,688	-7%
Capital assets, net of depreciation	785,075	662,163	19%
Total non-current assets	<u>1,049,596</u>	<u>890,314</u>	18%
TOTAL ASSETS	<u>1,257,360</u>	<u>1,091,408</u>	15%
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	23,335	22,598	3%
Deferred outflows - OPEB	5,207	5,151	1%
Deferred outflows - pension	72,282	82,713	-13%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>100,824</u>	<u>110,462</u>	-9%
LIABILITIES			
Current liabilities	130,309	118,708	10%
Non-current liabilities	1,332,549	1,145,844	16%
TOTAL LIABILITIES	<u>1,462,858</u>	<u>1,264,552</u>	16%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB	6,451	7,652	-16%
Deferred inflows - pension	14,886	11,693	27%
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>21,337</u>	<u>19,345</u>	10%
NET POSITION			
Net investment in capital assets	88,987	54,184	64%
Restricted	65,228	58,682	11%
Unrestricted	(280,226)	(194,893)	-44%
TOTAL NET POSITION	<u>\$ (126,011)</u>	<u>\$ (82,027)</u>	-54%

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

- Cash and cash equivalents (unrestricted and restricted) consist mainly of cash held in the county treasury (\$327 million) and ancillary funds maintained at local banks. Cash increased from the prior year due primarily to the net decreased in apportionments revenue and increased in spending, increased in cash from bond issuance, and payments of debt obligations and payments of expenditures incurred for Measure M construction projects. On June 30, 2020, the general fund and the building fund had a cash balance of approximately \$50.3 million and \$184.5 million, respectively.
- Investments increased primarily due to the interest earnings from the General Obligation Series E endowment funds.
- The increase in accounts receivable stemmed from the increase in student receivables; receivables from grants and categorical, mainly from the CARES Act for the Higher Education Emergency Relief Fund (HEERF), and from state apportionment.
- 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 disclosure regarding obligation bonds, other postemployment benefits, and pensions for more details.
- The total liability for Post-Employment Healthcare Benefits (OPEB) was \$ 106,916,835 as of June 30, 2020. This represents an increase of \$3.4 million from prior year due to changes in inflation rates, salary increases, investment rate of return, and health care trend rate.
- Current liabilities showed an increase of 10%. The major changes included the increase in accounts payable for construction projects and restricted grants and categorical programs unearned revenue.
- Non-current liabilities showed an increase of 16%. The major changes included the increase in pension liability for both CalSTRS and CalPERS and new bond issuance. The pension liability was \$276.8 million as of June 30, 2020. This is shown as an increase of \$9.2 million from prior year because of changes in discount rates, investment rate of return, mortality rates, etc.
- Net position showed a decrease of 54% from the prior year. The main reason the District showed an approximate \$44 million deficit in the Statement of Revenues, Expenses and Changes in Net Position.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020



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.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

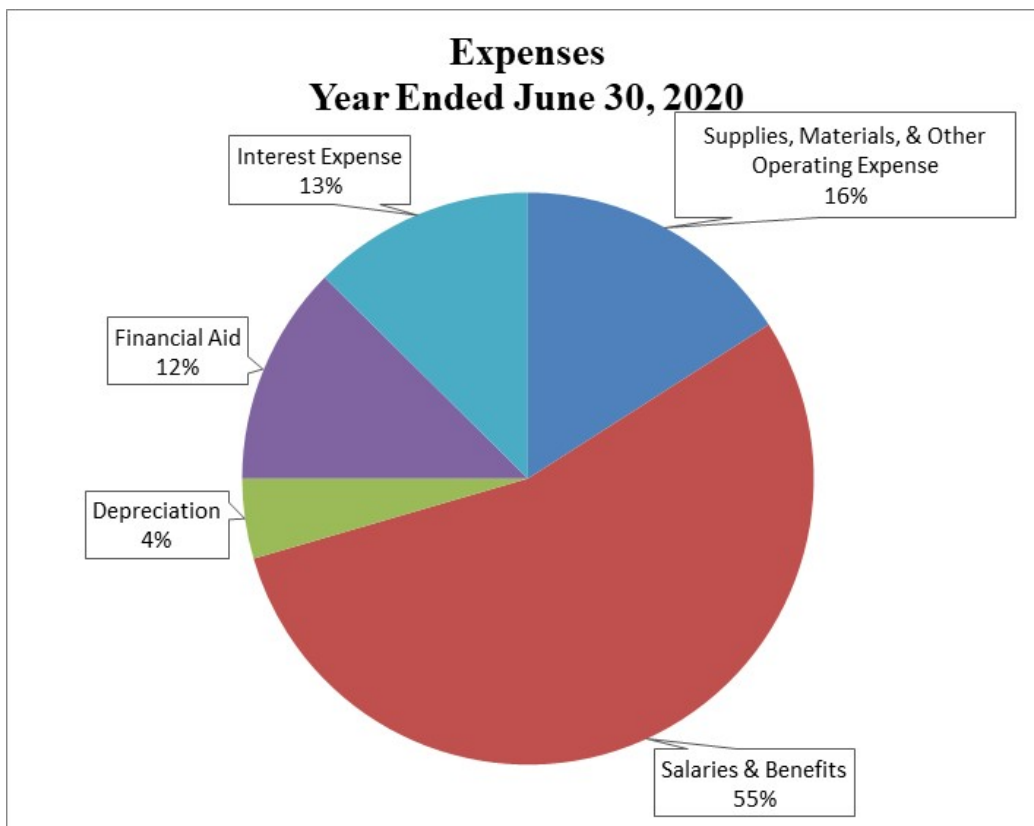
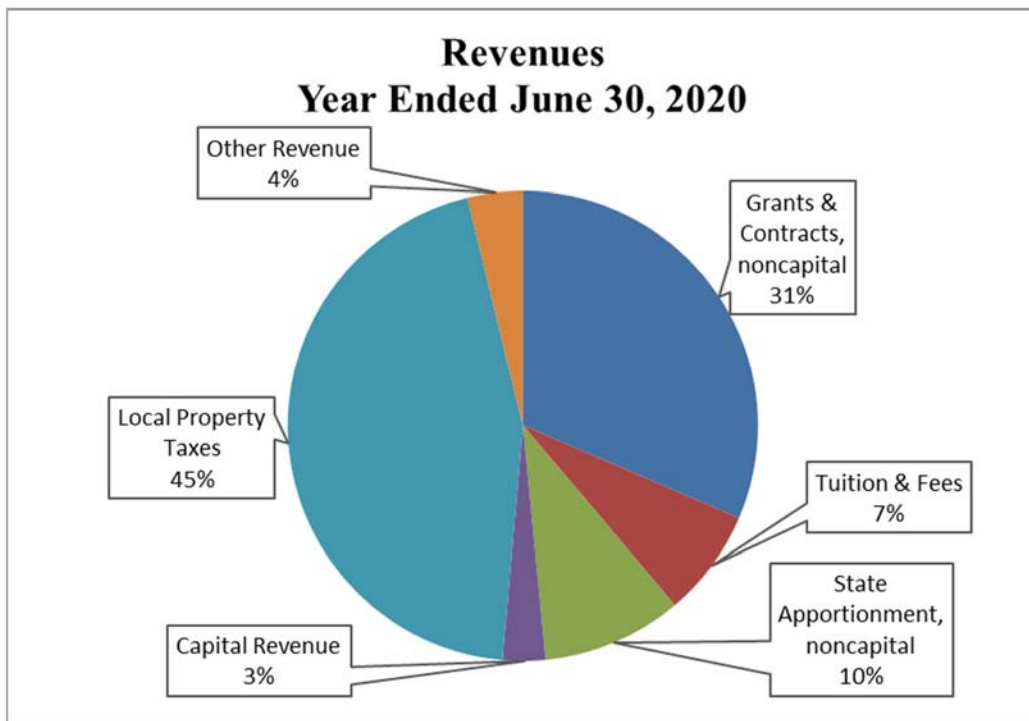
	(in thousands)		
	<u>2020</u>	<u>2019*</u>	<u>Change</u>
Operating Revenues			
Net tuition and fees	\$ 32,737	\$ 37,195	-12%
Grants and contracts, non-capital	100,641	84,001	20%
Auxiliary sales and charges	<u>2,117</u>	<u>3,167</u>	-33%
Total operating revenues	<u>135,495</u>	<u>124,363</u>	9%
Operating Expenses			
Salaries and benefits	266,690	257,664	4%
Supplies, materials and other operating expenses and services	74,047	53,204	39%
Financial aid	60,648	53,365	14%
Utilities	3,809	3,763	1%
Depreciation	<u>22,111</u>	<u>21,290</u>	4%
Total operating expenses	<u>427,305</u>	<u>389,286</u>	10%
Operating loss	<u>(291,810)</u>	<u>(264,923)</u>	10%
Non-operating revenues (expenses)			
State apportionments, non-capital	42,922	45,169	-5%
Local property taxes	142,600	136,564	4%
Federal grants and contracts, non-capital	39,358	37,277	6%
State taxes and other revenues	9,043	9,183	-2%
Investment income, non-capital	5,692	2,043	179%
Loss on disposal of capital assets	(156)	(2,515)	-94%
Interest expense	<u>(61,579)</u>	<u>(28,071)</u>	119%
Total non-operating revenues (expenses)	<u>177,880</u>	<u>199,650</u>	-11%
Other revenues, expenses, gains or losses			
State apportionments, capital	176	575	-69%
Local property taxes, capital	56,932	45,664	25%
Investment income, capital	<u>12,838</u>	<u>12,779</u>	0%
Total other revenues, expenses, gains or losses	<u>69,946</u>	<u>59,018</u>	19%
Change in net position	(43,984)	(6,255)	-603%
Net position, beginning of year	<u>(82,027)</u>	<u>(75,772)</u>	-8%
Net position, end of year	<u>\$ (126,011)</u>	<u>\$ (82,027)</u>	-54%

* Prior year balances were reclassified to conform with current year's classification for operating non-operating revenues

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

- Net tuition and fees consist of enrollment fees and other fees of \$52.2 less scholarships, discounts and allowances of \$19.4 million. Regular enrollment fees of \$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 (\$55.2 million), state grants (\$58.4 million), and local contracts (\$26.3 million). The District received more federal funding from providing financial assistance to students and from the CARES Act - HEERF. The increase in state revenue included Strong Workforce Programs and Student Equity and Achievement Program.
- Salaries and benefits expenses increased by \$9.0 million or 4% 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.
- Depreciation expenses increased due to completion of various construction projects.
- Robust property tax receipt, along with the EPA funding, has resulted in an increased total computational apportionment revenue based on the new SCFF calculation.
- Interest expense increased due to accreted interest and other interest costs related to the new bond issuance.
- 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.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020



COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

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)		
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Cash Provided By (Used in)			
Operating activities	\$ (244,040)	\$ (197,866)	-23%
Noncapital financing activities	235,749	190,885	24%
Capital and related financing activities	26,668	(96,863)	128%
Investing activities	<u>5,692</u>	<u>(3,243)</u>	276%
Net change in cash and cash equivalents	24,069	(107,087)	122%
Cash balance, beginning of year	327,273	434,360	-25%
Cash balance, end of year	<u><u>\$ 351,342</u></u>	<u><u>\$ 327,273</u></u>	7%

- 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 as a result of cash received from property taxes and proceeds from the issuance of debt.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

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, 2020, the District had over \$785 million invested in net capital assets. Total capital assets of \$1 billion consist of land, buildings and building improvements, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of \$359 million. New additions for construction and equipment of \$145.1 million occurred during 2019-20, and depreciation expense of \$22.1 million was recorded for the fiscal year. Construction in progress of \$4.6 million was completed and placed into service as buildings and site improvements. Note 6 to the financial statements provides additional information on capital assets. A summary of capital assets net of depreciation is presented below.

	<u>Balance June 30, 2020</u>
Land	\$ 24,141,969
Buildings and site improvements	769,449,606
Equipment	53,036,109
Construction in progress	<u>297,501,584</u>
Totals at historical cost	<u>1,144,129,268</u>
Less accumulated depreciation for:	
Buildings and site improvements	(317,234,677)
Equipment	<u>(41,819,331)</u>
Total accumulated depreciation	<u>(359,054,008)</u>
Governmental capital assets, net	<u><u>\$ 785,075,260</u></u>

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

Debt

On June 30, 2020, the District had \$997.8 million in debt for the General Obligation bonds. The payments for general obligation bond debt are funded through property tax assessments. Note 9 the financial statements provide additional information on long-term liabilities.

Significant Future Events

FY 2020-21 Budget

On June 22, 2020, Governor Gavin Newsom and legislative leaders announced a budget agreement. The compromise reached by the Legislature and the Governor rejects the May Revision proposal to reduce apportionment funding in the Student Centered Funding Formula (SCFF) and instead imposes funding deferrals totaling \$1.45 billion.

Consistent with overall Proposition 98 estimates, Proposition 98 funding for the California Community College System declines from \$8.4 billion to \$7.6 billion (approximately 9%) in 2020-21, primarily due to a significant drop in State General Fund revenues stemming from the cash deferrals.

To address the cash-flow challenges, the Board took action on June 17, 2020, allowing the Coast District to join the pooled Tax and Revenue Anticipation Note (TRAN) program administered by the Community College League of California (CCLC), to borrow a not-to-exceed maximum of \$30 million.

Recent estimates point to a borrowing need of approximately \$23 million.

2020 Bond Refunding

Acting on the opportunity presented by historic low-interest rates, the District took steps to refund certain maturities from earlier bond issuances. In October 2020, the Board of Trustees adopted a resolution to restructure certain outstanding bonded indebtedness under both Measure C and M.

Ultimately, more than \$200 million in bonds were refunded resulting in taxpayer savings of approximately \$17 million.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

Supplemental Retirement Programs

On September 2, 2020, the Board of Trustees adopted Resolution 20-51, opening a second Supplemental Retirement Program (SRP-2) window. SRP-2 focused on classified Professionals and provided an incentive of 65% of annual salary. The exit date was either December 2020 or January 2021. The impetus behind this incentive is two-fold; first, Coast needs to address on-going budgetary concerns with additional definitive steps toward constraining spending, and second, as the first SRP did not achieve a targeted two to one relationship between non-instructional staff and faculty, an imbalance in the 50% Law is expected to emerge which this incentive was designed to address.

The enrollment window for SRP-2 closed in October 2020, and subsequent analysis that of 22 total enrollees, 5 were outside the Unrestricted General Fund, and of the 17 positions within the UGF, 7 would require replacement. Not only did this not meet our fiscal objectives, when all costs were considered, year 1 would have resulted in a net cost to the District. As such, the recommendation to the Board of Trustees was to reject SRP-2; a recommendation taken by the Board on November 18, 2020.

State Fiscal Outlook

Each Fall the Legislative Analyst's Office (LAO) releases a Fiscal Outlook addressing the fiscal health of the State. Although the economic consequences of the COVID-19 health crisis were severe, the fiscal fallout was not as catastrophic as many projected in early 2020. The LAO notes that the state may realize a one-time windfall of approximately \$26 billion. The System office has suggested the community college share under Proposition 98 may be sufficient to retire the budget deferrals. The deferrals are discussed at greater length elsewhere in this report.

It is important to note that the LAOs' report points to structural imbalances over the next three years under which revenue is projected to grow at an average annual rate of less than 1%, while expenditures under current law and policy are projected to grow at an average annual rate of 4.4%.

This disparity produces an anticipated operating deficit that will grow to nearly \$17 billion by 2024–25.

Federal Relief

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, was a \$2.2 trillion economic stimulus bill signed into law in March 2020 in response to the economic fallout of the COVID-19 pandemic in the United States.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

The Health and Economic Recovery Omnibus Emergency Solutions Act or Heroes Act (H.R. 6800) is proposed legislation acting as a \$3 trillion stimulus package in response to the COVID-19 pandemic and is intended to supplement the earlier CARES Act stimulus package.

The HEROES Act was never signed into law.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (Act) was approved in Congress and later signed into law by the president. This \$900 billion measure, while smaller than the CARES Act, actually provides a greater level of resource to education. The Act proposes nearly \$1.3 billion in resources for the California Community Colleges.

While we don't yet have a complete picture of all the spending parameters associated with this Act, preliminarily, it does appear that the spending parameters will be less stringent than was the case with the CARES Act and that we will be able to utilize these resources to backfill lost revenues.

Governor's FY 21-22 Budget Proposal

On January 8, 2021, Governor Newsom released his budget proposal for the fiscal year beginning July 1, 2021. The budgetary outlook has improved markedly since the 2020 budget act despite the dramatic increase in COVID cases. However, the recovery has been highly unequal with the well-to-do benefiting from a strong stock market and relatively low unemployment rates in professional fields. California's reliance on the highest income earners for much of its operating budget explains, in part, the strength of this year's budget proposal. However, looking out a few years, and as was noted in the Fiscal Outlook report from the Legislative Analyst's Office (LAO) last fall, California faces persistent structural deficits.

FY 21-22 Budget Proposal highlights follow:

- Deferrals have been reduced by approximately 2/3, going from \$1.45 billion down to roughly \$326 million. The plan of deferrals prevented immediate budget cuts to Community College apportionments. This reduction in deferrals will help with the District's cash flow.
- A Cost of Living Adjustment (COLA) of 1.5% is proposed (\$111.1 million statewide). Interestingly, on the K-12 side of the house, the Governor proposes a 3.84% COLA.
- Although historically a COLA has merely served as a means to mitigate the effects of inflation, the governor proposes to condition receipt of this year's COLA on achieving certain performance metrics.
- Growth is proposed at 0.5% (\$23.1 million statewide). System growth has been highly volatile with some districts experiencing significant declines and others growing.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

Hold Harmless

For FY 2020-21, Coast is funded under the FY 2019-20 Hold Harmless. This is a two-year provision under which Coast's Total Computational Revenue (TCR) for FY 2020-21 is at the same level as prior year.

Projections indicate that at the conclusion of FY 2020-21, Coast will revert back to the 2017-18 Hold Harmless provision. The 2017-18 Hold Harmless runs through FY 2023-24. TCR is expected to decline approximately \$5.6 million with the transition from FY 2019-20 Hold Harmless to the FY 2017-18 Hold Harmless.

Under both Hold Harmless mechanisms, TCR is independent of enrollment.

Pension Relief

Employer pension matching requirements represent one of the more significant costs of employment borne by the District. In the FY 2020/21 State Budget, the Governor repurposed funds the state intended to use to reduce California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System pension contributions rates over time, and instead provided two successive years of relief for K-12 and community college employers in FY 2020-21 and 2021-22.

Looking to FY 2022-23 when this relief expires, the District could again experience significant cost increases with respect to pension match requirements.

Enrollment Metrics – 2020-21 FY and Beyond

Enrollments have continued to soften and will be closely monitored by staff. As noted above, Coast will under one of two Hold Harmless provisions through the end of FY 2023-24, and under these provisions, revenue is independent of enrollment. However, it will be important to track enrollment very closely as, under current law, the District could face a "fiscal cliff" at the conclusion of FY 2023-24 when Hold Harmless sunsets.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2020

Looking Ahead

Coast has deficit-spent for several successive years. Fund balance has declined in each of those years. Most recently, Ending Fund Balance (EFB) for the year ending June 30, 2020, was 10.8%. Current estimates suggest EFB at June 30, 2021, will fall to 8.03%, below the Board's policy level.

While the COVID pandemic has certainly exacerbated fiscal challenges, enrollment has been declining for several successive years.

The most recent cost containment measures are reflected in retirement incentives and a hiring freeze, which is scheduled to run through June 2021. Further, labor negotiations have resulted in a deferral of step/column cost for one year. As noted elsewhere in this report, SRP-1 attracted more than 120 enrollees and estimates suggest, net of all cost, annual savings of approximately \$3 million will accrue. SRP-2, on the other hand, was abandoned for a lack of sufficient enrollment.

Although the Hold Harmless mechanisms described above are effectively separating our primary source of operating revenue from enrollment, this does not negate the need to right-size the district.

Staff anticipates receiving controlling documents soon after the outset of the new calendar year.

- The Final Apportionment Recalculation for FY 2019-20 should be received by February 2021.
- The First Principal Apportionment Report for FY 2020-21 should be received in February 2021.

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@ccd.edu.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 99,260,756
Investments	71,871,373
Receivables	34,340,151
Inventory	57,516
Notes receivable - current portion	750,000
Prepaid expenses and other current assets	<u>1,484,748</u>

Total current assets	<u>207,764,544</u>
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Noncurrent assets:

Restricted cash and cash equivalents	252,081,241
Restricted student loans receivable, net	2,501,860
Notes receivable - noncurrent	9,937,500
Non-depreciable capital assets	321,643,553
Depreciable capital assets, net	<u>463,431,707</u>

Total noncurrent assets	<u>1,049,595,861</u>
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Total assets	<u>1,257,360,405</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - debt refundings	23,334,785
Deferred outflows of resources - OPEB	5,207,110
Deferred outflows of resources - pensions	<u>72,282,120</u>

Total deferred outflows of resources	<u>100,824,015</u>
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Total assets and deferred outflows of resources	<u><u>\$ 1,358,184,420</u></u>
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COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

LIABILITIES

Current liabilities:

Accounts payable	\$ 26,001,056
Accrued liabilities	23,282,457
Interest payable	14,127,459
Unearned revenue	34,490,726
Due to fiduciary funds	550,000
Amounts held in trust	104,115
Long-term liabilities - current portion	<u>31,753,640</u>
Total current liabilities	<u>130,309,453</u>

Noncurrent liabilities:

Compensated absences - noncurrent portion	6,988,204
Notes payable - noncurrent portion	2,240,000
Net OPEB liability	23,237,301
Net pension liability	276,820,266
General obligation bonds payable - noncurrent portion	1,014,057,818
Other noncurrent liabilities	<u>9,204,882</u>
Total noncurrent liabilities	<u>1,332,548,471</u>
Total liabilities	<u>1,462,857,924</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - OPEB	6,450,866
Deferred inflows of resources - pensions	<u>14,886,361</u>
Total deferred inflows of resources	<u>21,337,227</u>

NET POSITION

Net investment in capital assets	88,987,445
Restricted for:	
Capital projects	18,505,611
Debt service	46,470,095
Scholarships and loans	252,782
Unrestricted	<u>(280,226,664)</u>
Total net position	<u>(126,010,731)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 1,358,184,420</u></u>

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION
For the Year Ended June 30, 2020

Operating revenues:	
Tuition and fees	\$ 52,186,814
Less: scholarship discounts and allowances	<u>(19,449,865)</u>
Net tuition and fees	<u>32,736,949</u>
Grants and contracts, non-capital:	
Federal	15,878,860
State	58,419,457
Local	26,342,957
Sales, net of purchases	<u>2,116,868</u>
Total operating revenues	<u>135,495,091</u>
Operating expenses:	
Salaries	178,480,817
Employee benefits	88,208,122
Supplies, materials, and other operating expenses	77,856,826
Financial aid	60,647,681
Depreciation	<u>22,111,066</u>
Total operating expenses	<u>427,304,512</u>
Loss from operations	<u>(291,809,421)</u>
Non-operating revenues (expenses):	
State apportionments, non-capital	42,921,531
Local property taxes, levied for general purposes	142,600,439
Federal grants and contracts, non-capital	39,357,703
State taxes and other revenue	9,043,049
Interest and other investment income, non-capital	5,692,325
Loss on disposal of asset	(156,656)
Interest expense on capital asset-related debt	<u>(61,578,917)</u>
Total non-operating revenues	<u>177,879,474</u>
Loss before capital contributions	<u>(113,929,947)</u>
Capital contributions:	
Local property taxes, levied for specific purposes	56,931,750
State apportionments, capital	176,542
Interest and investment income, capital	<u>12,838,184</u>
Total capital contributions	<u>69,946,476</u>
Change in net position	(43,983,471)
Net position, beginning of year	<u>(82,027,260)</u>
Net position, end of year	<u><u>\$ (126,010,731)</u></u>

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

Cash flows from operating activities

Tuition and fees	\$ 32,785,169
Federal grants and contracts	15,878,860
State grants and contracts	58,419,457
Local grants and contracts	26,342,957
Sales	2,116,868
Payment to suppliers	(83,363,948)
Payments to/on- behalf of employees	(236,356,301)
Payments to/on- behalf of students	(60,737,819)
Other (payments) receipts	874,454
Net cash used in operating activities	<u>(244,040,303)</u>

Cash flows from non-capital financing activities

State apportionments and receipts	42,921,531
Property taxes	142,600,439
State taxes and other revenue	9,043,049
Federal grants and contracts	39,357,703
Principal collections on notes receivable	750,000
Other non-operating revenues	1,075,885
Net cash provided by non-capital financing activities	<u>235,748,607</u>

Cash flows from capital and related financing activities

State apportionments for capital purposes	176,542
Net purchase of capital assets	(145,093,013)
Interest on investments, capital funds	12,838,184
Property taxes levied for specific purposes	56,931,750
Net sale (purchases) of investments	(6,427,494)
Proceeds from the issuance of debt	177,362,885
Principal paid on long-term debt	(30,795,000)
Interest paid on long-term debt	(38,326,023)
Net cash provided by capital and financing activities	<u>26,667,831</u>

Cash flows from investing activities

Interest on investments	<u>5,692,326</u>
Net cash provided by investing activities	<u>5,692,326</u>

Net change in cash and cash equivalents	24,068,461
Cash balance, beginning of year	<u>327,273,536</u>
Cash balance, end of year	<u><u>\$ 351,341,997</u></u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

Reconciliation of loss from operations to net cash used in operating activities:

Loss from operations \$ (291,809,421)

Adjustments to reconcile loss from operations to net cash
used in operating activities:

Depreciation expense 22,111,066

Changes in assets and liabilities:

Receivables, net (14,144,287)

Inventory 10,471

Due from fiduciary funds 324,454

Prepaid expenses and other current assets 514,902

Deferred outflows of resources - OPEB and Pensions 10,374,747

Accounts payable (1,937,792)

Accrued liabilities and other liabilities 9,909,389

Net pension liability 9,157,433

Unearned revenue 1,520,371

Due to fiduciary fund 550,000

Compensated absences 669,024

Amounts held in trust for others (83,147)

Net OPEB liability, PARS and MPP liability 6,799,946

Deferred inflows of resources - OPEB and Pensions 1,992,541

Total adjustments 47,769,118

Net cash provided (used) by operating activities \$ (244,040,303)

Supplementary disclosure of non-cash transactions:

Amortization of premium on debt \$ 8,290,747

Accretion of interest \$ 14,848,895

Amortization of deferred (gain) loss on refunding \$ 2,012,843

Refunding of debt directly through issuance of new debt \$ 134,530,000

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	<u>Trust Funds</u>		<u>Agency Fund</u>
	Retiree (OPEB) <u>Trust</u>	Associated Student <u>Body Funds</u>	<u>Ancillary Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 11,526,868	\$ 7,971,417
Receivables	-	1,738,647	1,130,854
Investments:			
Master trust	43,256,866	-	-
Mutual fund - Fixed income	22,354,847	-	-
Mutual fund - Domestic equity	12,446,036	-	-
Mutual fund - International equity	3,214,533	-	-
Mutual fund - Real estate	2,417,252	-	-
Inventory	-	-	141,003
Other current assets	-	105,000	20,000
	<u>83,689,534</u>	<u>13,370,515</u>	<u>9,263,274</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	-	803,591	-
	<u>\$ 83,689,534</u>	<u>\$ 14,174,106</u>	<u>\$ 9,263,274</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 737,640	\$ 620,525
Due to others	-	5,762,413	8,642,749
	<u>-</u>	<u>6,500,053</u>	<u>9,263,274</u>
Total current liabilities	-	6,500,053	9,263,274
Noncurrent liabilities:			
Net pension liability	-	2,865,734	-
	<u>-</u>	<u>9,365,787</u>	<u>9,263,274</u>
Total liabilities	-	9,365,787	9,263,274
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	-	43,639	-
	<u>-</u>	<u>43,639</u>	<u>-</u>
NET POSITION			
Restricted for OPEB benefits	83,869,534	-	-
Unrestricted	-	4,764,680	-
	<u>83,869,534</u>	<u>4,764,680</u>	<u>-</u>
Total net position	83,869,534	4,764,680	-
Total liabilities, deferred inflows of resources and net position	<u>\$ 83,869,534</u>	<u>\$ 14,174,106</u>	<u>\$ 9,263,274</u>

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
June 30, 2020

	Retiree (OPEB) <u>Trust</u>	Associated Student <u>Body Funds</u>
Additions:		
Sales, net of purchases	\$ -	\$ 826,040
Interest and investment income	3,728,146	52,494
Employer contributions	6,588,869	-
Student representation fee	-	1,667,764
Other local revenues	-	355,798
	<u>10,317,015</u>	<u>2,902,096</u>
Total additions		
	<u>10,317,015</u>	<u>2,902,096</u>
Deductions:		
Classified salaries	-	683,681
Employee benefits	-	504,912
Employer retiree benefits	6,588,869	-
Administrative expenses	226,595	-
Services and other operating expenses	-	2,133,749
Capital outlay	-	42,310
	<u>6,815,464</u>	<u>3,364,652</u>
Total deductions		
	<u>6,815,464</u>	<u>3,364,652</u>
Net (decrease) increase in net position	3,501,551	(462,556)
Net position:		
Net position, beginning of year	<u>80,187,983</u>	<u>5,227,236</u>
Net position, end of year	<u>\$ 83,689,534</u>	<u>\$ 4,764,680</u>

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENTS OF FINANCIAL POSITION
DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT, COASTLINE COMMUNITY COLLEGE,
GOLDEN WEST COLLEGE, AND ORANGE COAST COLLEGE FOUNDATIONS
For the Year Ended June 30, 2020

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 324,824	\$ 828,925	\$ 1,453,166	\$ 366,457
Accounts receivable	95	8,034	-	5,425
Pledges receivable	-	3,335	-	100,000
Due from Coast Community College District	-	-	-	172,254
Due from Coast CCD Enterprise, Inc.	12,500	-	-	-
Prepaid expenses	-	-	30,000	25,000
Total current assets	<u>337,419</u>	<u>840,294</u>	<u>1,483,166</u>	<u>669,136</u>
Non-current assets:				
Pledges receivable, net of discount	-	-	-	94,671
Receivable for split-interest agreement	-	7,209	-	567,722
Operating investments, at fair value	-	303,203	572,858	905,388
Investments, at fair value	121,119	1,902,509	7,766,080	22,203,498
Investments held with FCCC	-	317,690	223,745	22,356
Assets held for sale	-	-	-	35,100
Property and equipment, net	-	-	-	7,991,166
Total non-current assets	<u>121,119</u>	<u>2,530,611</u>	<u>8,562,683</u>	<u>31,819,901</u>
Total assets	<u><u>\$ 458,538</u></u>	<u><u>\$ 3,370,905</u></u>	<u><u>\$ 10,045,849</u></u>	<u><u>\$ 32,489,037</u></u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 6,450	\$ 30,212	\$ 1,850	\$ 66,688
Designated scholarships	-	-	78,111	321,599
Unearned revenue	-	838	-	-
Due to Coast Community College District	3,502	-	3,120	-
Due to CCD Enterprise	3,198	-	-	-
Total current liabilities	<u>13,150</u>	<u>31,050</u>	<u>83,081</u>	<u>388,287</u>
Non-current liabilities:				
Split-interest agreement	19,143	-	-	-
Total liabilities	<u><u>\$ 32,293</u></u>	<u><u>\$ 31,050</u></u>	<u><u>\$ 83,081</u></u>	<u><u>\$ 388,287</u></u>
Net assets:				
Net assets without donor restrictions	389,557	437,950	652,438	843,216
Net assets with donor restrictions	36,688	2,901,905	9,310,330	31,257,534
Total net assets	<u>426,245</u>	<u>3,339,855</u>	<u>9,962,768</u>	<u>32,100,750</u>
Total liabilities and net assets	<u><u>\$ 458,538</u></u>	<u><u>\$ 3,370,905</u></u>	<u><u>\$ 10,045,849</u></u>	<u><u>\$ 32,489,037</u></u>

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
COAST COMMUNITY COLLEGE DISTRICT ENTERPRISE CORPORATION
June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 877,247
Prepaid taxes	<u>3,222</u>

Total current assets	<u>880,469</u>
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Noncurrent assets:

Deposits with District	40,000
Equipment	537,813
Accumulated depreciation	<u>(458,736)</u>

Total non-current assets	<u>119,077</u>
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Total assets	<u><u>\$ 999,546</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 665,812
Unearned revenue	<u>203,160</u>

Total current liabilities	<u>868,972</u>
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Stockholders' equity

Common stock (1\$ par value, 100,000 authorized, 158 shares issued and outstanding)	158
Retained earnings	<u>130,416</u>

Total stockholders' equity	<u>130,574</u>
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Total liabilities and stockholders' equity	<u><u>\$ 999,546</u></u>
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See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT FOUNDATION, COASTLINE COMMUNITY COLLEGE FOUNDATION,
GOLDEN WEST COLLEGE FOUNDATION, AND ORANGE COAST COLLEGE FOUNDATION
June 30, 2020

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Changes in net assets without donor restriction:				
Support and revenues:				
Support:				
Contributions	\$ 511	\$ 24,273	\$ -	\$ 125,501
Management fees	-	-	80,339	151,813
Miscellaneous revenue	-	-	-	83,401
In-kind contributions	-	659	-	-
Donated services	24,569	399,568	403,480	689,643
Donated facilities	-	11,644	18,000	19,898
Special events	-	18,888	89,474	-
Total support	<u>25,080</u>	<u>455,032</u>	<u>591,293</u>	<u>1,070,256</u>
Other income, gains and losses:				
Charter fees	-	-	-	1,098,751
Vending machine commissions	-	-	2,279	-
Administrative fees, Coast CCD Enterprise, Inc	63,333	-	-	-
Trademark fees, Coast CCD Enterprise, Inc	60,000	-	-	-
Investment income, net of expense	841	36,974	22,577	24,427
Realized loss on investments	-	(12,956)	-	(13,959)
Unrealized gain (loss) on investments	-	4,366	(6,285)	(4,677)
Change in value of Coast CCD Enterprise, Inc.	(268,409)	-	-	-
Net assets released from restriction	-	406,533	767,156	4,974,166
Total other income, gains, and losses	<u>(144,235)</u>	<u>434,917</u>	<u>785,727</u>	<u>6,078,708</u>
Total support and revenues	<u>(119,155)</u>	<u>889,949</u>	<u>1,377,020</u>	<u>7,148,964</u>
Operating expenses:				
Program services:				
Student and college support	118,728	506,731	907,418	2,667,689
Sailing program	-	-	-	3,926,017
Supporting services:				
Management and general	23,721	193,025	200,785	554,040
Fundraising	-	159,366	246,897	144,825
Total expenses	<u>142,449</u>	<u>859,122</u>	<u>1,355,100</u>	<u>7,292,571</u>
Change in net assets without donor restrictio	<u>(261,604)</u>	<u>30,827</u>	<u>21,920</u>	<u>(143,607)</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT FOUNDATION, COASTLINE COMMUNITY COLLEGE FOUNDATION,
GOLDEN WEST COLLEGE FOUNDATION, AND ORANGE COAST COLLEGE FOUNDATION
June 30, 2020

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Changes in net assets with donor restriction:				
Support and revenues:				
Support:				
Contributions	\$ -	\$ 392,701	\$ 564,921	\$ 491,136
Fundraising for college programs	-	-	-	1,091,384
Program related sales	-	-	-	66,237
Miscellaneous revenue	-	-	-	109,268
In-kind contributions	-	8,483	-	44,783
Donated vessels	-	-	-	3,983,785
Special events	-	-	23,505	-
Total support	<u>-</u>	<u>401,184</u>	<u>588,426</u>	<u>5,786,593</u>
Other income, gains and losses:				
Gain on sale of donated assets	-	-	-	74,025
Investment income, net of expense	-	5,146	209,968	445,420
Realized loss on investments	-	(54,157)	(26,066)	(253,235)
Unrealized gain (loss) on investments	-	-	30,300	(117,221)
Change in value for split-interest agreements	(8,887)	-	-	59,336
Change in value, FCCC investments	<u>-</u>	<u>(13,257)</u>	<u>(9,270)</u>	<u>(616)</u>
Total other income, gains, and losses	<u>(8,887)</u>	<u>(62,268)</u>	<u>204,932</u>	<u>207,709</u>
Total support and revenues	<u>(8,887)</u>	<u>338,916</u>	<u>793,358</u>	<u>5,994,302</u>
Net assets released from restriction	<u>-</u>	<u>(406,533)</u>	<u>(767,156)</u>	<u>(4,974,166)</u>
Change in net assets with donor restriction	<u>(8,887)</u>	<u>(67,617)</u>	<u>26,202</u>	<u>1,020,136</u>
Change in net assets	(270,491)	(36,790)	48,122	876,529
Net assets:				
Beginning of year	<u>696,736</u>	<u>3,376,645</u>	<u>9,914,646</u>	<u>31,224,221</u>
End of year	<u>\$ 426,245</u>	<u>\$ 3,339,855</u>	<u>\$ 9,962,768</u>	<u>\$ 32,100,750</u>

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF INCOME AND RETAINED EARNINGS
DISCRETELY PRESENTED COMPONENT UNIT
COAST COMMUNITY COLLEGE DISTRICT ENTERPRISE CORPORATION
For the Year Ended June 30, 2020

Operating revenues:	
Space rental income	\$ 4,298,627
Total operating revenue	<u>4,298,627</u>
Operating expenses:	
Salaries	1,015,510
Employee benefits	233,392
Supplies	8,824
Rental	1,552,195
Other services	1,899,067
Depreciation	<u>22,160</u>
Total operating expenses	<u>4,731,148</u>
Net operating loss before income tax	<u>(432,521)</u>
Income tax expense	<u>(87,079)</u>
Net loss	<u>(519,600)</u>
Retained earnings, beginning of year	<u>650,016</u>
Retained earnings, end of year	<u><u>\$ 130,416</u></u>

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT, COASTLINE COLLEGE, GOLDEN WEST
COLLEGE, AND ORANGE COAST COLLEGE FOUNDATIONS
For the Year Ended June 30, 2020

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Cash flows from operating activities:				
Contributions, fundraising, and other income	\$ 416	\$ 459,219	\$ 960,784	\$ 1,768,421
Interest and dividends	841	42,120	-	469,847
Other operating activities and charter fees	-	-	-	1,441,324
Vending Machine Commissions	-	-	2,279	-
Reimbursements to Coast Community College District on behalf of employees	-	-	(81,587)	-
Administrative and Trademark fees, net	123,333	-	-	-
Payments for College support	-	-	(246,276)	-
Payments to/on behalf of employees	-	(1,840)	-	(655,694)
Payments to suppliers	(61,829)	(218,929)	(186,052)	(2,605,348)
Payments to/on behalf of students for scholarships	(15,000)	(331,330)	(396,125)	(753,729)
Net cash provided by (used in) operating activities	47,761	(50,760)	53,023	(335,179)
Cash flows from investing activities:				
Purchase of investments	-	(1,518,510)	(349,289)	(418,750)
Proceeds from sale of investments	-	1,513,843	117,586	224,123
Proceeds from sale of boats and equipment	-	-	-	577,250
Acquisition of boats and equipment	-	-	-	(139,475)
Interest and dividends on split interest agreement	196	-	-	-
Interest and dividends reinvested	(196)	-	-	-
Net cash (used) provided by investing activities	-	(4,667)	(231,703)	243,148
Net increase (decrease) in cash and cash equivalents	47,761	(55,427)	(178,680)	(92,031)
Cash and cash equivalents, beginning of year	277,063	884,352	1,631,846	458,488
Cash and cash equivalents, end of year	\$ 324,824	\$ 828,925	\$ 1,453,166	\$ 366,457
Reconciliation of change in net assets to cash provided by (used in) operating activities:				
Change in net assets	\$ (270,491)	\$ (36,790)	\$ 48,122	\$ 876,529
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities				
Depreciation expense	-	-	-	2,528,522
Change in value of Coast CCD Enterprise, Inc.	268,409	-	-	-
Change in value of split-interest agreement	8,887	-	-	(59,336)
Non-cash contributions and donated vessels received	-	-	-	(4,028,568)
(Gain) loss on sale of donated items	-	-	-	(74,025)
Change in value, FCCC investments	-	13,257	9,270	616
Realized and unrealized loss on investment	-	62,747	2,051	389,092
Change in assets - (increase)/decrease:				
Prepaid expenses and other assets	-	-	(30,000)	-
Accounts receivable	(95)	21,688	-	(171,479)
Due from Coast Community College District	24,135	-	-	-
Due from Coast CCD Enterprise, Inc	6,867	-	-	-
Pledges receivable	-	831	-	151,088
Contribution receivable from split-interest agreement	-	-	-	59,336
Change in liabilities - increase/(decrease):				
Scholarships payable	-	(117,350)	(469)	-
Unearned Revenue	-	838	-	-
Accounts payable	6,449	4,019	(833)	40,978
Charter deposits	-	-	-	(1,920)
Due to Coast Community College District	3,198	-	24,882	(46,012)
Due to Coast CCD Enterprise, Inc	402	-	-	-
Net cash provided by (used in) operating activities	\$ 47,761	\$ (50,760)	\$ 53,023	\$ (335,179)
Non-cash investment activities include:				
Equipment and vessels				\$ 3,983,785

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS DISCRETELY PRESENTED COMPONENT UNIT
COAST COMMUNITY COLLEGE DISTRICT ENTERPRISE CORPORATION
For the Year Ended June 30, 2020

Cash flows from operating activities	
Cash received from space rental income	\$ 4,298,627
Cash paid for operating expenses	<u>(4,728,502)</u>
Net cash used in operating activities	<u>(429,875)</u>
Cash flows from capital and financing activities	
Acquisition of capital assets	<u>(17,015)</u>
Net change in cash and cash equivalents	(446,890)
Cash and cash equivalents, beginning of year	<u>1,324,137</u>
Cash and cash equivalents, end of year	<u><u>\$ 877,247</u></u>
Reconciliation of net loss to cash used by operating activities:	
Net loss	\$ (519,600)
Adjustments to net loss to net cash used by operating activities:	
Depreciation	22,160
Deferred tax asset	89,300
Changes in operating assets:	
Accounts receivable	4,000
Prepaid taxes	800
Changes in operating liabilities:	
Accounts payable	162,935
Unearned revenue	<u>(189,470)</u>
Total adjustments	<u>89,725</u>
Net cash used in operating activities	<u><u>\$ (429,875)</u></u>

See accompanying notes to the basic financial statements.

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Coast Community College District (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. Currently, the District operates three college campuses located in the cities of Fountain Valley, Costa Mesa, and Huntington Beach, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the following potential component units:

- Coast Community College District Foundation
- Coastline Community College Foundation
- Golden West College Foundation
- Orange Coast College Foundation
- 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 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.

Basis of Presentation and Accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective at the District's financial position and activities. Accordingly, the District's 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 the obligation has been incurred. All significant intra-agency transactions have been eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

Fiduciary funds for which the District acts only as an agent or trust are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position at the fund financial statement level.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundations' and Enterprise Corporation financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred in accordance with accounting principles generally accepted in the United States of America. Recognition of contributions is dependent upon whether the contribution is restricted or unrestricted. The Foundations' net assets are classified on the Statement of Financial Position as net assets without donor restriction or net assets with donor restriction based on the absence or existence of donor-imposed restrictions. The Foundations' and Enterprise Corporation statements were prepared in accordance with the pronouncements of the Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' and Enterprise Corporations financial information in the District's report for these differences.

Cash and Cash Equivalents: The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt or construction of capital assets. Restricted cash and cash equivalents are classified as noncurrent assets in the statement of net position.

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.

Receivables: Receivables consist 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.

Inventory: Inventory is presented at the lower of cost or market and is 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: Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

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.

Capital Assets and Depreciation: 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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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: Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until 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.

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.

Pension Stabilization Trust (the PST): The PST was established to help California public entities stabilize the funding of their pension benefit liabilities by 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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss 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 life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported which is in the Statement of Net Position.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) program of CalSTRS and Public Employers Retirement Fund B (PERF B) a program of CalPERS, and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate.

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 33,767,723	\$ 39,317,988	\$ 73,085,711
Deferred inflows of resources	\$ 12,819,000	\$ 2,111,000	\$ 14,930,000
Net pension liability	\$ 125,316,000	\$ 154,370,000	\$ 279,686,000
Pension expense	\$ 30,298,357	\$ 38,310,408	\$ 68,608,765

The District has allocated 1.04% of the net pension liability and related deferred balances to the Associated Student Body Fund.

Net Position: The District's net position is classified as follows:

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: 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. 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. At June 30, 2020 there is no balance of nonexpendable restricted net position.

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.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

On-Behalf Payments: GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all Community Colleges in California.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues and Expenses: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, most Federal, State and local grants and contracts and Federal appropriations, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is a non-operating expense.

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

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. Orange County bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

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 statement in conformity with accounting principles generally accepted in the United States of America 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.

Interfund Activity: Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the District, Fiduciary Funds, and Component Units as of June 30, 2020 consisted of the following:

	<u>District</u>	<u>Fiduciary</u>	<u>Component Units</u>
Cash in County Treasury	\$ 339,105,718	\$ -	\$ -
Cash with fiscal agent	4,944,029	-	-
Cash on hand and in banks	5,626,848	19,490,785	3,850,619
Cash in revolving funds	<u>1,665,402</u>	<u>7,500</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 351,341,997</u>	<u>\$ 19,498,285</u>	<u>\$ 3,850,619</u>

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The District is considered to be an involuntary participant in an external investment pool. The District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2020.

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.

Cash with Fiscal Agent: Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2020, the funds are held with a bank in a money market account and recorded at fair value.

Custodial Credit Risk - Deposits and Certificate of Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's cash in banks was \$26,790,535 and the bank balance was \$22,701,606. The bank balance amount insured was \$500,000.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. California law allows for a sliding scale of collateralization depending on the type of pledged security; 150 percent of an agency's deposit for Real Estate backed securities; 110 percent of an agency's deposit for Non-Real Estate backed securities; and 105 percent of an agency's deposit for a Letter of Credit. Collateralization of District deposits minimizes the District risk, but does not eliminate the Risk. In the event of a bank failure, the FDIC will honor written collateralization agreements if the agreement is valid and enforceable under applicable law. All cash held by financial institutions that is not insured is collateralized in the form of a Contract for Deposit that allows for collateralization via a Letter of Credit.

NOTE 3 - 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, 2020.

The District's investments at June 30, 2020 are presented herein:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Treasury bonds	\$ 38,024,405	\$ 2,258,281	\$ 7,871,844	\$ 6,354,623	\$ 21,539,657
Coporate bonds	758,439	758,439	-	-	-
U.S. Government					
sponsored enterprise	30,142,499	-	1,261,543	18,320,686	10,560,270
Mutual Funds - Equity*	1,281,783	-	-	-	-
Mutual Funds - Fixed Income*	1,664,167	-	-	-	-
Total	<u>\$ 71,871,293</u>	<u>\$ 3,016,720</u>	<u>\$ 9,133,387</u>	<u>\$ 24,675,309</u>	<u>\$ 32,099,927</u>

*Invested in mutual funds which have no maturity date.

Investments held by the OPEB Trust are disclosed in Note 14.

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - INVESTMENTS (Continued)

Investment fair value measurements at June 30, 2020 are presented herein:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury bonds	\$ 38,024,405	\$ 38,024,405	\$ -	\$ -
Corporate bonds	758,439	758,439	-	-
U.S. Government sponsored enterprise	30,142,499	-	30,142,499	-
Mutual Funds - Equity	1,281,783	1,281,783	-	-
Mutual Funds - Fixed Income	<u>1,664,167</u>	<u>1,664,167</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 71,871,293</u>	<u>\$ 41,728,794</u>	<u>\$ 30,142,499</u>	<u>\$ -</u>

	<u>Fair Value</u>	<u>S&P's Rating as of Year End</u>							
		<u>AAA</u>	<u>AA+</u>	<u>AA</u>	<u>AA-</u>	<u>A+</u>	<u>A</u>	<u>A-</u>	<u>Unrated</u>
Corporate Bonds	\$ 758,439	\$ -	\$ -	\$ -	\$ 253,050	\$ 252,266	\$ 253,123	\$ -	\$ -
US Government									
Sponsored Enterprise	30,142,499	-	30,142,499	-	-	-	-	-	-
US Treasury Bonds	38,024,405	-	38,024,405	-	-	-	-	-	-
Mutual Funds - Equity	1,281,783	-	-	-	-	-	-	-	1,281,783
Mutual Funds - Fixed Income	<u>1,664,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664,167</u>
Total	<u>\$71,871,293</u>	<u>\$ -</u>	<u>\$68,166,904</u>	<u>\$ -</u>	<u>\$ 253,050</u>	<u>\$ 252,266</u>	<u>\$ 253,123</u>	<u>\$ -</u>	<u>\$2,945,950</u>

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; 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 2016 Official Statement 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 ladder portfolio to a period not to extend past 2036.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - INVESTMENTS (Continued)

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 2016 Official Statement 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 4 - RECEIVABLES

Receivables as of June 30, 2020 are summarized as follows:

	<u>District</u>	<u>Auxillary</u>	<u>Associated Student Body</u>
Federal	\$ 4,804,816	\$ -	\$ -
State	12,620,992	-	-
Local sources	16,914,343	1,130,854	1,269,770
Other	-	-	468,877
	<u> </u>	<u> </u>	<u> </u>
Total receivables	\$ 34,340,151	\$ 1,130,854	\$ 1,738,647
	<u> </u>	<u> </u>	<u> </u>
Student loans receivable, net	\$ 2,501,860	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>

NOTE 5 - 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, 2020, is \$10,687,500.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District consists of the following:

	Balance <u>July 1, 2019</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance <u>June 30, 2020</u>
Non-depreciable				
Land	\$ 24,141,969	\$ -	\$ -	\$ 24,141,969
Construction in progress	159,381,967	142,679,289	(4,559,672)	297,501,584
Depreciable:				
Buildings and improvements	765,192,943	4,568,721	(312,058)	769,449,606
Equipment and vehicles	<u>50,789,895</u>	<u>2,491,998</u>	<u>(245,784)</u>	<u>53,036,109</u>
Total	<u>999,506,774</u>	<u>149,740,008</u>	<u>(5,117,514)</u>	<u>1,144,129,268</u>
Less accumulated depreciation:				
Buildings and improvements	299,333,439	18,066,612	(165,374)	317,234,677
Equipment and vehicles	<u>38,010,689</u>	<u>4,044,454</u>	<u>(235,812)</u>	<u>41,819,331</u>
Total	<u>337,344,128</u>	<u>22,111,066</u>	<u>(401,186)</u>	<u>359,054,008</u>
Capital assets, net	<u>\$ 662,162,646</u>	<u>\$ 127,628,942</u>	<u>\$ (4,716,328)</u>	<u>\$ 785,075,260</u>

NOTE 7 – UNEARNED REVENUE

Unearned revenue as of June 30, 2020, consisted of the following:

Categorical aid	\$ 19,194,378
Enrollment fees	15,018,115
Other local	<u>278,233</u>
Total	<u>\$ 34,490,726</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – 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
2021	\$ 511,447
2022	314,052
2023	184,540
2024	<u>8,309</u>
Total	<u>\$ 1,018,348</u>

Current year expenditures for operating leases is approximately \$626,412. 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 on the project was completed and opened for occupancy in the Fall of 2020.

NOTE 9 – LONG TERM LIABILITIES

The long-term liabilities activity for the year ended June 30, 2020, is as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Amount Due within One Year
<u>Debt:</u>					
Bonds payable	\$ 754,064,504	\$ 318,961,253	\$ 164,975,000	\$ 908,050,757	\$ 21,760,933
Accreted interest	54,950,882	14,848,895	-	69,799,777	2,114,067
Bonds premium	63,620,910	9,366,632	8,290,747	64,696,795	4,614,511
Note payable	2,950,000	-	350,000	2,600,000	360,000
<u>Other long term liabilities:</u>					
Compensated absences	8,245,346	669,024	-	8,914,370	1,926,166
Perkins loan program liability	2,405,774	-	6,991	2,398,783	-
Net pension liability	267,662,833	9,157,433	-	276,820,266	-
Net OPEB liability - Retiree benefits	23,364,015	-	126,714	23,237,301	-
Net OPEB liability - MPP	857,403	-	58,793	798,610	-
SRP PARS liability	-	6,985,452	-	6,985,452	977,963
Total	<u>\$1,178,121,667</u>	<u>\$ 359,988,689</u>	<u>\$ 173,808,245</u>	<u>\$1,364,302,111</u>	<u>\$ 31,753,640</u>
	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Amount Due within One Year
<u>Fiduciary</u>					
Net pension liability	<u>\$ 2,705,842</u>	<u>\$ 159,892</u>	<u>\$ -</u>	<u>\$ 2,865,734</u>	<u>\$ -</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 – LONG TERM LIABILITIES (Continued)

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.

The 2005 Refunding Bonds mature August 1, 2022 with interest accreting at an average 5.08% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the 2005 Refunding Bonds were \$1,628,293 and \$12,114,718 at June 30, 2020, respectively.

2005 Refunding Bonds

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 425,933	\$ 2,114,067	\$ 2,540,000
2022	1,159,595	6,610,405	7,770,000
2023	<u>1,033,339</u>	<u>6,746,661</u>	<u>7,780,000</u>
Total	<u>\$ 2,618,867</u>	<u>\$ 15,471,133</u>	<u>\$ 18,090,000</u>

The 2002 General Obligation Bonds, Series 2006B mature August 1, 2030 with interest accreting at an average 5.05% compounded semiannually each year and due upon maturity.

Accreted interest on the 2002 General Obligation Bonds, Series 2006B was \$47,126,220 at June 30, 2020, respectively. Premiums were fully amortized as of June 30, 2020.

Series B

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026-2030	\$ 38,790,977	\$ 69,299,023	\$ 108,090,000
2031	<u>10,068,854</u>	<u>23,551,146</u>	<u>33,620,000</u>
Total	<u>\$ 48,859,831</u>	<u>\$ 92,850,169</u>	<u>\$ 141,710,000</u>

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 – LONG TERM LIABILITIES (Continued)

On May 29, 2013, the District issued bonds, Series A, Series B, Tax-Exempt Refunding Series A, and Taxable 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. In 2019, the District issued Series F and Refunding bonds totaling \$318,961,253. The 2019 Refunding Bonds were issued to advance refund a portion of Series A from Measure C. At June 30, 2020, \$134,530,000 of Series C General Obligation Bonds were considered defeased.

The 2012 General Obligation Bonds, Series 2013A mature August 1, 2038 and bear interest at rates ranging from 1.50% to 5.00% with interest due semiannually on February 1 and August 1.

Series A

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,335,000	\$ 640,800	\$ 2,975,800
2022	2,745,000	547,400	3,292,400
2023	3,175,000	437,600	3,612,600
2024	3,640,000	310,600	3,950,600
2025	<u>4,125,000</u>	<u>165,000</u>	<u>4,290,000</u>
Total	<u>\$ 16,020,000</u>	<u>\$ 2,101,400</u>	<u>\$ 18,121,400</u>

The 2013 Tax-Exempt Refunding Bonds, Series A mature August 1, 2024 and bear interest at rates ranging from 2.00% to 5.00% with interest due semiannually on February 1 and August 1. Unamortized premiums on the 2013 Tax-Exempt Refunding Bonds, Series A were \$7,896,720 at June 30, 2020.

Tax-Exempt Refunding Series A

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>17,565,000</u>	<u>878,250</u>	<u>18,443,250</u>
Total	<u>\$ 63,295,000</u>	<u>\$ 11,017,000</u>	<u>\$ 74,312,000</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 – LONG TERM LIABILITIES (Continued)

The 2013 Taxable Refunding Bonds, Series B mature August 1, 2020 and bear interest at rates ranging from 0.35% to 2.27% with interest due semiannually on February 1 and August 1. Premiums were fully amortized as of June 30, 2020.

Taxable Refunding Series B

Year ending June 30,	Principal	Interest	Total
2021	\$ 4,875,000	\$ 110,468	\$ 4,985,468

The 2015 Refunding Bonds mature August 1, 2026. The current interest bonds mature August 1, 2033 and bear interest at rates ranging from 2.00% to 5.00% with interest due semiannually on February 1 and August 1. The capital appreciation bonds mature August 1, 2036 with interest accruing at an average 4.38% compounded semi-annually each year and due upon maturity. Unamortized Premiums and Accreted Interest on the capital appreciation bonds were \$14,823,084 and \$10,241,938 at June 30, 2020, respectively.

2015 Refunding Bonds

Year ending June 30,	Principal	Interest	Total
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	-	5,177,950	5,177,950
2026-2030	30,550,000	25,126,000	55,676,000
2031-2035	107,991,215	42,051,660	150,042,875
2036-2037	22,594,591	31,470,409	54,065,000
Total	\$ 161,135,806	\$ 124,537,819	\$ 285,673,625

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 – LONG TERM LIABILITIES (Continued)

The 2012 General Obligation Bonds, Series 2016C mature through August 1, 2023 and bear interest at rates ranging from 0.80% to 1.98% with interest due semiannually on February 1 and August 1.

Series C

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>3,815,000</u>	<u>37,673</u>	<u>3,852,673</u>
Total	<u>\$ 14,035,000</u>	<u>\$ 525,132</u>	<u>\$ 14,560,132</u>

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 2012 General Obligation Bonds, Series 2017D mature through August 1, 2042 and bear interest at rates ranging from 0.80% to 1.98% with interest due semiannually on February 1 and August 1.

Unamortized Premiums on the 2012 General Obligation Bonds, Series 2017D were \$29,542,462 at June 30, 2020.

Series D

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	5,330,000	12,707,750	18,037,750
2026-2030	32,555,000	58,623,625	91,178,625
2031-2035	58,695,000	49,272,875	107,967,875
2036-2040	116,670,000	27,583,250	144,253,250
2041-2043	<u>65,000,000</u>	<u>3,980,000</u>	<u>68,980,000</u>
Total	<u>\$ 278,250,000</u>	<u>\$ 203,531,500</u>	<u>\$ 481,781,500</u>

The 2012 General Obligation Bonds, Series 2017E matured August 1, 2019.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 – LONG TERM LIABILITIES (Continued)

On November 20, 2019, the District issued bonds, Series 2019F, totaling \$167,996,253, to (i) finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and (ii) pay the costs of issuing the 2019F bonds. The current interest bonds of \$84,700,000 mature August 1, 2021 through August 1, 2039 and bear interest at rates ranging from 3.00% to 4.00% with interest due semiannually on August 1 and February 1. The Capital Appreciation Bonds of \$83,296,253 mature August 1, 2025 through August 1, 2043 and bear interest at rates ranging from 1.68% to 3.18%. Unamortized premiums and accreted interest on capital appreciation bonds were \$9,366,632 and \$316,901 at June 30, 2020, respectively.

Series F

Year ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 1,853,507	\$ 1,853,507
2022	1,245,000	2,978,850	4,223,850
2023	2,715,000	2,941,500	5,656,500
2024	1,580,000	2,832,900	4,412,900
2025	-	2,769,700	2,769,700
2026-2030	12,953,329	13,534,371	26,487,700
2031-2035	26,655,000	8,692,700	35,347,700
2036-2040	41,806,288	6,196,062	48,002,350
2041-2044	81,041,636	81,163,364	162,205,000
Total	<u>\$ 167,996,253</u>	<u>\$ 122,962,954</u>	<u>\$ 290,959,207</u>

On November 20, 2019, the District Refunding Bonds totaling \$150,965,000 to (i) advance refund portions of the outstanding principal of the District's 2012 General Obligation Bonds, Series 2013A and (ii) pay the costs of issuing the Refunding Bonds. The 2019 Refunding Bonds mature August 1, 2020 through August 1, 2038 and bear interest at rates ranging from 1.68% to 4.00% with interest due semiannually on February 1 and August 1.

Calculation of Difference in Cash Flow Requirements and Economic Gain

Cash Flow Difference

Old debt service cash flows	\$ 217,188,250
New debt service cash flows	<u>203,642,758</u>
	<u>\$ 13,545,492</u>

Economic Gain: The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discount at the effective interest rate is \$10,065,784.

There was no added interest or sinking fund resources related to the new debt proceeds.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 – LONG TERM LIABILITIES (Continued)

2019 Refunding

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,435,000	\$ 4,010,898	\$ 7,445,898
2022	1,595,000	3,968,210	5,563,210
2023	1,625,000	3,939,710	5,564,710
2024	1,655,000	3,909,617	5,564,617
2025	1,685,000	3,877,362	5,562,362
2026-2030	35,510,000	17,359,376	52,869,376
2031-2035	50,835,000	11,764,651	62,599,651
2036-2039	54,625,000	3,354,204	57,979,204
Total	<u>\$ 150,965,000</u>	<u>\$ 52,184,028</u>	<u>\$ 203,149,028</u>

The following table summarizes the Outstanding General Obligation Bonds at June 30, 2020:

<u>General Obligation Bonds</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2020</u>
Measure C:					
2005 Refunding	3/10/2005	8/1/2022	3.00-5.25	\$ 74,893,867	\$ 2,618,867
Accreted Interest				-	12,114,718
Series B	6/28/2006	8/1/2030	3.63-5.00	149,859,831	48,859,831
Accreted Interest				-	47,126,220
Total Measure C				<u>224,753,698</u>	<u>110,719,636</u>
Measure M:					
Series A	5/29/2013	8/1/2038	1.50-5.00	190,000,000	16,020,000
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	63,295,000
Refunding Series B	5/29/2013	8/1/2020	0.35-2.27	35,475,000	4,875,000
2015 Refunding	10/29/2015	8/1/2036	2.00-5.00	162,855,806	161,135,806
Accreted Interest				-	10,241,938
Series C	8/31/2016	8/1/2023	0.80-1.98	30,000,000	14,035,000
Series D	3/29/2017	8/1/2042	4.00-5.00	280,000,000	278,250,000
Series E	3/29/2017	8/1/2019	1.43-1.69	20,000,000	-
Series F	11/20/2019	8/1/2039	1.68-4.00	167,996,253	167,996,253
Accreted Interest				-	316,901
2019 Refunding	11/20/2019	8/1/2035	1.67-2.96	150,965,000	150,965,000
Total Measure M				<u>1,127,557,059</u>	<u>867,130,898</u>
Total				<u>\$ 1,352,310,757</u>	<u>\$ 977,850,534</u>

SRP PARS Liability: During the fiscal year ended June 30, 2020, the District offered a Supplementary Retirement Plan (SRP) administered by Public Agency Retirement Services (PARS) to classified employees who met specific service criterion in exchange for agreeing to retire on or before June 30, 2020. A total of 95 employees are participating.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - 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.

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	415,000	36,469	451,469
2026-2027	<u>660,000</u>	<u>24,844</u>	<u>684,844</u>
Total	<u>\$ 2,600,000</u>	<u>\$ 354,188</u>	<u>\$ 2,954,188</u>

NOTE 11 - 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. At June 30, 2020, the Perkins Loan Program Liability balance totaled \$2,398,783. See Note 1, Perkins Loan Program Termination for additional information.

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

(Continued)

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

Contributions: Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

(Continued)

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the CalSTRS board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84. A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2019-20.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Employers – 17.10 percent of applicable member earnings. This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of the employers pursuant to SB 90.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	18.13% ⁽¹⁾
July 01, 2020	8.25%	10.85%	19.10% ⁽¹⁾
July 1, 2021 to			
June 30, 2046	8.25%	(2)	(2)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

(1) Pursuant to SB 90 and AB 84, the fiscal year 2018-19 state contribution of approximately \$2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019-20, 2020-21 and 2021-22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.

(2) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$14,345,723 to the plan for the fiscal year ended June 30, 2020.

State – 10.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate increased to 5.811 percent on July 1, 2019 to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019-29 through 2022-23.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2019-20 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2019	2.017%	5.811%	2.50%	10.328% ⁽²⁾
July 01, 2020	2.017%	5.811% ⁽³⁾	2.50%	10.328% ⁽²⁾
July 01, 2021 to June 30, 2046	2.017%	⁽⁴⁾	2.50%	⁽⁴⁾
July 01, 2046 and thereafter	2.017%	⁽⁵⁾	2.50%	⁽⁵⁾

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

(3) In May 2020, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020-21, thereby negating the board's rate increase of 0.5%.

(4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2020, 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 amounts 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 as of June 30, were as follows:

District's proportionate share of the net pension liability	\$ 125,316,000
State's proportionate share of the net pension liability associated with the District	<u>68,368,000</u>
Total	<u><u>\$ 193,684,000</u></u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating Districts and the State. At June 30, 2019, the District's proportion was 0.139 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$30,298,357. In addition, the District recognized revenue and corresponding expense of \$12,559,871 for support provided by the state. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown herein.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 316,000	\$ 3,531,000
Changes of assumptions	15,850,000	-
Net differences between projected and actual earnings on investments	-	4,827,000
Net differences between changes in proportion and differences between District contributions	3,256,000	4,461,000
Contributions made subsequent to measurement date	<u>14,345,723</u>	<u>-</u>
Total	<u>\$ 33,767,723</u>	<u>\$ 12,819,000</u>

\$14,345,723 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ 2,912,334
2022	(435,667)
2023	1,849,333
2024	3,686,000
2025	(590,500)
2026	(818,500)

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Differences between expected and actual experience, changes in assumptions, changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the Cal STRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. 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 is summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. 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 in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those 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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate (7.10%)	1% Increase <u>(8.10%)</u>
District proportionate share of the net pension liability	<u>\$ 186,605,000</u>	<u>\$ 125,316,000</u>	<u>\$ 74,495,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The Schools Cost-sharing Multiple-employer Defined Benefit Pension Plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2020 were as follows:

Members – The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

Employers – The employer contribution rate was 19.72 percent of applicable member earnings.

The District contributed \$15,223,988 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$154,370,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2019, the District's proportion was 0.530 percent, which was an increase of 0.009 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$38,310,408. June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,213,000	\$ -
Changes of assumptions	7,348,000	-
Net differences between projected and actual earnings on pension plan investments	-	1,431,000
Changes in proportion and differences between District contributions and proportionate share of the contributions	5,533,000	680,000
Pension contributions subsequent to measurement date	<u>15,223,988</u>	<u>-</u>
Total	<u>\$ 39,317,988</u>	<u>\$ 2,111,000</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

\$15,223,988 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ 15,048,750
2022	4,624,750
2023	1,903,750
2024	405,750

Differences between expected and actual experience and changes in assumptions and changes in proportion and differences between the District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	June 30, 1997, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Long -Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years of 1 - 10 ⁽¹⁾</u>	<u>Expected Real Rate of Return Years of 11+ ⁽²⁾</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation of Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent in fiscal year 2019-20. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

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.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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. The expected rate of return was set by calculating the rounded 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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District’s proportionate share of the net pension liability as of June 30, 2020 calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District proportionate share of the net pension liability	\$ 222,514,000	\$ 154,370,000	\$ 97,840,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: In addition to the pension benefits described in Notes 12 and 13, 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.

Eligibility: 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.

Employees Covered by Benefit Term: The following is a table of plan participants at June 30, 2020:

	<u>Number of Participants</u>
Inactive participants currently receiving benefits	790
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	<u>1,344</u>
	<u>2,134</u>

Contributions: 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, 2020, the District contributed \$6,588,869 to the plan.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan 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, 2020.

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, 2020, 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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was not available.

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, 2020, are presented herein.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

<u>Investment</u>	<u>Costs</u>	<u>Fair Value Measurements Using</u>			<u>NAV*</u>
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	
Master Trust	\$ 43,256,866	\$ -	\$ -	\$ -	\$ 43,256,866
Mutual fund - Fixed income	22,354,847	22,354,847	-	-	-
Mutual fund - Domestic equity	12,446,036	12,446,036	-	-	-
Mutual fund - International equity	3,214,533	3,214,533	-	-	-
Mutual fund - Real estate	2,417,252	2,417,252	-	-	-
Total	<u>\$ 83,689,534</u>	<u>\$ 40,432,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,256,866</u>

*Investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the hierarchy tables for such investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The plan discount rate of 6.0% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class – Community College League of California</u>	<u>Percentage of Allocation</u>	<u>Rate Return*</u>
US large cap	29%	7.80%
US small cap	13%	7.80%
All foreign stock	9%	7.80%
Other fixed income	49%	3.25%

<u>Asset Class - Futuris</u>	<u>Percentage of Allocation</u>	<u>Rate Return*</u>
All fixed income	55%	4.50%
Real estate investment trends	4%	7.50%
All domestic equities	22%	7.50%
All international equities	19%	7.50%

*Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 19-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Census data	The census data was provided by the District as of June 30, 2019
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return	6.00%
Discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	95% for certificated and classified employees
Mortality	For certificated employees, the 2009 CalSTRS mortality tables were used. For classified employees, the 2014 CalPERS active mortality for miscellaneous employees were used.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in Net OPEB Liability (Asset):

	Increase (Decrease)		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at June 30, 2019	\$ 103,551,998	\$ 80,187,983	\$ 23,364,015
Changes for the year:			
Service cost	3,833,255	-	3,833,255
Interest	6,130,451	-	6,130,451
Employer contributions	-	6,588,869	(6,588,869)
Net investment income	-	4,804,481	(4,804,481)
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Experience gain/losses	-	-	-
Investment gains/losses	-	(1,076,335)	1,076,335
Benefit payments	(6,588,869)	(6,588,869)	-
Administrative expenses	-	(226,595)	226,595
Net changes	<u>3,374,837</u>	<u>3,501,551</u>	<u>(126,714)</u>
Balances at June 30, 2020	<u>\$ 106,926,835</u>	<u>\$ 83,689,534</u>	<u>\$ 23,237,301</u>

Fiduciary Net Position as a percentage of the Total OPEB Liability, at June 30, 2020: 78.27%

Sensitivity of the net pension liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5 percent) and 1 percent (7 percent):

	Discount Rate 1% Lower <u>(5.0%)</u>	Valuation Discount Rate <u>(6.0%)</u>	Discount Rate 1% Higher <u>(7.0%)</u>
Net OPEB liability	<u>\$ 32,295,494</u>	<u>\$ 23,237,301</u>	<u>\$ 15,293,704</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3 percent) and 1 percent higher (5 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	<u>\$ 16,814,115</u>	<u>\$ 23,237,301</u>	<u>\$ 30,301,625</u>

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB

For the year ended June 30, 2020 the District recognized OPEB expense of \$5,205,290. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 6,297,983
Change of assumptions	4,157,321	-
Net difference between projected and actual earnings on investments	<u>1,049,789</u>	<u>152,883</u>
Total	<u>\$ 5,207,110</u>	<u>\$ 6,450,866</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ (180,528)
2022	(180,527)
2023	(104,086)
2024	(166,993)
2025	(382,260)
Thereafter	<u>(229,362)</u>
Total	<u>\$ (1,243,756)</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7.6 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

NOTE 15 - 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 \$77,922 during the fiscal year. The total amount of covered compensation was \$9,301,000. Total contributions made are 100% of the amount of contributions required for fiscal year 2020.

NOTE 16 - 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, 2020, 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 \$3,518,790, is included in accrued liabilities.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 16 - INTERNAL SERVICE FUNDS (Continued)

Changes in the reported liability are shown herein:

<u>Reported Liability</u>	<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Fiscal Year Liability</u>
Workers' compensation	\$ 255,813	\$ (76,505)	\$ 5,540	\$ 173,768
Health and other benefits	<u>2,840,532</u>	<u>18,238,800</u>	<u>17,734,310</u>	<u>3,345,022</u>
Total	<u>\$ 3,096,345</u>	<u>\$ 18,162,295</u>	<u>\$ 17,739,850</u>	<u>\$ 3,518,790</u>

NOTE 17 - 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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 17 - JOINT POWERS AGREEMENTS (Continued)

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.

	PIPS 6/30/2019 (Audited)	SAFER 6/30/2019 (Audited)	CSAC 6/30/2019 (Audited)	SWACC 6/30/2019 (Audited)
<u>JPA Condensed Financial Informatic</u>				
Total assets	\$ 133,474,239	\$ 43,494,593	\$ 965,769,045	\$ 53,983,748
Total deferred outflows of resources	\$ -	\$ -	\$ 1,227,362	\$ -
Total liabilities	\$ 99,564,236	\$ 52,232,601	\$ 766,369,209	\$ 36,138,632
Total deferred inflows of resources	\$ -	\$ -	\$ 595,345	\$ -
Net position	\$ 33,910,003	\$ (8,738,008)	\$ 200,031,853	\$ 17,845,116
Total revenues	\$ 315,820,121	\$ 67,407,944	\$ 1,027,441,641	\$ 25,464,876
Total expenses	\$ 306,044,422	\$ 77,291,779	\$ 949,980,382	\$ 25,634,995
Change in net position	\$ 9,775,699	\$ (9,883,835)	\$ 77,461,259	\$ (170,119)

NOTE 18 - 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.

	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses	Financial Aid	Depreciation	Total
Instructional activities	\$ 74,680,554	\$ 37,230,614	\$ 6,658,416	\$ -	\$ -	\$ 118,569,584
Academic support	23,408,130	11,669,692	4,356,825	-	-	39,434,647
Student services	27,204,529	13,562,317	3,401,467	-	-	44,168,313
Operation and maintenance of plant	8,468,419	4,221,774	5,528,037	-	-	18,218,230
Instructional support services	28,288,937	14,174,721	57,082,755	-	-	99,546,413
Community services and economic development	590,266	294,266	112,690	-	-	997,222
Ancillary services and auxiliary operations	14,534,082	6,413,764	3,119,575	-	-	24,067,421
Physical property and related acquisitions	1,305,900	640,974	(2,402,939)	-	-	(456,065)
Transfers, student air and other outgo	-	-	-	60,647,681	-	60,647,681
Depreciation expense	-	-	-	-	22,111,066	22,111,066
Total	<u>\$ 178,480,817</u>	<u>\$ 88,208,122</u>	<u>\$ 77,856,826</u>	<u>\$ 60,647,681</u>	<u>\$ 22,111,066</u>	<u>\$ 427,304,512</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 19 - 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.

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, 2020, 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 20 – COVID-19 PANDEMIC IMPACTS

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

NOTE 21 – SUBSEQUENT EVENTS

General Obligation Bonds: In October 2020, the District issued \$211,770,000 of 2020 General Obligation Refunding Bonds (Federally Taxable) with interest rates ranging from 0.27% to 2.264%, maturing in August 2035, respectively. The Refunding Bonds were issued to advance refund all or a portion of the 2015 Refunding Bonds and pay the cost of issuance of the 2020 Refunding Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
For the Year Ended June 30, 2020

Total OPEB Liability	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service cost	\$ 4,772,670	\$ 4,903,918	\$ 5,038,776	\$ 3,833,255
Interest	5,885,743	6,133,300	6,394,336	6,130,451
Benefit payments	(6,533,048)	(6,794,370)	(6,713,720)	(6,588,869)
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)	3,374,837
Total OPEB liability, beginning of year	<u>99,041,524</u>	<u>103,166,889</u>	<u>107,409,737</u>	<u>103,551,998</u>
Total OPEB liability, end of year (a)	<u>\$ 103,166,889</u>	<u>\$ 107,409,737</u>	<u>\$ 103,551,998</u>	<u>\$ 106,926,835</u>
Plan Fiduciary Net Position	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contributions - Employer	\$ 6,533,048	\$ 6,794,370	\$ 6,713,720	\$ 6,588,869
Net investment income	6,030,540	4,292,242	4,562,166	4,804,481
Investment gains/losses	-	382,212	(314,535)	(1,076,335)
Benefit payments	(6,533,048)	(6,794,370)	(6,713,720)	(6,588,869)
Administrative expense	(106,841)	(159,926)	(191,502)	(226,595)
Net change in plan fiduciary net position	5,923,699	4,514,528	4,056,129	3,501,551
Fiduciary trust net position, beginning of year	<u>65,693,627</u>	<u>71,617,326</u>	<u>76,131,854</u>	<u>80,187,983</u>
Fiduciary trust net position, end of year (b)	<u>\$ 71,617,326</u>	<u>\$ 76,131,854</u>	<u>\$ 80,187,983</u>	<u>\$ 83,689,534</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 31,549,563</u>	<u>\$ 31,277,883</u>	<u>\$ 23,364,015</u>	<u>\$ 23,237,301</u>
Plan Fiduciary net position as a percentage of the total OPEB liability	69.42%	70.88%	77.44%	78.27%
Covered payroll	\$ 110,477,993	\$ 119,244,509	\$ 124,441,825	\$ 131,516,042
Net OPEB liability as a percentage of covered payroll	28.56%	26.23%	18.78%	17.67%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively

See the accompanying to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

	State Teacher's Retirement Plan					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.1360%	0.1460%	0.1410%	0.1400%	0.1430%	0.1390%
District's proportionate share of the net pension liability	\$ 79,474,320	\$ 98,293,040	\$ 114,042,210	\$ 129,472,000	\$ 131,427,010	\$ 125,316,000
State's proportionate share of the net pension liability associated with the District	<u>47,990,508</u>	<u>51,986,043</u>	<u>64,931,754</u>	<u>76,595,165</u>	<u>75,248,479</u>	<u>68,368,000</u>
Total	<u>\$ 127,464,828</u>	<u>\$ 150,279,083</u>	<u>\$ 178,973,964</u>	<u>\$ 206,067,165</u>	<u>\$ 206,675,489</u>	<u>\$ 193,684,000</u>
District's covered payroll	\$ 60,100,000	\$ 67,800,000	\$ 71,000,000	\$ 77,100,000	\$ 77,600,000	\$ 86,100,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	132%	145%	161%	168%	169%	145.55%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%	71%	72.56%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

	Public Employer's Retirement Fund B					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.5164%	0.5156%	0.4943%	0.4778%	0.5211%	0.5300%
District's proportionate share of the net pension liability	\$ 58,623,973	\$ 75,999,949	\$ 97,624,556	\$ 114,063,471	\$ 138,941,665	\$ 154,370,000
District's covered payroll	\$ 53,300,000	\$ 56,743,000	\$ 59,706,000	\$ 61,460,000	\$ 70,665,000	\$ 73,047,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	110%	134%	164%	186%	197%	211%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%	71%	70.05%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

See the accompanying note to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

	State Teachers' Retirement Plan					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 6,022,305	\$ 7,618,862	\$ 9,698,103	\$ 11,199,040	\$ 14,100,932	\$ 14,345,723
Contributions in relation to the contractually required contributions	<u>(6,022,305)</u>	<u>(7,618,862)</u>	<u>(9,698,103)</u>	<u>(11,199,040)</u>	<u>(14,100,932)</u>	<u>(14,345,723)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 67,800,000	\$ 71,000,000	\$ 77,100,000	\$ 77,600,000	\$ 86,100,000	\$ 79,127,000
Contributions as percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*

All years prior to 2015 are not available

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of the employers pursuant to SB 90.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

	Public Employer's Retirement Fund B <u>Last 10 Fiscal Years</u>					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 6,678,600	\$ 7,075,135	\$ 8,536,763	\$ 10,974,290	\$ 13,192,231	\$ 15,223,988
Contributions in relation to the contractually required contributions	<u>(6,678,600)</u>	<u>(7,075,135)</u>	<u>(8,536,763)</u>	<u>(10,974,290)</u>	<u>(13,192,231)</u>	<u>(15,223,988)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 56,743,000	\$ 59,706,000	\$ 61,460,000	\$ 70,665,000	\$ 73,047,000	\$ 77,197,000
Contributions as percentage of its covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

See the accompanying to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability:

The Schedule of Changes in Net OPEB Liability is presented to illustrate the elements of the District's Net OPEB Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

B - Schedule of the District's Proportionate Share of the Net Pension Liability

The schedule is intended to show trends about the rate of return on plan assets.

C - Schedule of the District's Contributions (Pensions)

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Changes of Benefit Terms (Pensions)

There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of Assumptions (Pensions)

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, and 2018 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumptions</u>	<u>Measurement Period</u>				
	As of June 30, <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT
ORGANIZATION
For the year ended June 30, 2020

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, 2020 were as follows:

BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Mr. David A. Grant	President	2022
Dr. Lorraine Prinsky	Vice President	2020
Mr. Jim Moreno	Board Clerk	2022
Ms. Mary L. Hornbuckle	Trustee	2020
Mr. Jerry Patterson	Trustee	2020
Ms. Angela Finkley	Student Trustee	2021

DISTRICT ADMINISTRATORS

Dr. John Weispfenning
Chancellor

Dr. Angelica L. Suarez
President, Orange Coast College

Mr. Tim McGrath
President, Golden West College

Dr. Loretta P. Adrian
President, Coastline College

Dr. Andrew Dunn
Vice Chancellor, Finance and Administrative Services

Dr. Marco Baeza
Vice Chancellor, Human Resources

Dr. Andreea M. Serban
Vice Chancellor, Educational Services and Technology

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
ORGANIZATION
For the year ended June 30, 2020

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Coast Community College District Foundation, established November 18, 1976
Master Agreement revised July 26, 2016
Erik Fallis, Executive Director

Coastline Community College Foundation, established May 21, 1984
Master Agreement revised July 1, 2016
Mariam Khosravani

Golden West College Foundation, established Sept 21, 1984
Master Agreement revised July 1, 2016
Bruce Berman, Director

Orange Coast College Foundation, established August 14, 1984
Master Agreement revised July 01, 2016
Doug Bennett, Executive Director

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Sub-recipient Award Amount	Federal Expenditures
<u>United States Department of Education</u>				
<i>Direct:</i>				
Student Financial Aid Cluster:				
Federal Work Study	84.033	(1)	\$ -	\$ 797,250
Financial Aid Administrative Allowance	84.063	(1)	-	34,446
Pell Grant 18-19	84.063	(1)	-	1,820,335
Pell Grant 19-20	84.063	(1)	-	37,537,368
Federal Supplemental Educational Opportunity Grant 19-20	84.007	(1)	-	704,703
Federal Supplemental Educational Opportunity Grant 18-19	84.007	(1)	-	117,497
Federal Direct Student Loans 19-20	84.268	(1)	-	5,388,493
Federal Direct Student Loans 18-19	84.268	(1)	-	359,266
Perkins Loans	84.038	(1)	-	1,236,469
Subtotal Student Financial Aid Cluster			-	47,995,827
Higher Education Institutional Aid:				
Orange Coast College Title V STEM Academy Yr 1	84.031S	(1)	-	100,593
Orange Coast College Title V STEM Academy Yr 2	84.031S	(1)	-	494,139
New Asian American Pacific Islander Generation Initiative Y4	84.031L	(1)	-	51,444
New Asian American Pacific Islander Generation Initiative Y5	84.031L	(1)	-	290,000
<i>Passed through CSU Fullerton Auxiliary Services</i>				
<i>Cooperation:</i>				
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	18,016
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	30,420
<i>Passed through Vanguard University:</i>				
Vista: Novel Approaches for Leveraging Tomorrow's Solutions with Today's Answers in Improving Education (Vista)	84.031S	(1)	-	17,552
Subtotal Higher Education Institutional Aid			-	1,002,164
<i>Direct:</i>				
Higher Education Emergency Relief Fund (HEERF)				
COVID-19 HEERF - Student Aid OCC	84.425E	(1)	-	1,779,000
COVID-19 HEERF - Student Aid GWC	84.425E	(1)	-	1,258,250
COVID-19 HEERF - Student Aid CCC	84.425E	(1)	-	154,000
COVID-19 HEERF - Institutional OCC	84.425F	(1)	-	1,790,793
COVID-19 HEERF - Institutional GWC	84.425F	(1)	-	311,785
COVID-19 HEERF - Institutional CCC	84.425F	(1)	-	27,645
COVID-19 HEERF - Minority Serving Institutions GWC	84.425L	(1)	-	301,539
Subtotal Higher Education Emergency Relief Fund			-	5,623,012

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Sub-recipient Award Amount</u>	<u>Federal Expenditures</u>
<i>Passed through California Community Colleges Chancellor's Office:</i>				
Career and Technical Education - Basic Grants to States (CTE):				
CTE Title I, Part C - Carl D. Perkins FYE	84.048A	(1)	\$ -	\$ 1,420,418
CTE Transitions	84.048A	(1)	-	137,356
Subtotal CTE Program			-	1,557,774
<i>Passed through California Department of Education:</i>				
Adult Education - Basic Grants to States	84.002	(1)	-	47,940
Total United States Department of Education			-	56,226,717
<u>United States Department of Agriculture</u>				
<i>Passed through California Department of Education:</i>				
Child and Adult Care Food Program	10.558	(1)	-	45,421
Total United States Department of Agriculture			-	45,421
<u>United States Department of Health and Human Services</u>				
<i>Passed through California Community Colleges Chancellor's Office:</i>				
Temporary Assistance for Needy Families (TANF) Program:				
Temporary Assistance for Needy Families (OCC)	93.558	(1)	-	56,676
Temporary Assistance for Needy Families (GWC)	93.558	(1)	-	42,327
Temporary Assistance for Needy Families (CCC)	93.558	(1)	-	33,352
Subtotal TANF Program			-	132,355
<i>Passed through California Department of Education:</i>				
Childcare Development Fund Cluster:				
Child Care and Development Block Grant	93.575	15136	-	29,843
Child Care and Development Fund	93.596	13609	-	64,919
<i>Passed through Yosemite Community College District:</i>				
Child Development Training Consortium	93.575	(1)	-	23,803
Subtotal Childcare Development Fund Cluster			-	118,565
<i>Passed through Regents of the University of California:</i>				
Biomedical Research and Research Training				
Orange County Bridges to the Baccalaureate Program	93.859	2018-3636	-	5,153
Total United States Department of Health and Human Services			-	256,073

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Sub-recipient Award Amount	Federal Expenditures
<u>National Science Foundation (NSF) - Research and Development Cluster</u>				
<i>Direct:</i>				
Cyberup! Digital Forensics and Incident Response	47.076	(1)	\$ -	\$ 51,831
<i>Passed through from the Regents of the University of California</i>				
Improving the Transition of Community College Students into University STEM	47.076	(1)	-	1,767
Total National Science Foundation - Research and Development Cluster			-	53,598
<u>United States Department of Defense</u>				
<i>Direct:</i>				
Cybersecurity Workforce Education - FY17 CAE				
Regional Resource Center's Activities	12.902	(1)	-	14,889
DoD IASP Cybersecurity Workforce Education	12.902	(1)	-	37,960
GenCyber Grants Program	12.903	(1)	-	43,472
Total United States Department of Defense			-	96,321
<u>United States Department of Homeland Security</u>				
<i>Passed through California Department of Parks and Recreation</i>				
Aquatic Center Grant - Whaler	97.012	C8956316	-	26,674
Total United States Department of Homeland Security			-	26,674
<u>United States Department of Labor</u>				
<i>Passed through Los Rios Community College District:</i>				
California Cybersecurity Apprenticeship Program	17.268	(1)	-	50,000
Total United States Department of Labor			-	50,000
Total Federal Program Expenditures			\$ -	\$ 56,754,804
<i>Reconciliation to Federal Revenue:</i>				
Total Expenditures Federal Programs				\$ 56,754,804
Perkins Loan Program, loan balance outstanding	84.038			(1,236,469)
Payment of Perkins Loan and Interest to Department of Education	84.038			(281,772)
Total Federal Program Revenue				\$ 55,236,563

(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 AWARDS
For the Year Ended June 30, 2020

Program Name	Program Revenues						Total Program Expenditures
	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	
State categorical aid programs:							
AEBG Adult Block grant	\$ 1,614,048	\$ 1,977,917	\$ -	\$ 1,802,824	\$ -	\$ 1,789,141	\$ 1,789,141
Board financial assistance admin allow ance	1,529,755	-	-	115,368	-	1,414,387	1,414,387
Campus safety & sexual assault	-	54,652	-	40,923	-	13,729	13,729
Cal grant	3,897,805	-	55,966	-	1,165	3,952,606	3,952,606
California college promise	2,918,009	1,160,296	-	1,763,241	-	2,315,064	2,315,064
California cybersecurity apprenticeship program (CCAP)	-	123,345	234,900	-	-	358,245	358,245
NEXTUP	536,746	-	1,772	433	-	538,085	538,085
Child and adult care food program	1,960	-	-	-	-	1,960	1,960
Child development: California state preschool program	185,765	-	-	-	-	185,765	185,765
Child development: General child care & development program	288,336	-	-	-	-	288,336	288,336
Coast mental health impact	-	-	165,610	-	-	165,610	165,610
CTE data unlocked initiative	-	39,509	-	39,384	-	125	125
Disabled student programs & service (DSPS)	3,225,490	-	-	11,816	-	3,213,674	3,213,674
DSN advanced transportation	280,000	23,007	-	82,127	-	220,880	220,880
DSN health	224,800	-	-	17,894	-	206,906	206,906
DSN retail hospitality	160,000	17,616	120,000	42,777	-	254,839	254,839
Extended opportunity programs and services (EOPS)	3,398,288	-	-	-	-	3,398,288	3,398,288
ED futures teacher prep pipeline	9,373	8,697	-	-	-	18,070	18,070
Equal employment opportunity	50,000	2,968	-	27,652	-	25,316	25,317
Improving Online CTE Pathw ays	7,500	-	155,728	-	-	163,228	163,228
Incarcerated Student Reentry CCC Total	45,454	-	-	29,107	-	16,347	16,347
Institutional Effectiveness IEPI	195,000	-	-	163,240	-	31,760	31,760
ISPIC - Nasdaq Project OCC	-	-	2,336	-	-	2,336	2,336
Key Talent Admin & Sector-OCC	10,000	-	-	638	-	9,362	9,362

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2020

Program Name	Program Revenues						Total Program Expenditures
	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	
Cooperative agency resource education (CARE)	\$ 278,833	\$ -	\$ -	\$ -	\$ -	\$ 278,833	\$ 278,833
CalWORKs	711,718	-	-	958	-	710,760	710,760
CalWORKS Reg Efforts Dollars	2,607	-	-	1,603	-	1,004	1,004
Financial aid technology 19/20	117,487	-	-	-	-	117,487	117,487
Financial aid technology 18/19	-	269,875	-	61,293	-	208,582	208,582
Guided pathw ays	922,110	1,507,300	-	1,541,429	-	887,981	887,981
Hunger free campus	125,931	230,672	-	126,051	-	230,552	230,552
Mental health support	-	249,692	-	33,232	-	216,459	216,459
Mental health training CA law enforcement	179,541	81,031	39,898	139,917	-	160,553	160,553
Nonresident dreamer emergency aid	-	24,161	-	-	3,348	20,813	20,813
Nursing education - AS RN enrollment grow th retention	103,290	-	-	63,552	-	39,738	39,738
Peace Office Standards & Training (POST)							
Diversity	5,762	-	6,883	-	-	12,645	12,645
Peace Office Standards & Training (POST) Use of Force	13,419	-	21,602	-	-	35,021	35,021
UMOJA	46,000	-	-	25,060	-	20,940	20,940
Professional development for classified employees	-	150,371	-	126,377	-	23,994	23,994
State hospitals (Fairview handicapped)	178,762	-	-	-	-	178,762	178,762
Strong w orkforce program - Local	3,099,290	3,516,712	-	3,597,351	-	3,018,651	3,018,651
Strong w orkforce program - Regional	1,208,598	-	786,471	43,644	-	1,951,425	1,951,425
Student equity and achievement CY	11,364,719	-	-	5,870,240	-	5,494,479	5,494,479
Student equity and achievement PY	-	5,318,915	-	2,453	-	5,316,462	5,316,462
Student success completion	2,951,329	3,687	-	-	34,974	2,920,042	2,920,042
Tobacco Cessation Services OCC	-	-	2,914	-	-	2,914	2,914
Veteran resource center 17/18	-	26,226	-	-	12	26,214	26,214
Veteran resource center 18/19	-	156,323	-	41,256	-	115,067	115,067
Veteran resource center 19/20	296,173	-	-	296,173	-	-	-
Veteran resource center GWC	40,000	-	9,300	-	-	49,300	49,300
Total state categorical aid programs	<u>\$ 40,223,898</u>	<u>\$ 14,942,971</u>	<u>\$ 1,603,382</u>	<u>\$ 16,108,013</u>	<u>\$ 39,499</u>	<u>\$ 40,622,739</u>	<u>\$ 40,622,739</u>

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
APPORTIONMENT ANNUAL ATTENDANCE
For the year ended June 30, 2020

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2019 Only)			
1. Noncredit	87	-	87
2. Credit	1,010	-	1,010
B. Summer Intersession (Summer 2020 - Prior To July 1, 2020)			-
1. Noncredit	-	-	-
2. Credit	1,005	-	1,005
C. Primary Terms (Exclusive of Summer Intersession)			-
1. Census Procedure Courses			-
(a) Weekly Census Contact Hours	17,489	-	17,489
(b) Daily Census Contact Hours	1,031	-	1,031
2. Actual Hours of Attendance Procedure Courses			-
(a) Noncredit	601	-	601
(b) Credit	1,183	-	1,183
3. Independent Study/Work Experience			-
(a) Weekly Census Contact Hours	4,275	-	4,275
(b) Daily Census Contact Hours	2,157	-	2,157
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	28,838	-	28,838
Supplemental Information:			
E. In-service Training Courses (FTES)	15	-	15
F. Basic Skills Courses and Immigrant Education			-
(a) Noncredit	553	-	553
(b) Credit	789	-	789

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
June 30, 2020

	General Fund	Cafeteria Fund	Other Special Revenue Fund	Total
Annual Financial and Budget Report (CCFS-311) ending balances at June 30, 2020	\$ 26,369,120	\$ 228,925	\$ 6,102,349	\$ 32,700,394
Adjustment to federal expenditures	<u>1,172,071</u>	<u>(386,862)</u>	<u>(173,070)</u>	<u>612,139</u>
Audited ending balances at June 30, 2020	<u>\$ 27,541,191</u>	<u>\$ (157,937)</u>	<u>\$ 5,929,279</u>	<u>\$ 33,312,533</u>

There were no adjustments to any other funds of the District.

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2020

General fund balance	\$ 26,369,120
Bond interest and redemption fund balance	46,470,095
Capital outlay fund balance	18,505,611
Measure M - Bond construction funds balance	236,341,205
Self-insurance fund balance	\$ 128,126,249
Amount reported as OPEB plan fund balance	(83,689,534)
Incurred but not reported liability	<u>(3,518,790)</u>
Self-insurance fund balance - revised	40,917,925
All other funds	9,367,583
 Total fund balances - business-type activity funds	 377,971,539
 Adjustment for revised Federal expenditures	 612,139
 Total adjusted fund balances - business-type activity funds	 378,583,678
 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.	
	10,687,500
 Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of \$5,078,250 is already recorded in other governmental funds. Capital assets, net of accumulate depreciation are added to total net assets.	
	779,997,010
 Deferred charges on refunding debt are recorded as deferred outflows and are amortized over the life of the refunded debt.	
	23,334,785
 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.	
	77,489,230
 Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of \$741,457 is already recorded in the General Fund.	
	(8,172,913)

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2020

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.	\$ (23,237,301)
The liability of employers contributing for the Medicare premium payment plan.	(798,610)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(276,820,266)
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.	(21,337,227)
Interest expense related to bonds incurred through June 30, 2020 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(14,127,459)
The liability for STRS Early Retirement Incentive Program, established in 2020 and to be paid in fiscal year 2021	(2,076,377)
The liability of employers contributing for the Supplementary Retirement Plan administered by PARS	<u>(6,985,452)</u>
Total net position - business-type activities	<u><u>\$ (126,010,731)</u></u>

See the accompanying notes to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the year ended June 30, 2020

		Activity (ECSA) ECS 84362 A			Activity (ECSB) ECS 84362 B		
		Instructional Salary Cost			Total CEE		
		AC 0100-5900 & AC 6110			AC 0100-6799		
	Object/TOP Codes	Reported Data	Adjust Adjustments	Revised Data	Reported Data	Adjust Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional salaries - Contract or regular	1100	\$ 40,910,685	\$ -	\$ 40,910,685	\$ 40,910,685	\$ -	\$ 40,910,685
Instructional salaries - Other	1300	32,220,344	-	32,220,344	32,220,344	-	32,220,344
Total instructional salaries		73,131,029	-	73,131,029	73,131,029	-	73,131,029
Non-instructional salaries - Contract or regular	1200	-	-	-	18,355,870	-	18,355,870
Non-instructional salaries - Other	1400	-	-	-	2,774,872	-	2,774,872
Total non-instructional salaries		-	-	-	21,130,742	-	21,130,742
Total academic salaries		73,131,029	-	73,131,029	94,261,771	-	94,261,771
<u>Classified Salaries</u>							
Non-instructional salaries - Regular status	2100	-	-	-	40,973,270	-	40,973,270
Non-instructional salaries - Other	2300	-	-	-	2,128,885	-	2,128,885
Total non-instructional salaries		-	-	-	43,102,155	-	43,102,155
Instructional aides - Regular status	2200	4,010,834	-	4,010,834	4,010,834	-	4,010,834
Instructional aides - Other	2400	699,654	-	699,654	699,703	-	699,703
Total instructional aides		4,710,488	-	4,710,488	4,710,537	-	4,710,537
Total classified salaries		4,710,488	-	4,710,488	47,812,692	-	47,812,692
Employee benefits	3000	35,994,833	-	35,994,833	76,203,073	-	76,203,073
Supplies and materials	4000	-	-	-	1,537,626	-	1,537,626
Other operating expenses	5000	-	-	-	16,910,716	-	16,910,716
Equipment replacements	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		\$ 113,836,350	\$ -	\$ 113,836,350	\$ 236,725,878	\$ -	\$ 236,725,878

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the year ended June 30, 2020

		Activity (ECSA) ECS 84362 A			Activity (ECSB) ECS 84362 B		
		Instructional Salary Cost			Total CEE		
		AC 0100-5900 & AC 6110			AC 0100-6799		
	Object/TOP	Reported	Adjust	Revised	Reported	Adjust	Revised
<u>Exclusions</u>	<u>Codes</u>	<u>Data</u>	<u>Adjustments</u>	<u>Data</u>	<u>Data</u>	<u>Adjustments</u>	<u>Data</u>
<u>Activities to exclude</u>							
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	-	-	-	249,676	-	249,676
Student transportation	6491	-	-	-	367,295	-	367,295
Non-instructional staff-retirees' benefits & retirement incentives	6740	-	-	-	6,011,968	-	6,011,968
<u>Objects to exclude</u>							
Rents and leases	5060	-	-	-	1,160,892	-	1,160,892
Lottery expenditures							
Academic salaries	1000	-	-	-	2,597,507	-	2,597,507
Classified Salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	878,153	-	878,153
Software	4100	-	-	-	-	-	-
Books, magazines, & periodicals	4200	-	-	-	-	-	-
Instructional supplies & materials	4300	-	-	-	-	-	-
Noninstructional supplies & materials	4400	-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	2,027,589	-	2,027,589
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		3,237,214	-	3,237,214	16,530,294	-	16,530,294
Total for ECS 84362, 50% Law		\$ 110,599,136	\$ -	\$ 110,599,136	\$ 220,195,584	\$ -	\$ 220,195,584
Percent of CEE (instructional salary cost/total CEE)		<u>50.23%</u>	<u>0.00%</u>	<u>50.23%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>
50% of current expense of education					\$ 110,097,792	\$ -	\$ 110,097,792

See the accompanying note to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
For the year ended June 30, 2020

EPA Proceeds: \$ 15,960,621

<u>Activity Classification</u>	<u>Activity Code (0100-5900)</u>	<u>Salaries and Benefits (1000-3000)</u>	<u>Operating Expenses (4000-5000)</u>	<u>Capital Outlay (6000)</u>	<u>Total</u>
Instructional Activities	0100-5900	<u>\$ 15,960,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,960,621</u>
Total Expenditures		<u><u>\$ 15,960,621</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,960,621</u></u>
Revenues Less Expenditures					<u><u>\$ -</u></u>

See the accompanying note to the supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Expenditures of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Coast Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). 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 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The federal student loan program listed below is administered directly by the 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, 2020 consists of:

	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Perkins Loans	84.038	\$ <u>1,236,469</u>

B - Schedule of State Financial Awards

The Schedule of State Financial Awards was prepared on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

C - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

D - Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

E - Reconciliation of Governmental Funds to the Statement of Net Position

The schedule provides the information necessary to reconcile the fund balance to the audited financial statements.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Reconciliation of ECS 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

G – Proposition 55 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

Report on Compliance with State Laws and Regulations

We have audited the compliance of Coast Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2020:

- SCFF Data Management Control Environment
- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Activities Funded from Other Sources
- Student Centered Funding Formula Base Allocations: FTES
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP and Non-CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy Funds
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- Education Protection Account Funds

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above

Auditor's Responsibility

Our responsibility is to express an opinion on Coast Community College District's compliance with state laws and regulations as listed above 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 *California State Chancellor's Office's California Community College Contracted District Audit Manual (Audit Manual)*. Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Coast Community College District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Coast Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

(Continued)

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide legal determination of Coast Community College District's compliance with those requirements.

Opinion with State Laws and Regulations

In our opinion, Coast Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations for the year ended June 30, 2020.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing based on requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being written in a more compact, cursive-like font.

Crowe LLP

Sacramento, California
February 22, 2021

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 business-type activities, the fiduciary activities and the discretely presented component units of Coast Community College District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated February 22, 2021. The financial statements of Coast Community College District Foundation, Coastline Community College Foundation, Golden West College Foundation, Orange Coast College Foundation, and Coast Community College District Enterprise Corporation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Coast Community College District Foundation, Coastline Community College Foundation, Golden West College Foundation, Orange Coast College Foundation, and Coast Community College District Enterprise Corporation.

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) as a basis for designing 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 entity's financial statements will not be prevented or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Sacramento, California
February 22, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE

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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coast Community College District's major federal programs for the year ended June 30, 2020. Coast Community College 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 Coast Community College 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 Coast Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Coast Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Coast Community College 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, 2020.

(Continued)

Report on Internal Control Over Compliance

Management of Coast Community College 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 Coast Community College 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 Coast Community College 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.

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.


Crowe LLP

Sacramento, California
February 22, 2021

FINDINGS AND RECOMMENDATIONS

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No	

FEDERAL AWARDS

Internal control over major federal programs:			
Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported	
Type of auditor's report issued on compliance for major 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 programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.038, 84.063, and 84.268 84.425E, 84.425F and 84.425L	Student Financial Aid Cluster COVID 19 - Higher Education Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$	1,702,644
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Auditee qualified as low-risk auditee?	_____ X _____ Yes	_____ _____ No
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STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified
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(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

COAST COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

Finding 2019-001

Condition: The Measure M General Obligation Bond Fund incurred expenses related to services and equipment received prior to June 30, 2019 that were not accrued.

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.

Current Status: Implemented.

CONTINUING DISCLOSURE INFORMATION

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the year ended June 30, 2020

	2021 <u>(Budgeted)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total revenues	\$ 284,520,675	\$ 290,685,455	\$ 275,728,899	\$ 260,484,981
Total expenditures	292,074,800	298,402,515	278,616,278	266,123,865
Total other sources	<u>1,143,493</u>	<u>(1,043,138)</u>	<u>1,667,540</u>	<u>1,095,176</u>
Change in fund balance	(6,410,632)	(8,760,198)	(1,219,839)	(4,543,708)
Ending fund balance	<u>\$ 19,958,488</u>	<u>\$ 26,369,120</u>	<u>\$ 35,129,318</u>	<u>\$ 36,349,157</u>
Available reserve	<u>\$ 14,603,740</u>	<u>\$ 24,156,579</u>	<u>\$ 30,602,488</u>	<u>\$ 31,141,380</u>
Available reserve %	<u>5.00%</u>	<u>8.10%</u>	<u>10.98%</u>	<u>11.70%</u>
Full-time equivalent students	<u>26,838</u>	<u>28,838</u>	<u>30,542</u>	<u>32,626</u>
Total long term debt	<u>\$ 1,018,696,601</u>	<u>\$ 1,047,546,111</u>	<u>\$ 886,237,416</u>	<u>\$ 917,475,338</u>

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.

COAST COMMUNITY COLLEGE DISTRICT
2019-2020 LARGEST LOCAL SECURED TAXPAYERS (UNAUDITED)
June 30, 2020

2019-2020 Largest Local Secured Taxpayers

<u>Property Owner</u>	<u>Land Use</u>	<u>2019-2020 Assessed Valuation</u>	<u>% of Total (1)</u>
The Irvine Company	Commercial	\$ 1,448,896,738	1.01%
South Coast Plaza	Commercial	395,938,388	0.28%
Bella Terra Associates LLC	Commercial	353,969,088	0.25%
PH Finance LLC	Commercial	294,840,518	0.21%
SoCal Holding LLC	Oil & Gas	274,823,650	0.19%
Villas at Fashion Island LLC	Apartments	262,841,532	0.18%
PR II/MCC South Coast Property Owner LLC	Commercial	255,443,164	0.18%
PCH Beach Resort LLC	Commercial	219,134,973	0.15%
United Dominion Realty LP	Apartments	218,959,110	0.15%
DCO Pacific City LLC	Apartments	215,336,926	0.15%
Hyundai Motor America	Commercial	202,246,711	0.14%
520 Newport Center Drive LLC	Commercial	177,543,021	0.12%
JKS-CMFV LLC	Commercial	176,670,408	0.12%
650 Newport Center Drive LLC	Commercial	160,971,896	0.11%
S-Tract LLC	Commercial	153,921,019	0.11%
Interinsurance Exchange of the Automobile Club of America	Commercial	143,058,119	0.10%
Westminster Mall LLC	Commercial	141,347,012	0.10%
UDR Newport Beach North LP	Apartments	138,091,341	0.10%
Elan Multifamily LLC	Apartments	136,292,400	0.09%
Monogram Residential Huntington Beach	Apartments	<u>135,585,637</u>	<u>0.09%</u>
		<u>\$ 5,505,911,651</u>	3.83%

(1) The District's fiscal year 2019/20 Local Secured Assessed Valuation: \$143,728,625,878.

Source: California Municipal Statistics. Inc.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
June 30, 2020

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenue			
Revenue from federal savings			
Higher Education act	\$ 8,412,142	\$ 3,860,865	\$ (4,551,277)
Temporary Assistance for Needy Families (TANF)	132,357	132,355	(2)
Career and Technical Education act	1,584,005	1,557,774	(26,231)
Other federal reserve	2,075,529	986,303	(1,089,226)
Revenue from state sources			-
General apportionments	45,110,381	\$ 42,942,504	(2,167,877)
Categorical apportionments	48,203,983	32,861,758	(15,342,225)
Other state revenues	17,830,606	27,583,231	9,752,625
Revenue from local sources			
Property taxes	137,960,000	143,240,707	5,280,707
Interest and investment income	1,048,310	1,094,699	46,389
Student fees and charges	35,330,759	32,377,032	(2,953,727)
Other local revenue	2,974,593	4,048,227	1,073,634
Total revenue	300,662,665	290,685,455	(9,977,210)
Expenditures			
Academic salaries	98,823,308	102,226,050	(3,402,742)
Classified salaries	71,379,365	67,516,100	3,863,265
Employee benefits	73,808,442	88,899,059	(15,090,617)
Supplies and materials	10,392,189	4,518,232	5,873,957
Other operating expenses and services	45,739,050	24,335,019	21,404,031
Capital outlay	5,421,453	3,704,865	1,716,588
Other uses	9,580,046	7,203,190	2,376,856
Total expenditures	315,143,853	298,402,515	16,741,338
Excess (deficiency) of revenues over expenditures	(14,481,188)	(7,717,060)	6,764,128
Other financing sources (uses)			
Interfund transfers in	315,487	967,702	652,215
Interfund transfers out	(669,892)	(2,010,840)	(1,340,948)
Total other funding sources (uses)	(354,405)	(1,043,138)	(688,733)
Excess (deficiency) of revenues over expenditures and other sources (uses)	(14,835,593)	(8,760,198)	6,075,395
Fund balance, beginning of year		35,129,318	
Fund balance end of year		\$ 26,369,120	

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

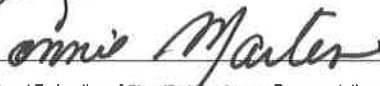
Date: 8-31-17

Company Name

Connie Marten

Individual Name

By:



Coast Federation of Classified Employees Representative (CFCE)

Title:

Email Address: cmarten@gwc.cccd.edu



Trustees

Lorraine Prinsky, Ph.D. President
Jerry Patterson, Vice President
Jim Moreno, Board Clerk
David A. Grant, Trustee
Mary Hornbuckle, Trustee

Student Trustee

Spencer Finkbeiner

Chancellor

John Weispfenning, Ph.D.

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

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

Summary Of Fund

MARKET VALUE AS OF 07/01/2018		37,001,473.64
EARNINGS		
NET INCOME CASH RECEIPTS	1,620,377.00	
FEEES 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

TRUST EB FORMAT

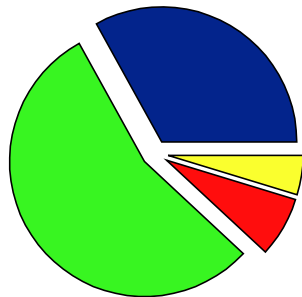
Statement Period
Account Number





07/01/2018 through 06/30/2019
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

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
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

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
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		

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

Summary Of Cash Receipts And Disbursements

R E C E I P T S

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

D I S B U R S E M E N T S

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

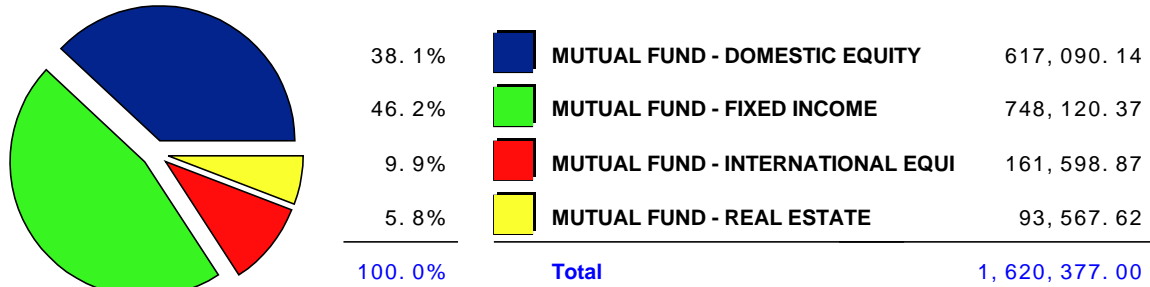
TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

Schedule Of Income

Income Allocation



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		

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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		

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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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		

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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		

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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		

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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	

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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		

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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	

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	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		

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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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	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	

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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		

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	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		

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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		

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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		

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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

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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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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

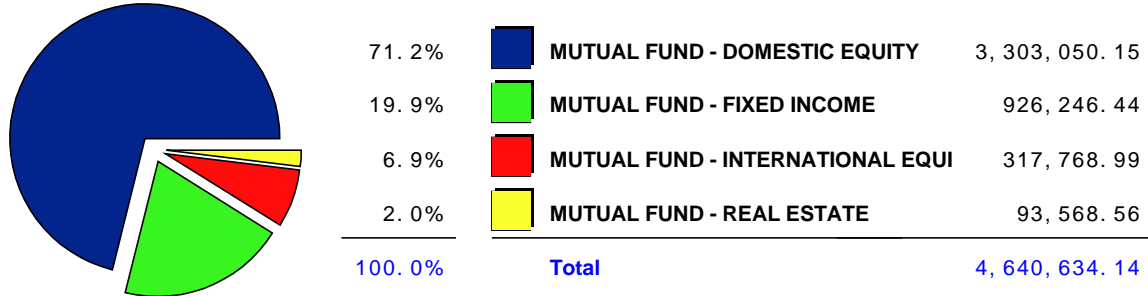
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Schedule Of Purchases

Purchase Allocation



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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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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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

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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

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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

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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

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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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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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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

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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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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

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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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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

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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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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

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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

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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

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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

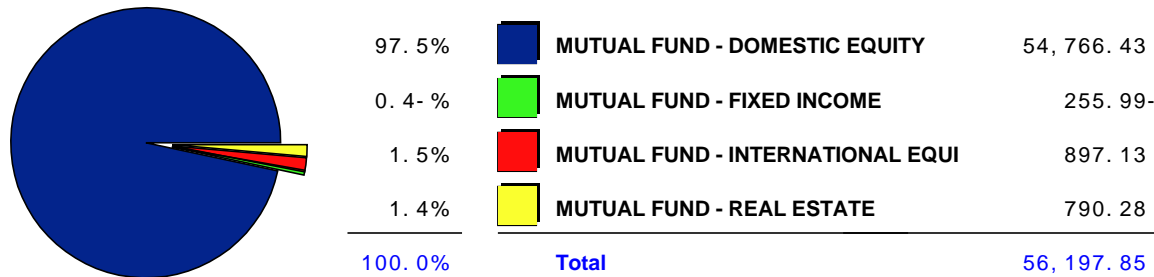
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Realized Gains & Losses Allocation



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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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-

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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-

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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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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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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-

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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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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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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

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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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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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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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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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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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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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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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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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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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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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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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		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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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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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-

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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

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		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

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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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

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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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

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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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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Account Number

07/01/2018 through 06/30/2019
115150007400

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

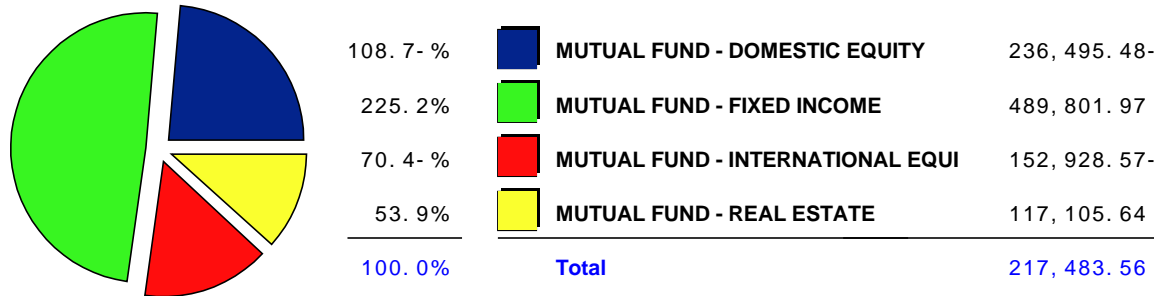
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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

Schedule Of Unrealized Gains & Losses

Unrealized Gains & Losses Allocation



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

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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
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				
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	

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Statement Period
Account Number

07/01/2018 through 06/30/2019
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		

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Statement Period
Account Number

07/01/2018 through 06/30/2019
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		

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Statement Period
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07/01/2018 through 06/30/2019
115150007400

Balance Sheet

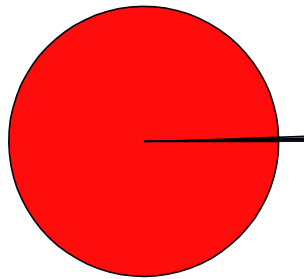
	AS OF 07/01/2018		AS OF 06/30/2019	
	AVG COST	MARKET VALUE	AVG COST	MARKET VALUE
	VALUE	VALUE	VALUE	VALUE
A S S E T S				
CASH	52,145.92	52,145.92	99,522.05	99,522.05
DUE FROM BROKERS	0.00	0.00	0.00	0.00
TOTAL CASH & RECEIVABLES	52,145.92	52,145.92	99,522.05	99,522.05
MUTUAL FUNDS				
MUTUAL FUND - FIXED 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




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Statement Period
Account Number

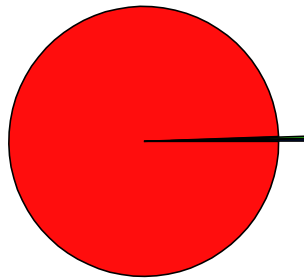
07/01/2018 through 06/30/2019
115150007400




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

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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 -

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Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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

TRUST EB FORMAT

Statement Period
Account Number

07/01/2018 through 06/30/2019
115150007400

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.

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- 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.

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C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
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

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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
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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.

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- **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 (EARSLS) of plan participants. In calculating the EARSLS, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSLS 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.

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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

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
# 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

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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

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
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.

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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

	<i>Total</i>
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**	<u>\$6,828,459</u>

* 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.

<i>Year Beginning</i>				
<i>July 1</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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.

Total Compensation Systems, Inc.

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

	<u>06/30/2017</u>	<u>06/30/2018</u>
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

Total Compensation Systems, Inc.

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

<i>Participant Type</i>	<i>Mortality Tables</i>
Certificated	2009 CalSTRS Mortality
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
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

<i>Employee Type</i>	<i>Service Requirement Tables</i>
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.

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
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

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
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

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
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

Total Compensation Systems, Inc.

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.

Total Compensation Systems, Inc.

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

Total Compensation Systems, Inc.

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.

Total Compensation Systems, Inc.

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.

Total Compensation Systems, Inc.

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

Total Compensation Systems, Inc.

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

Total Compensation Systems, Inc.

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.

Total Compensation Systems, Inc.

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

Total Compensation Systems, Inc.

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 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

Total Compensation Systems, Inc.

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.

<u>Actuarial Cost Method:</u>	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.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	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.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	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.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	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.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	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.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower

Total Compensation Systems, Inc.

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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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
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

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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.

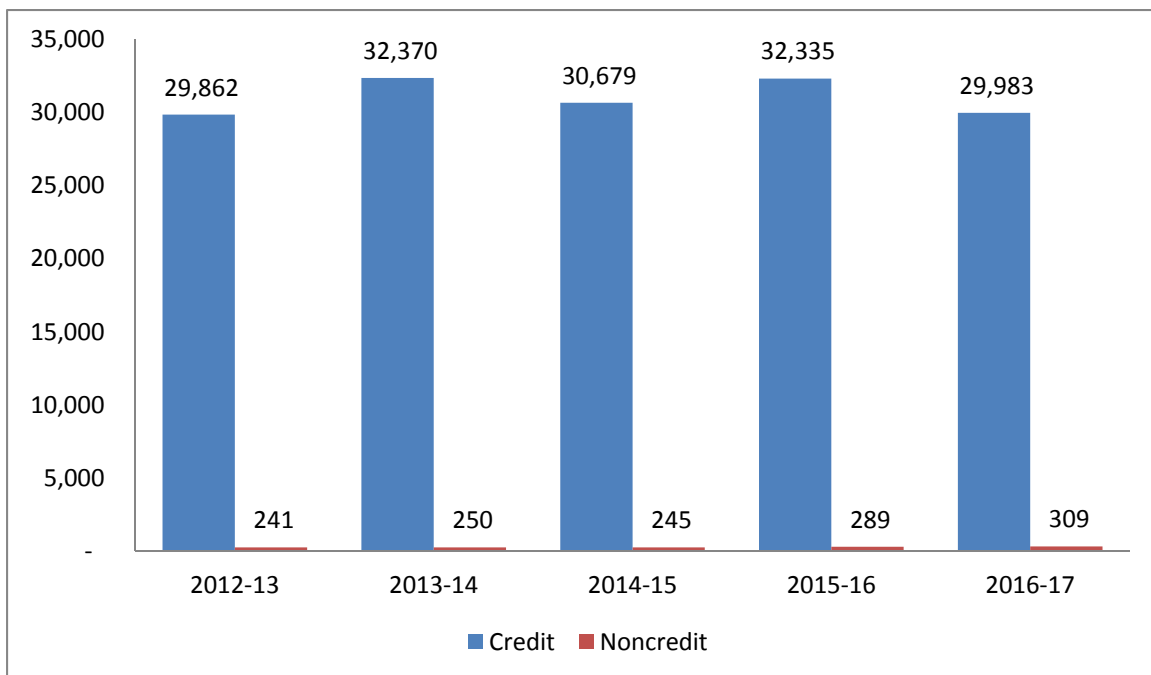
In November 2002, the District's citizens passed Measure C, a general obligation bond for facilities. Measure C was fully expended and closed out as of June 30, 2013. On November 6, 2012, the District voters approved and authorized the issuance and sale of \$698 million principal amount of Measure M 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.

COAST COMMUNITY COLLEGE DISTRICT
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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

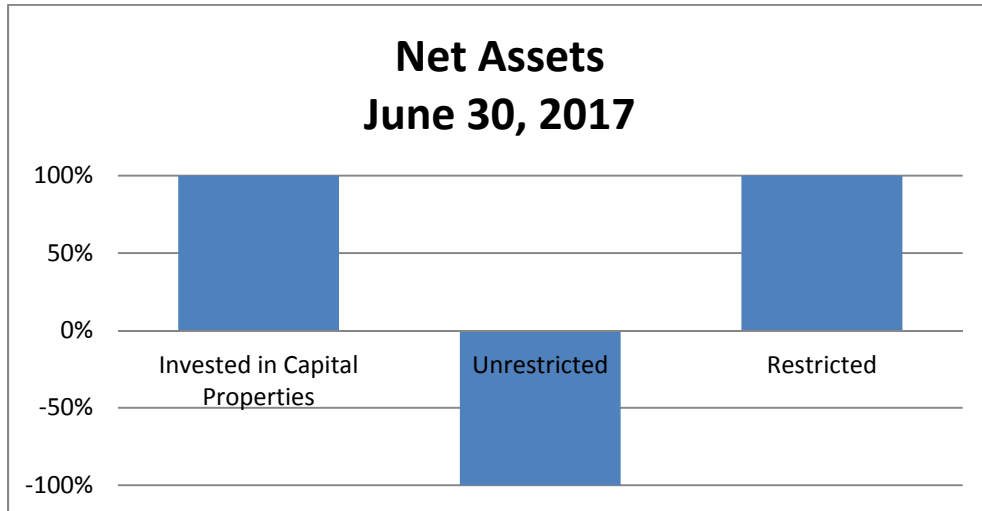
The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred 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	<u>175,294</u>	<u>156,380</u>	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	<u>943,782</u>	<u>621,422</u>	52%
TOTAL ASSETS	<u>1,119,076</u>	<u>777,802</u>	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	<u>77,927</u>	<u>53,698</u>	45%
LIABILITIES			
Current liabilities	82,573	85,603	-4%
Non-current liabilities	1,149,937	741,871	55%
TOTAL LIABILITIES	<u>1,232,510</u>	<u>827,474</u>	49%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	12,282	19,020	-35%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,282</u>	<u>19,020</u>	-35%
NET POSITION			
Invested in capital assets, net of related debt	46,243	33,735	37%
Restricted	45,675	39,578	15%
Unrestricted	<u>(139,707)</u>	<u>(88,307)</u>	58%
TOTAL NET POSITION	<u>\$ (47,789)</u>	<u>\$ (14,994)</u>	-219%

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- 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



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)		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
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	<u>3,527</u>	<u>3,248</u>	9%
Total operating revenues	<u>161,029</u>	<u>152,702</u>	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	<u>21,745</u>	<u>17,609</u>	23%
Total operating expenses	<u>346,722</u>	<u>334,610</u>	4%
Operating loss	<u>(185,693)</u>	<u>(181,908)</u>	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	<u> </u>	<u>(10)</u>	0%
Total non-operating revenues (expenses)	<u>159,799</u>	<u>171,509</u>	-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	<u>3,024</u>	<u>1,220</u>	148%
Total other revenues, expenses, gains or losses	<u>44,901</u>	<u>43,080</u>	4%
Change in net position	<u>19,007</u>	<u>32,681</u>	-42%
Net position, beginning of year	(14,994)	(47,675)	-69%
Cumulative effect of change in accounting principles	<u>(51,802)</u>	<u> </u>	100%
Net position, end of year	<u>\$ (47,789)</u>	<u>\$ (14,994)</u>	-219%

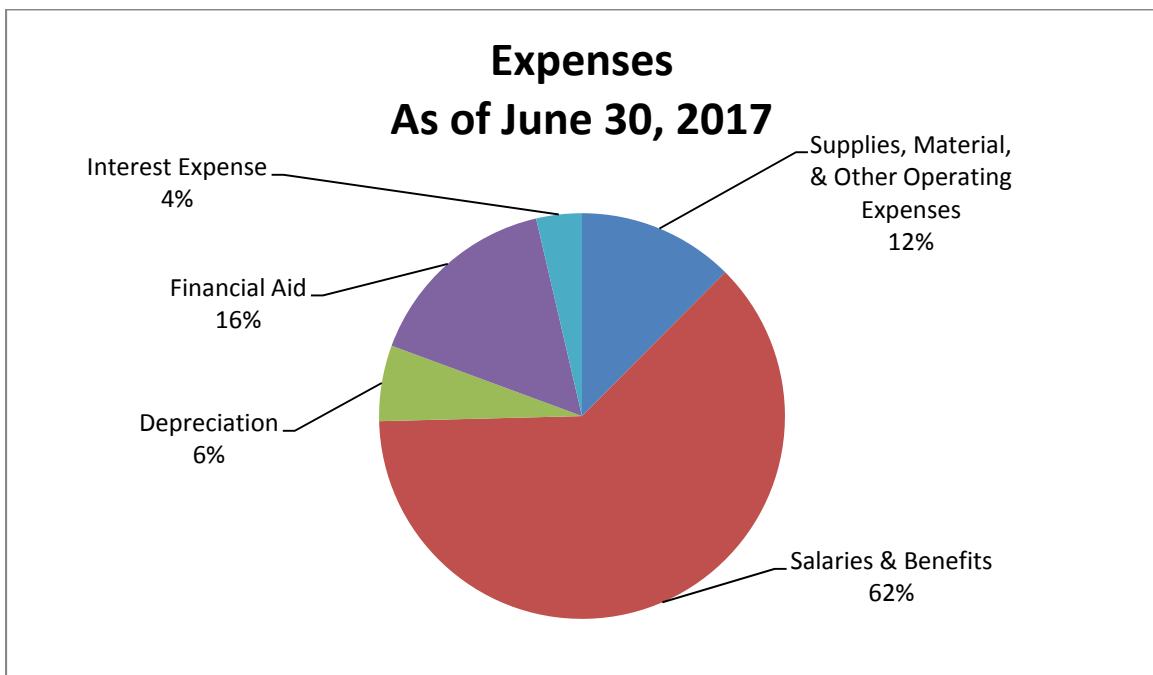
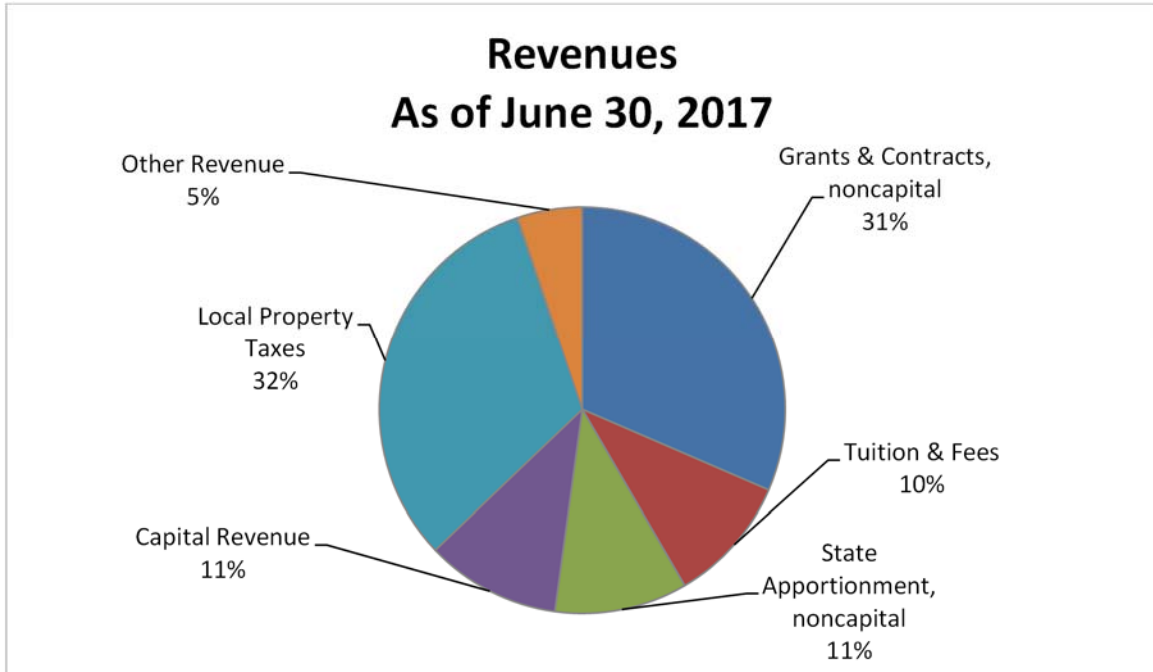
COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2017

- 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)		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
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	<u>(1,881)</u>	<u>(1,675)</u>	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	<u>\$ 527,663</u>	<u>\$ 248,919</u>	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,

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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.

	<u>Balance June 30, 2017</u>
Land	\$ 24,141,969
Buildings and site improvements	677,747,797
Equipment	46,659,314
Construction in progress	<u>74,807,149</u>
Totals at historical cost	<u>823,356,229</u>
Less accumulated depreciation for:	
Buildings and site improvements	(276,032,252)
Equipment	<u>(35,206,715)</u>
Total accumulated depreciation	<u>(311,238,967)</u>
Governmental capital assets, net	<u><u>\$ 512,117,262</u></u>

COAST COMMUNITY COLLEGE DISTRICT
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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 Revision 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 Revision reflect economic insecurity based on a mild drop in state revenue coupled with uncertainty at the federal level.

COAST COMMUNITY COLLEGE DISTRICT
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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, overload, 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.

COAST COMMUNITY COLLEGE DISTRICT
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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.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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
<u>Assets</u>		
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	<u>175,295,245</u>	<u>34,127,946</u>
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	<u>943,781,673</u>	<u>8,527,286</u>
Total Assets	<u>1,119,076,918</u>	<u>42,655,232</u>
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	26,623,438	
Deferred outflows- pension	51,303,554	
Total Deferred Outflows of Resources	<u>77,926,992</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,197,003,910</u>	<u>\$ 42,655,232</u>

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government	Component Units
<u>Liabilities</u>		
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	<u>82,573,280</u>	<u>1,250,943</u>
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	<u>1,149,937,178</u>	
Total Liabilities	<u>1,232,510,458</u>	<u>1,250,943</u>
<u>Deferred Inflows of Resources</u>		
Deferred inflows- pension	12,282,042	
Total Deferred Inflows of Resources	<u>12,282,042</u>	<u>-</u>
<u>Net Position</u>		
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	<u>(47,788,590)</u>	<u>41,404,289</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,197,003,910</u>	<u>\$ 42,655,232</u>

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	<u>161,028,298</u>	<u>17,956,601</u>
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	<u>346,721,738</u>	<u>14,037,293</u>
Operating Income (Loss)	<u>(185,693,440)</u>	<u>3,919,308</u>
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)	<u>159,799,067</u>	<u>1,579,038</u>
(Loss) Income/Gain Before Other Revenues, Expenses, Gains and Losses	<u>(25,894,373)</u>	<u>5,498,346</u>
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	<u>44,901,466</u>	<u>-</u>
Changes in Net Position	<u>19,007,093</u>	<u>5,498,346</u>
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	<u>(66,795,683)</u>	<u>35,905,943</u>
Net Position, End of Year	<u>\$ (47,788,590)</u>	<u>\$ 41,404,289</u>

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	<u>(167,622,670)</u>	<u>1,976,295</u>
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	<u>174,604,861</u>	<u>-</u>
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	<u>273,642,327</u>	<u>(49,311)</u>
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	<u>(1,880,839)</u>	<u>(3,170,294)</u>
Net Change in Cash and Cash Equivalents	278,743,679	(1,243,310)
Cash Balance - Beginning of Year	<u>248,919,466</u>	<u>7,090,172</u>
Cash Balance - End of Year	<u>\$ 527,663,145</u>	<u>\$ 5,846,862</u>

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 postemployment healthcare liability	(20,252,080)	
Net pension liability	37,008,699	
Net cash provided (used) by operating activities	<u>\$ (167,622,670)</u>	<u>\$ 1,976,295</u>

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	<u>\$ 527,663,145</u>

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	<u>Ancillary Funds</u>	Associated Student <u>Body Funds</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 3,279,185	\$ 12,852,866
Accounts receivable:		
Miscellaneous	937,711	390,430
Other current assets	<u>20,000</u>	<u>105,060</u>
Total Assets	<u>4,236,896</u>	<u>13,348,356</u>
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pension	<u> </u>	546,521
Total Deferred Outflows of Resources	<u>-</u>	<u>546,521</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,236,896</u>	<u>\$ 13,894,877</u>
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 848,077	\$ 1,128,529
Funds held in trust	<u>3,388,819</u>	<u>3,503,734</u>
Total Current Liabilities	<u>4,236,896</u>	<u>4,632,263</u>
<u>Non-Current Liabilities</u>		
Net pension liability	<u> </u>	1,913,441
Total Non-Current Liabilities	<u>-</u>	<u>1,913,441</u>
Total Liabilities	<u>4,236,896</u>	<u>6,545,704</u>
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pension costs	<u> </u>	126,576
Total Deferred Inflows of Resources	<u>-</u>	<u>126,576</u>
<u>Net Position</u>		
Unrestricted	<u> </u>	7,222,597
Total Net Position	<u>-</u>	<u>7,222,597</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 4,236,896</u>	<u>\$ 13,894,877</u>

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	<u>3,394,131</u>
Deductions	
Classified salaries	650,304
Employee benefits	283,875
Services and other operating expenses	2,159,112
Capital outlay	23,185
Total Deductions	<u>3,116,476</u>
Change in net position	277,655
Net Position, Beginning of Year	<u>6,944,942</u>
Net Position- End of Year	<u><u>\$ 7,222,597</u></u>

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
<u>Assets</u>	
Investments	\$ 71,617,326
Total Assets	<u>\$ 71,617,326</u>
<u>Net Position Held in Trust for Other Postemployment Benefits</u>	<u>\$ 71,617,326</u>

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	<u>12,563,588</u>
Deductions	
Benefit payments	6,533,048
Administrative expenses	106,841
Total Deductions	<u>6,639,889</u>
Net changes in net position	5,923,699
Net Position Held in Trust for Other Postemployment Benefits, Beginning of Year	<u>65,693,627</u>
Net Position Held in Trust for Other Postemployment Benefits, End of Year	<u><u>\$ 71,617,326</u></u>

See accompanying notes to the financial statements.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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 by 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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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	<u>\$ 43,638,008</u>	<u>\$ 29,494,195</u>	<u>\$ 10,144,768</u>	<u>\$ 3,999,045</u>

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:

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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	<u>\$ 43,638,008</u>	

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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:

<u>Accounts Receivable</u>	<u>June 30, 2017</u>
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	<u>\$ 22,621,829</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due in One Year
Governmental					
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					
Net pension liability	\$ 1,548,363	\$ 365,078	\$	1,913,441	\$ -
Total	\$ 1,548,363	\$ 365,078	\$	\$ 1,913,441	\$ -

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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	<u>\$ 91,481</u>	<u>\$ 2,113</u>	<u>\$ 93,594</u>

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	<u>\$ 923,891</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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	<u>\$ 3,610,000</u>	<u>\$ 845,557</u>	<u>\$ 4,455,557</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

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	<u>\$ 2,618,867</u>	<u>\$ 15,471,132</u>	<u>\$ 18,089,999</u>

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	<u>\$ 48,859,831</u>	<u>\$ 92,850,169</u>	<u>\$ -</u>	<u>\$ 141,710,000</u>

Payments-Measure M

The annual requirements to amortize Measure M bonds payable, outstanding as of June 30, 2017, are as shown herein.

COAST COMMUNITY COLLEGE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

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	<u>\$ 154,480,000</u>	<u>\$ 101,487,300</u>	<u>\$ 255,967,300</u>

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	<u>\$ 4,055,000</u>	<u>\$ 63,604</u>	<u>\$ 4,118,604</u>

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	<u>\$ 78,725,000</u>	<u>\$ 20,095,700</u>	<u>\$ 98,820,700</u>

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	<u>\$ 25,970,000</u>	<u>\$ 956,624</u>	<u>\$ 26,926,624</u>

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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	<u>\$ 161,135,806</u>	<u>\$ 65,224,194</u>	<u>\$ 74,847,475</u>	<u>\$ 301,207,475</u>

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	<u>\$ 30,000,000</u>	<u>\$ 1,398,698</u>	<u>\$ 31,398,698</u>

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	<u>\$ 280,000,000</u>	<u>\$ 240,149,394</u>	<u>\$ 520,149,394</u>

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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	<u>\$ 20,000,000</u>	<u>\$ 593,947</u>	<u>\$ 20,593,947</u>

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	<u>2,064</u>

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:

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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)	<u>\$ 31,549,563</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

Investment	Costs	Fair Value Measurements Using		
		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	<u>\$ 71,617,326</u>	<u>\$ 35,038,149</u>	<u>\$ -</u>	<u>\$ 36,499,807</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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:

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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	<u>\$ 211,666,766</u>	<u>\$ 51,850,075</u>	<u>\$ 12,408,618</u>	<u>\$ 22,145,954</u>

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	<u>\$ 211,666,766</u>	<u>\$ 51,850,075</u>	<u>\$ 12,408,618</u>	<u>\$ 22,145,954</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date		
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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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.

	Balance June 30, 2017
Proportionate Share of Net Pension Liability	
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	<u>\$ 178,973,964</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Deferred Outflows and 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	<u>\$ 23,966,331</u>	<u>\$ 5,950,659</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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	<u>\$ 8,317,569</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 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

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

NOTE 11: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	CalPERS-Schools Pool Plan	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date		
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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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	<u>\$ 27,883,744</u>	<u>\$ 6,457,959</u>

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 (EARS�) of the plan participants. The EARS� 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	<u>\$ 12,889,022</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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		Ending Fiscal Year Liability
		Claims and Changes in Estimates	Claim Payments	
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	<u>\$ 3,265,481</u>	<u>\$ 22,791,350</u>	<u>\$ 22,769,566</u>	<u>\$ 3,287,265</u>

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).

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

NOTE 14: JOINT POWERS AGREEMENTS

	PIPS 6/30/2017 (Audited)	SAFER 6/30/2016 (Audited)	CSAC 6/30/2016 (Audited)	SWACC 6/30/2016 (Audited)
JPA Condensed Financial Information				
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	<u>\$ 17,444,464</u>	<u>\$ 2,141,766</u>	<u>\$ 137,672,617</u>	<u>\$ 28,407,394</u>
 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	<u>\$ 4,093,490</u>	<u>\$ 613,851</u>	<u>\$ 25,265,972</u>	<u>\$ (2,109,299)</u>

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	<u>\$ 154,282,143</u>	<u>\$ 69,252,887</u>	<u>\$ 44,849,306</u>	<u>\$ 56,592,053</u>	<u>\$ 21,745,349</u>	<u>\$ 346,721,738</u>

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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.

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
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COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT 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	<u>6,390,000</u>
Contribution deficiency (excess)	<u><u>\$ (1,795,258)</u></u>
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**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
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.

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, 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	<u>\$127,464,828</u>	<u>\$150,279,083</u>	<u>\$178,973,964</u>
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)	<u>\$ 58,623,973</u>	<u>\$ 75,999,949</u>	<u>\$ 97,624,556</u>
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.

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, 2017

<u>California State Teachers' Retirement System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 6,022,305	\$ 7,618,862	\$ 9,698,103
Contributions in relation to the contractually required contribution	<u>6,022,305</u>	<u>7,618,862</u>	<u>9,698,103</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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%
 <u>California Public Employees' Retirement System - Schools Pool Plan</u>	 <u>2015</u>	 <u>2016</u>	 <u>2017</u>
Contractually required contribution	\$ 6,678,600	\$ 7,075,135	\$ 8,536,763
Contributions in relation to the contractually required contribution	<u>6,678,600</u>	<u>7,075,135</u>	<u>8,536,763</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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.

COAST COMMUNITY COLLEGE DISTRICT

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.

COAST COMMUNITY COLLEGE DISTRICT

**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

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
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 Weispenning, 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			<u>35,645</u>
Total: United States Department of Health and Human Services			<u>105,606</u>
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			<u>15,334</u>
Total Federal Programs			<u><u>\$ 52,234,278</u></u>
Student Financial Aid Loan Programs:			
<u>Loan Outstanding</u>			
Perkins Loan Program, loan balance outstanding as of 06/30/17	84.038	(1)	<u><u>\$ 1,064,786</u></u>

(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 Name	Program Revenues						Total Program Expenditures
	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	
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

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
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
<u>CCFS 320 Addendum</u>			
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	<u>(3,287,265)</u>	
Self-Insurance Fund Balance - Revised		28,629,524
All Other Funds		<u>15,470,285</u>
 Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)		 <u>\$ 543,320,279</u>

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 liability on the statement of net position which reduces the total net assets reported.	<u>(5,143,672)</u>
Total net position	<u>\$ (47,788,590)</u>

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
<u>Academic Salaries</u>							
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
<u>Classified Salaries</u>							
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
<u>Exclusions</u>							
<u>Activities to Exclude</u>							
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
<u>Objects to Exclude</u>							
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.

PROPOSITION 55 EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
For the Fiscal Year Ended June 30, 2017

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COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Fiscal Year Ended June 30, 2017

	<u>2018 (Budgeted)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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	<u>750,000</u>	<u>1,050,000</u>	<u>771,906</u>	<u>687,768</u>
Change in fund balance	-	(7,380,091)	12,750,341	(539,136)
Ending fund balance	<u>\$ 40,892,865</u>	<u>\$ 40,892,865</u>	<u>\$ 48,272,956</u>	<u>\$ 35,522,615</u>
Available reserve	<u>\$ 31,141,380</u>	<u>\$ 27,305,716</u>	<u>\$ 45,753,622</u>	<u>\$ 32,464,301</u>
Available reserve %	11.93%	10.54%	18.72%	15.10%
Full-time equivalent students	<u>32,623</u>	<u>30,292</u>	<u>32,624</u>	<u>30,924</u>
Total long term debt	<u>\$ 922,348,526</u>	<u>\$ 934,302,228</u>	<u>\$ 593,219,634</u>	<u>\$ 595,352,888</u>

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.

COAST COMMUNITY COLLEGE DISTRICT
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.

COAST COMMUNITY COLLEGE DISTRICT
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

**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
Glendora, California
November 30, 2017

**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

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:

<u>Section</u>	<u>Description</u>	<u>Procedures Performed</u>
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
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

COAST COMMUNITY COLLEGE DISTRICT

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

COAST COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS

June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT
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.

COAST COMMUNITY COLLEGE DISTRICT

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

COAST COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2017

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 (1)(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,

COAST COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2017

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.

COAST COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2017

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

COAST COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2017

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 PowerFails, 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 PowerFails financial aid management software for the 2015-16 aid year. However, because some 2015-16 aid year disbursements had already taken place, PowerFails does not allow the setup to be changed. As a result, all COD dates for 2015-16 need to be adjusted

COAST COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2017

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, PowerFails 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 PowerFails, 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)

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2016-17 Assessed Valuation</u>	<u>% of Total⁽²⁾</u>
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
		<u>\$4,969,321,710</u>	<u>4.12%</u>

(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)
<u>Revenue</u>			
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	<u>263,742,151</u>	<u>251,319,791</u>	<u>(12,422,360)</u>
<u>Expenditures</u>			
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	<u>286,754,915</u>	<u>246,368,879</u>	<u>40,386,036</u>
Excess (deficiency) of revenues over expenditures	<u>(23,012,764)</u>	<u>4,950,912</u>	<u>27,963,676</u>
<u>Other Financing Sources (Uses)</u>			
Interfund Transfers In	300,000	300,000	-
Interfund Transfers Out	(441,562)	(12,631,003)	(12,189,441)
Total Other Financing Sources (Uses)	<u>(141,562)</u>	<u>(12,331,003)</u>	<u>(12,189,441)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$ (23,154,326)</u>	<u>(7,380,091)</u>	<u>\$ 15,774,235</u>
Fund Balance at Beginning of Year		<u>48,272,956</u>	
Fund Balance at End of Year		<u>\$ 40,892,865</u>	

**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.)

Total Compensation Systems, Inc.

- 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:

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	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
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-

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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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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.

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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.

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Actuarial Present Value of Total Projected Benefits at June 1, 2016

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
# 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.

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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

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

	<i>Total</i>
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

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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.

<i>Year Beginning</i>				
<i>June 1</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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.

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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.

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NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35).

MORTALITY

<i>Employee Type</i>	<i>Mortality Tables</i>
Certificated	2009 CalSTRS Mortality
Classified	2009 CalPERS Mortality for Active Miscellaneous Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Certificated	2009 CalSTRS Retirement Rates
Classified	
Management	

VESTING RATES

<i>Employee Type</i>	<i>Vesting Rate Tables</i>
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.

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
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

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
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

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
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.

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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.

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
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

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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.

<u>Actuarial Accrued Liability:</u>	The amount of the actuarial present value of total projected benefits attributable to employees' past service based on the actuarial cost method used.
<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service.
<u>Actuarial Present Value of Total Projected Benefits:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation date.
<u>Actuarial Value of Assets:</u>	Market-related value of assets which may include an unbiased formula for smoothing cyclical fluctuations in asset values.
<u>Annual OPEB Cost:</u>	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.
<u>Annual Required Contribution:</u>	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.
<u>Closed Amortization Period:</u>	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.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower normal costs and actuarial accrued liability.
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees.
<u>Mortality Rate:</u>	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.
<u>Net OPEB Obligation:</u>	The accumulated difference between the annual OPEB cost and amounts contributed to an irrevocable trust exclusively providing retiree OPEB benefits and protected from creditors.
<u>Normal Cost:</u>	The dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

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<u>OPEB Benefits:</u>	Other PostEmployment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>Open Amortization Period:</u>	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.
<u>Participation Rate:</u>	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.
<u>Retirement Rate:</u>	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.
<u>Transition Obligation:</u>	The amount of the unfunded actuarial accrued liability at the time actuarial accrual begins in accordance with an applicable accounting standard.
<u>Trend Rate:</u>	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.
<u>Turnover Rate:</u>	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.
<u>Unfunded Actuarial Accrued Liability:</u>	This is the excess of the actuarial accrued liability over assets irrevocably committed to provide retiree health benefits.
<u>Valuation Date:</u>	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.
<u>Vesting Rate:</u>	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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Coast Community College District

Date: 04/26/2017

Company Name

Rob Schneidermann

Individual Name

By: _____

Title: Coast Federation of Educators Representative

Email Address: rob@cfe1911.org



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Coast Community College District

Date: 04/26/2017

Company Name

Ann Nicholson

Individual Name

By:



Coast Federation of Classified Representative

Title:

Email Address: anicholson@occ.cccd.edu