YUBA
COMMUNITY COLLEGE DISTRICT

MARYSVILLE, CALIFORNIA

AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Yuba Community College District
Marysville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Yuba Community College District, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Yuba 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.

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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Yuba Community College District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 required supplementary information, such as management's discussion and analysis on pages 4 through 12, and the schedule of funding progress schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 58-60 be presented to supplement the basic financial statements. Such information, although not 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 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.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Yuba Community College District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the OMB Compliance Supplement, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016 on our consideration of the Yuba 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 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 Yuba Community College District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
November 1, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

ACCOUNTING STANDARDS

The format of these financial statements follows Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements–and Management's Discussion and Analysis–for Public Colleges and Universities–An Amendment of GASB Statement No. 34. The California Community Colleges Chancellor's Office has recommended that all State community college districts follow the business type activity (BTA) model. Yuba Community College District (the District) applied the BTA reporting model to comply with this recommendation and to report in a manner consistent and comparable with other community college districts. The following management's discussion and analysis (MDA) provides an overview of the District's financial activities.

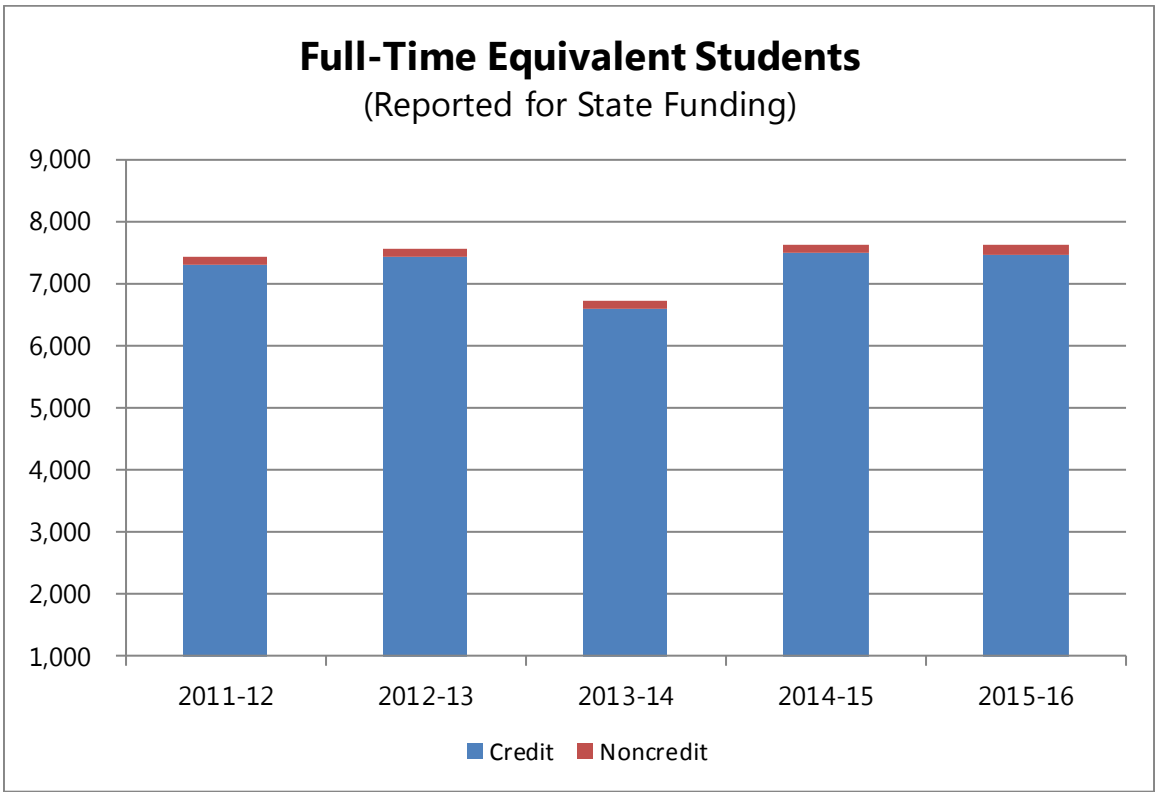
BASIS OF ACCOUNTING

As required by accounting principles, the annual report consists of 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; and the statement of cash flows. The information provided on the statements in the MD&A includes all funds, excluding the Student Associations of Yuba College, Woodland Community College, Clear Lake Campus, and Sutter County Center, and excludes the District Foundation. Each statement will be discussed separately. Separately issued financial statements for the Foundation can be obtained from the District.

Under the BTA model of financial reporting, a single District-wide statement is required to report financial activity for all funds of the District. Since this is quite a variance from previous presentations, the following information is provided to help with the understanding of the financial statements.

FINANCIAL AND ATTENDANCE HIGHLIGHTS

The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). The District achieved full-time equivalent students (FTES) of 7,613 in 2015-16. See the below chart for a historical perspective on the changes in FTES over the past 5 fiscal years.



STATEMENT OF NET POSITION

The statements of net position include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. The District's Net Position increased by $0.3 million due primarily to the gain on refunding bonds, offset by changes in pension data and debt refundings. The total net position remains negative due to the pension standards implemented in the prior fiscal year. Under the accounting standards, the District is recognizing its proportional share of the underfunded pension systems for both the California Public Employee's Retirement System (PERS) and California State Teachers' Retirement System (STRS) system.

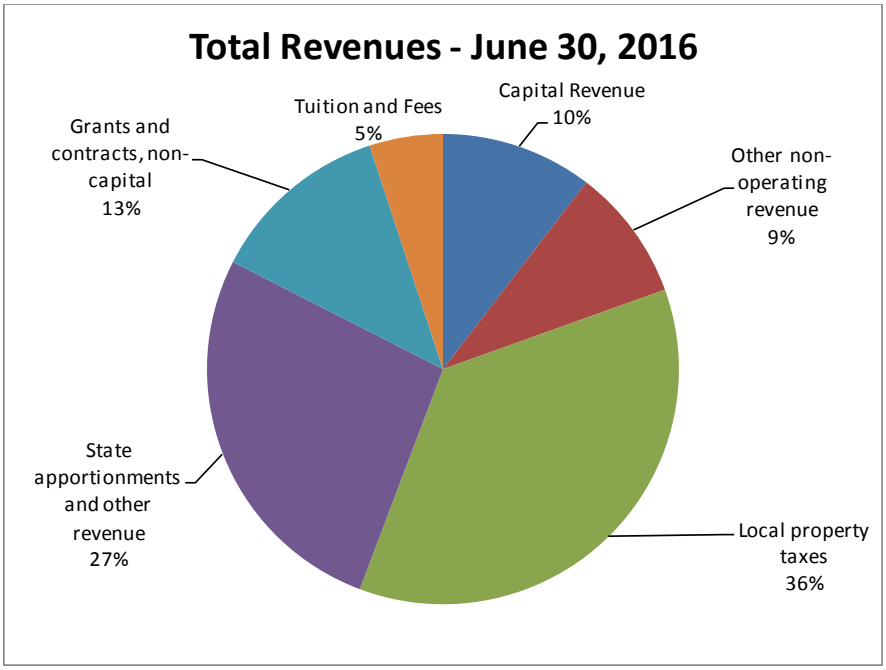
	2016	2015	Net Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	$ 244,837,957	$ 213,583,051	$ 31,254,906
Deferred outflows of resources	19,172,742	11,930,990	7,241,752
Total Assets and Deferred Outflows of Resources	264,010,699	225,514,041	38,496,658
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	14,182,726	11,703,071	2,479,655
Non-current liabilities	247,355,057	206,081,668	41,273,389
Deferred inflows of resources	3,722,054	9,343,238	(5,621,184)
Total Liabilities and Deferred Inflows of Resources	265,259,837	227,127,977	38,131,860
NET POSITION			
Net investment in capital assets	11,324,081	26,325,935	(15,001,854)
Restricted	12,674,709	8,408,762	4,265,947
Unrestricted	(25,247,928)	(36,348,633)	11,100,705
Total Net Position	$ (1,249,138)	$ (1,613,936)	$ 364,798

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present the operating finances of the District, as well as the nonoperating revenues and expenses.

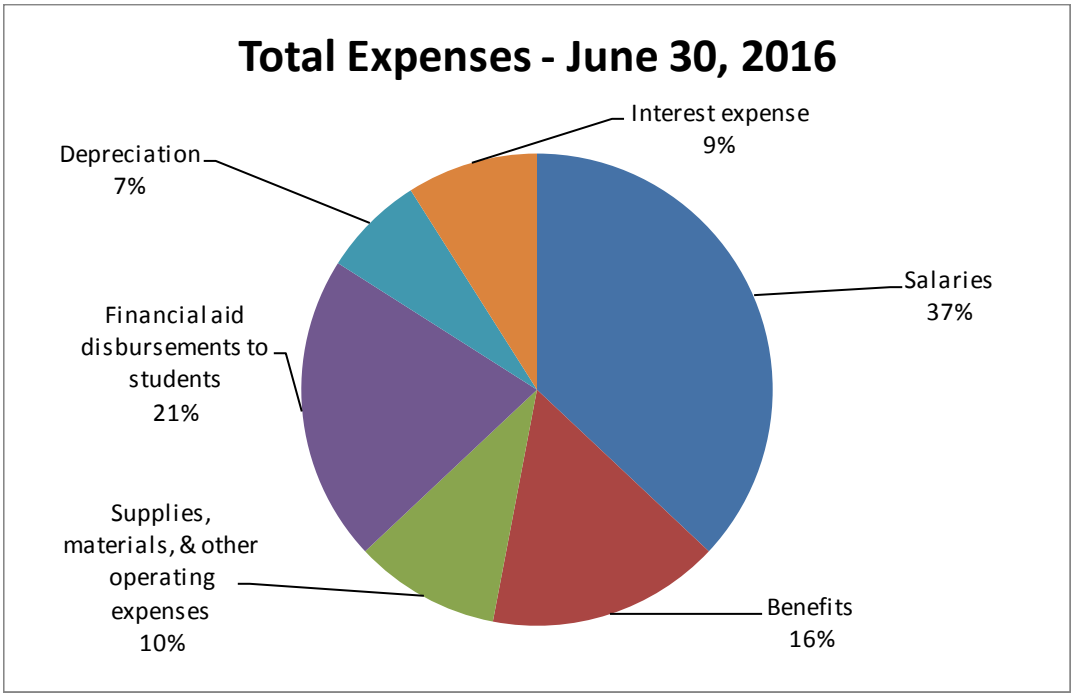
	2016	2015	Net Change
Revenues			
Net tuition and fees	$ 2,803,230	$ 4,116,376	$ (1,313,146)
Grants and contracts, noncapital	9,318,853	11,667,287	(2,348,434)
General revenues - property taxes	31,513,063	29,454,736	2,058,327
General revenues - unrestricted federal and state aid	55,550,954	39,674,448	15,876,506
General revenues - other	4,659,329	2,137,738	2,521,591
Total Revenue	103,845,429	87,050,585	16,794,844
Expenses			
Operating expenses	75,916,281	64,621,325	11,294,956
Disbursements to students	18,836,727	18,653,832	182,895
Interest	8,727,623	8,438,107	289,516
Total Expenses	103,480,631	91,713,264	11,767,367
Change in net position	$ 364,798	$ (4,662,679)	$ 5,027,477

The District's primary revenue is from the State apportionment, local property taxes, student enrollment fees, and grants. The composition of operating and nonoperating revenues for the year ended June 30, 2016 are reflected below:



STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued

The District's expenses consisted primarily of employee salaries, benefits, supplies and operating items, and payments to students for financial aid. Total salaries increased $873 thousand over the prior year, due primarily to new faculty positions and replacements for retirees. Benefits increased $2.2 million due State contributions on behalf of District employees, and new pension accounting standards adopted during the fiscal year. Operating and nonoperating expenses are comparatively reflected below:



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had $233.3 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2016, the District's net capital assets were $184.4 million. Projects will be accounted for within our Construction in Progress account until the project is completed at which time the cost will be recorded to the depreciable capital asset categories.

	2016	2015	Net Change
Capital Assets not being depreciated	$ 10,051,692	$ 10,051,692	$ -
Capital Assets being depreciated	223,240,143	222,610,126	630,017
Accumulated depreciation	(48,926,140)	(42,584,763)	(6,341,377)
Total Capital Assets	$ 184,365,695	$ 190,077,055	$ (5,711,360)

We present more detailed information about our capital assets in Note 5 to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION, continued

Long-term Liabilities

At the end of the 2015-2016 fiscal year, the District had $197.9 million in bonded debt outstanding, including premium on bonds and accreted interest. These bonds are repaid semi-annually, utilizing District Funds, in accordance with the debt service schedules.

In addition to the bonded debt, the District is obligated for other long-term liabilities.

	2016	2015	Net Change
General obligation and other bonds	$ 197,906,834	$ 169,627,222	$ 28,279,612
Compensated absences	1,406,414	1,106,555	299,859
Other long-term liabilities	11,905,723	4,576,328	7,329,395
Total Long-term Liabilities	$ 211,218,971	$ 175,310,105	$ 35,908,866

We present more detailed information about our long-term liabilities in Note 6 to the financial statements.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The District's budget allocations for 2016-17 were determined with the context of multi-year modeling of its' revenues and expenditures. The modeling approach assumed revenue and expenditure assumptions. The revenue assumptions were primary developed using external sources (for instance, School Services of California's multi-year assumptions) and District's initiatives underway to some modest growth over time. The expenditures assumptions were developed based on district's commitments and obligations with collective bargaining agreements and anticipated cost of living increases with health benefits, licensing software, etc.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

The budget guidelines/fiscal principles for 2016-17 planning are listed below:

- Responsible stewardship of available resources will serve as the foundation for sound fiscal management
- Resources are allocated to strategic priorities established by the Governing Board as well as Chancellor's Short-Term goals (using the strategic planning process)
- Use of ongoing resources for ongoing expenditures
- Use of one-time resources for one-time expenditures
- Total "cost of ownership" considered for new or continued commitments
- Maintain adequate fund balance
- Revenue analysis is completed prior to making short or long-term commitments
- Minimize or altogether avoid "structural deficits"
- Develop budget for the District through a transparent and inclusive process

The 2016-17 Adopted budget is developed using the following assumptions:

2016-17 General Budgeting Assumptions:

- The 2016-17 Adopted Budget will be balanced to the extent possible (Ongoing Revenues equal Ongoing Expenditures)
- The Colleges and District Services used planning documents (Education Master Plans and District Services Master Plan) in developing expenditure budgets
- The 2016-17 Adopted Budget will have a contingency reserve for addressing projected revenue shortfalls and expenditure overruns

2016-17 Revenue Assumptions:

- Assumes Ongoing Base Allocation Enhancement of $614 thousand
- Assumes Ongoing Full-Time Faculty Enhancement of $421 thousand
- Assumes (one-time) mandated debt payment of $702 thousand
- Assumes deferred maintenance and instructional equipment allocation of $1.22 million
- Assumes proposition 39 energy efficiency revenues of $278 thousand
- Assumes 7,626 Base FTES target

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

2016-17 Expenditure Assumptions:

- Apply Full-Time Faculty Enhancement to Full-Time Faculty Health Benefit Increases
- Assumes (ongoing) Step and Column increases as expenditures
- Assumes (ongoing) Public Employee Retirement System contribution increases
- Assumes (ongoing) State Teachers Retirement System contribution increases
- Assumes (ongoing) increases in Medical premiums for Active and Retired Employees
- Apply base allocation enhancement to STRS/PERS increases

As listed in the revenue assumptions, the district's projected base funded student enrollment for the 2016-17 is 7,626 Full-Time Equivalent Students (FTES).

The 2016-17 budget anticipates programmed contingencies for property tax deficits, or reductions in apportionment. There is also a planned transfer to the Retiree Benefits Fund to fund the long term liability for retiree health insurance. The District budgeted a total of 5.85% fund balance in which the various contingencies are built.

Physical Plant and Instructional Support

The District received an allocation for instructional equipment and deferred maintenance in 2015-16 of $988K with local flexibility of determining allocation amongst these two categories. There is no local match requirement and the District has two years to spend these allocations.

Lottery

The California State Lottery Commission is projecting sales of $6.42 billion in fiscal year 2016-17. Based on these projections, the Chancellor's Office estimates the lottery projections at $144 per FTES in unrestricted and $45 per FTES in Proposition 20 lottery revenues.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

CalPERS and CalSTRS

Both CalPERS and CalSTRS have made a commitment to funding the liabilities. In an effort to funding the CalSTRS liability, California legislature has set a schedule of employer, employee, and state contributions over a number of years. CalPERS has also taken steps at their board level to increase employer contributions to fund the liabilities. The District's share of the anticipated ongoing expenses associated with CalPERS and CalSTRS employer contributions are expected to increase by $2.3 Million by year 2020-21. CalPERS employer contributions for 2016-17 have increased to 13.89% (from 11.85% in 2015-16). CalSTRS employer contributions for 2016-17 have increased to 12.58% (from 10.73% in 2015-16).

Mandated Cost Reimbursement

The District receives mandated cost reimbursement for services mandated by the California legislature. California Community Colleges have been filing for reimbursement for numerous years and for the last several years, the State has been committed to paying down the mandates. As a result of this effort, the District received a one-time allocation of $4.40 Million for prior year mandates. In an effort to resolve this matter for future, the State has been funding mandates through a block grant for the past few years. With the block grant, the entities are not required to file claims. The District is anticipating approximately $702 Thousand for 2016-17.

FINANCIAL SECTION

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2016

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 54,875,724
Accounts receivable - net	5,120,799
Due from fiduciary funds - net	13,998
Prepaid expenses	461,741
Total Current Assets	60,472,262
NONCURRENT ASSETS	
Capital assets - net of accumulated depreciation	184,365,695
Total Noncurrent Assets	184,365,695
Total Assets	244,837,957
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	14,255,275
Deferred pension contributions	4,917,467
Total Deferred Outflows of Resources	19,172,742
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	6,573,166
Deferred revenue	4,835,957
Long-term debt - current portion	2,773,603
Total Current Liabilities	14,182,726
NONCURRENT LIABILITIES	
Other loans	669,687
Net pension liability	38,240,002
Long-term debt - noncurrent portion	208,445,368
TOTAL NONCURRENT LIABILITIES	247,355,057
TOTAL LIABILITIES	261,537,783
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on unrealized pension investment gains	3,722,054
NET POSITION	
Net investment in capital assets	11,324,081
Restricted for debt service	12,674,709
Unrestricted	(25,247,928)
TOTAL NET POSITION	$ (1,249,138)

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

OPERATING REVENUES	
Student tuition and fees	$ 9,149,436
Less: Scholarship discount & allowance	6,346,206
Net tuition & fees	2,803,230
Grants and contracts, noncapital:	
Federal	2,813,897
State	5,273,268
Local	1,231,688
Subtotal	9,318,853
TOTAL OPERATING REVENUES	12,122,083
OPERATING EXPENSES	
Salaries	34,077,431
Benefits	17,806,531
Supplies, materials, & other operating expenses	17,690,942
Depreciation	6,341,377
TOTAL OPERATING EXPENSES	75,916,281
OPERATING LOSS	(63,794,198)
NONOPERATING REVENUES/(EXPENSES)	
State apportionments - non-capital	14,947,064
Local property taxes	23,959,638
State taxes & other revenues	22,038,132
Investment income - non-capital	7,016
Financial aid revenue	18,565,758
Financial aid disbursements to students	(18,836,727)
Other nonoperating activity	4,110,350
TOTAL NONOPERATING REVENUES	64,791,231
GAIN/(LOSS) BEFORE OTHER REVENUES AND GAINS	997,033
OTHER REVENUES AND GAINS/(LOSSES)	
Local property taxes and revenues - capital	7,553,425
Interest expense - capital	(8,727,623)
QEC bond subsidy income	541,963
TOTAL OTHER REVENUES AND GAINS	(632,235)
CHANGE IN NET POSITION	364,798
NET POSITION, BEGINNING OF YEAR	(1,613,936)
NET POSITION, END OF YEAR	$ (1,249,138)

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	3,295,602
Grants, contracts and other income		7,646,416
Payments to or on behalf of employees		(47,909,618)
Payments to vendors and operating expenses		(17,397,361)
Other operating cash flows		(30,850)
Net Cash Used by Operating Activities		(54,395,811)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments		14,947,064
Property taxes		23,819,274
State taxes and other revenues		21,237,163
Financial aid revenues		18,565,758
Financial aid expenses		(18,836,727)
Other nonoperating cash flows		3,309,381
Net Cash Provided by Non-capital Financing Activities		63,041,913
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(630,017)
Debt issuance		26,290,000
Local property taxes - capital		7,553,425
Principal paid on capital debt		(2,511,164)
Interest paid on capital debt		(2,815,687)
Interest on capital investments		541,963
Net Cash Used by Capital Financing Activities		28,428,520
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		44,866
Net Cash Provided by Investing Activities		44,866
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		37,119,488
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR		17,756,236
CASH & CASH EQUIVALENTS, END OF YEAR	$	54,875,724

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		2016
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(63,794,198)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense		6,341,377
Changes in Assets and Liabilities:		
Receivables - net		(204,550)
Prepaid items		37,330
Accounts payable and accrued liabilities		1,816,729
Deferred revenue		1,407,501
Total Adjustments		9,398,387
Net Cash Flows From Operating Activities	$	(54,395,811)

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2016

	2016
	Trust
ASSETS	
Cash and Cash Equivalents	$ 78,674
Total Assets	78,674
LIABILITIES	
Accounts payable	1,245
Total Liabilities	1,245
NET POSITION	
Held in Trust for Student Groups	77,429
Total Net Position	$ 77,429

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	2016
	Trust
OPERATING REVENUES:	
Local revenue	$ 133,424
Total Operating Revenues	133,424
OPERATING EXPENSES:	
Supplies, materials, and other outgo	133,387
Total Operating Expenses	133,387
Net Change in Net Position	37
NET POSITION:	
Beginning of Year	77,392
End of Year	$ 77,429

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF FINANCIAL POSITION – DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION
JUNE 30, 2016

	2016
ASSETS	
Current Assets	
Cash and cash equivalents	$ 64,865
Accounts receivable - related party	12,151
Short-term investments	1,588,854
	1,665,870
Noncurrent Assets	
Investments - noncurrent	5,759,095
Assets held by third party	425,900
Total Assets	7,850,865
LIABILITIES	
Current Liabilities	
Accounts payable	8,438
Amount held in trust for others	338,040
Total Liabilities	346,478
NET ASSETS	
Unrestricted	51,722
Temporarily restricted	1,618,071
Permanently restricted	5,834,594
Total Net Assets	7,504,387
Total Liabilities and Net Assets	$ 7,850,865

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	FY1516 Total
SUPPORT AND REVENUES				
Contributions	$ -	$ 125,421	$ 20,000	$ 145,421
Interest and dividend income	47,575	65,700	38,279	151,554
Other income	-	1,175	-	1,175
Net unrealized gain on investments	-	(267,848)	-	(267,848)
Net assets released from restrictions	208,371	(208,371)	-	-
Total Support and Revenues after net assets released from restriction	255,946	(283,923)	58,279	30,302
OPERATING EXPENSES				
Program expenses:				
Grants and scholarships	206,121	-	-	206,121
Miscellaneous	1,732	-	-	1,732
Supplies	518	-	-	518
Total Program Expenses	208,371	-	-	208,371
Administrative expenses	50,631	-	-	50,631
Total Expenses	259,002	-	-	259,002
CHANGE IN NET ASSETS	(3,056)	(283,923)	58,279	(228,700)
NET ASSETS, BEGINNING OF YEAR	54,778	1,901,994	5,776,315	7,733,087
NET ASSETS, END OF YEAR	$ 51,722	$ 1,618,071	$ 5,834,594	$ 7,504,387

See accompanying notes to the financial statements.

YUBA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (228,700)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	267,848
Interest and dividends reinvested in investments	(151,554)
Change in:	
Accounts receivable - related party	(3,790)
Assets held by third party	35,320
Accounts payable	(8,187)
Amounts held in trust for others	(25,461)
Net Cash Provided (Used) by Operating Activities	(114,524)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Cash Provided by Investing Activities	12,288
Net increase/(decrease) in cash and cash equivalents	(102,236)
Cash and Cash Equivalents - Beginning of Year	167,101
Cash and Cash Equivalents - End of Year	$ 64,865

See accompanying notes to the financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Definition of the Reporting Entity Yuba Community College District (the District) is a political subdivision of the State of California and provides higher education. The District consists of two community colleges and four additional centers (the Primary Institution).

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by, or dependent on, the District's executive and legislative branches. Control by, or dependence on, the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

The financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District and the Yuba Community College District Foundation (the Foundation) have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion of the Foundation as a component unit of the District. Accordingly, the financial activities of the Foundation as a component unit have been included in the financial statements of the District. The separately audited financial statements of the Foundation may be obtained from the District.

The following are those aspects of the relationship between the District and the Foundation that satisfies GASB:

> *Accountability:* The Foundation operates under a master agreement with the District in accordance with the California Education Code requirements. The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits or imposes specific financial burdens on the District.
>
> *Scope of Public Service:* The Foundation is a nonprofit, public benefit corporation incorporated under the laws of the State of California. The Foundation was formed to promote and assist the educational services of the District.
>
> *Discrete Presentation:* For financial presentation purposes, the Foundation's financial activities have been discretely presented with the financial activities of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). 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 an obligation has been incurred. All significant interfund transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Budget and Accounting Manual*, issued by the Chancellor's Office of the California Community Colleges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments purchased with an original maturity of three months or less.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with California Education Code, Section 41001, the District maintains substantially all of its cash in the Yuba County Treasury as part of the common investment pool. The County is restricted by California Government Code, Section 53635 pursuant to Section 53601, 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. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of less than two years. As of November 1, 2016, the fair value of the County pool at June 30, 2016 was 100.0865. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee as required by California Government Code, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of cash and cash equivalents. Realized gains and losses on cash and cash equivalents that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of cash and cash equivalents reported in the prior year. The change in fair value of cash and cash equivalents was insignificant during the year ended June 30, 2016, and there was no significant unrealized gain or loss on cash and cash equivalents held as of June 30, 2016.

Accounts Receivable Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in California. Accounts receivable also include 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 grants and contracts. The District utilizes the allowance method with respect to its accounts receivable based on all student accounts receivable with an age greater than two years old in combination with historical collection information. The allowance was $603,752 at June 30, 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments Investments are reported at fair value. Fair value is determined from quoted market prices. The District is restricted by state law and the Board's investment policy in the types of investments that can be made. Permissible investments include the County treasury, the state local agency investment fund (LAIF), federally insured deposits, and individual securities. The weighted average maturity of all investments shall be three years or less. The District's investment policy established safety of principal as the primary investment objective. The District's investment strategy is to realize a reasonable interest yield, and investment decisions are executed with the intent that they will be held to maturity.

Unamortized Bond Discount Unamortized bond discount represents the difference between the par value of the bonds issued and the gross proceeds received, before issuance costs. This amount is amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective-interest method.

Capital Assets Capital assets are recorded at cost on the date of acquisition or 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. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repair and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method with the monthly convention over the estimated useful life of the assets; generally 50 years for buildings, 10 years for land improvements, 8 years for equipment, and 3 years for technology equipment. Land and construction in progress are considered nondepreciable capital assets; therefore, no depreciation is computed.

Assets Held by Third Party The Foundation transfers funds to the Foundation for California Community Colleges (FCCC) in accordance with a partnership agreement dated March 2009 with the California Community Colleges Scholarship Endowment (the Endowment).

Advances From Grantors Advances from grantors include amounts received from grant and contract sponsors that have not yet been earned.

Advances From Students Advances from students include amounts received for tuition, fees, and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Amounts Held in Trust for Others The Foundation administers funds for certain college related organizations. The liability represents the amount of funds held for these organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences Compensated absences' costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District. The District has a load-banking program for eligible faculty employees whereby the employee may accrue overload service toward a paid leave.

Bond Premium Bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are recorded as long-term liabilities.

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

Net Investment in Capital Assets: 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 for capital assets, but not yet expended, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position - Expendable: Include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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 toward unrestricted resources.

Classification of Revenue The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

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; and (3) most federal, state, and local grants and contracts, and federal appropriations.

Nonoperating Revenues: Include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as State appropriations and investment income, according to GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting; and GASB Statement No. 34, Basic Financial Statements–and Management's Discussion and Analysis–for State and Local Governments.

Scholarship Discounts and Allowances and Financial Aid Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of activities. The District offers Board of Governors' waivers (BOG) to qualified students, and these tuition waivers are reported as scholarship discounts and allowances.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Risk Management The District's property and liability coverage is insured through the Northern California Community Colleges Self Insurance Authority (NCCC SIA). The District retains the risk up to $1,000 per occurrence. The NCCC SIA retains the risk up to $25,000 on property and $25,000 on liability. Insurance above these levels is ceded to another joint power authority, Schools Association for Excess Risk (SAFER), and to a level of $25 million on liability and $250 million on property.

The District is also a member of the NCCC SIA for workers' compensation coverage. Within NCCC SIA, the workers' compensation insurance program is insured with first-dollar coverage through a joint powers authority, Protected Insurance Program for Schools (PIPS).

Estimates Used in Financial Reporting In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as revenues and expenses during the reporting period. Actual results could differ from those estimates. The District's largest source of revenues are property taxes, enrollment fees, and state revenues. Each of these revenue types is subject to some estimation at the date of the financial statements.

Budgets and Budgetary Accounting By State law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

General Apportionment and Property Tax The District's general apportionment is received from a combination of local property taxes, state apportionments, and other local sources.

The counties are responsible for assessing, collecting, and apportioning property taxes. Taxes are levied each fiscal year on taxable real and personal property in the counties. Secured property taxes attach as an enforceable lien on property as of March 1. Property taxes on the secured roll are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The following counties bill and collect the taxes for the District: Butte, Colusa, Glenn, Lake, Placer, Sutter, Yolo, and Yuba.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll on approximately October 1 of each year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

General Apportionment and Property Tax, continued

Property taxes are recorded as local revenue sources by the District. The California Community Colleges Chancellor's Office reduces the District's entitlement by the District's local property tax revenue, Education Protection Account funding, and student fees. The balance is paid from the state's General Fund and is referred to as the state apportionment. The District's base revenue is the amount of general purpose tax revenue, per full-time equivalent student (FTES), that the District is entitled to by law.

Reclassifications Certain reclassifications have been made to prior-year amounts to conform with the current-year presentation.

Change in Accounting Principles In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions 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 pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Principles

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should 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 pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. 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 pensions through single employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension 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 pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension 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 pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Principles, continued

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

New Accounting Pronouncements In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—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, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. 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 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 3 – CASH AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that 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. The County Treasurer also holds investments in a separate investment agreement account other than the County Pooled Investment noted above on behalf of the District.

NOTE 3 – CASH AND INVESTMENTS, continued

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type			
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Summary of Deposits and Investments

Deposits and investments of the Primary Government as of June 30, 2016, consist of the following:

Governmental Funds:		
Cash on hand and in banks	$	610,707
County treasurer's investment pool		54,265,017
Total cash and investments - Governmental Funds	$	54,875,724

Deposits and investments of the Fiduciary Funds as of:

Fiduciary Funds:		
Cash on hand and in banks	$	78,674
Total cash and investments - Fiduciary Funds	$	78,674

NOTE 3 – CASH AND INVESTMENTS, continued

Summary of Deposits and Investments

Deposits and investments of the Discretely Presented Component Unit - Foundation as of June 30, 2016, consist of the following:

Foundation:		
Cash on hand and in banks	$	64,865
CDs and Banker's Acceptances		-
U.S. Treasuries		2,550,897
U.S. Government Agency Securities:		
Federal Home Loan Bank		172,645
Corporate bonds		2,022,321
Bond mutual funds		277,646
Exchange traded funds		494,757
Money market mutual fund		157,804
Equity securities		1,671,879.00
Total cash and investments - Foundation	$	7,412,814

Custodial Credit Risk – Deposits

For 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 and Foundation do not have a deposit policy for custodial credit risk. As of June 30, 2016, none of the District's or Foundation's bank balances were uninsured and uncollateralized.

District – Investment Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor's or AAA, AA, or A by Moody's indices. The District does not have an investment policy that would further limit investment choices.

		S&P Rating as of Year End		
Investment Type		**Fair Value**		**Unrated**
County treasurer's investment pool	$	54,536,342	$	54,536,342

Foundation – Investment Credit Risk

The Foundation does not have an investment policy that limits its investment choices.

NOTE 3 – CASH AND INVESTMENTS, continued

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Pursuant to *California Government Code*, Section 53601, no more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises. There were no concentrations of credit risk for the District at June 30, 2016. More than 5% of the Foundation's investments are in American Express, JP Morgan Chase and Verizon Communications corporate bonds.

District – Investment Interest Rate Risk

California Government Code, Section 53601, limits the District's investments to maturities of five years. The District does not have an investment policy regarding interest rate risk.

The schedule of maturities for the District at June 30, 2016, is as follows:

		Maturity
Investment Type	**Fair Value**	**One to Five Years**
County treasurer's investment pool	$ 54,536,342	$ 54,536,342

Foundation – Investment Interest Rate Risk

The Foundation's investment policy requires that at least 40% of investments be in fixed income securities and 50% to 60% in equities. Investment decisions are executed with the intent that they will be held to maturity.

Foundation – Highly Sensitive Investments

The U.S. government agency securities (Federal Home Loan Bank) are mortgage-backed securities which entitle the purchaser to receive a share of the cash flows, such as principal and interest payments, from a pool of mortgages. Mortgage securities are sensitive to interest rate changes because principal payments either increase (in a low interest rate environment) or decrease (in a high interest rate environment). A change, up or down, in the payment rate will result in a change in the security yield.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. As of June 30, 2016 accounts receivable amounted to $5,120,799. By November 1, 2016, the date of this audit report, $2,953,660 had been collected.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance July 1, 2015	Additions	Deductions	Ending Balance June 30, 2016
Capital Assets not being Depreciated				
Land	$ 6,139,728	$ -	$ -	$ 6,139,728
Construction in progress	3,911,964	-	-	3,911,964
Total Capital Assets not being Depreciated	10,051,692	-	-	10,051,692
Capital Assets being Depreciated				
Site improvements	1,077,576	-	-	1,077,576
Buildings & improvements	211,506,615	11,780	-	211,518,395
Equipment	9,245,021	582,620	-	9,827,641
Vehicles	780,914	35,617	-	816,531
Total Capital Assets being Depreciated	222,610,126	630,017	-	223,240,143
Total Capital Assets	232,661,818	630,017	-	233,291,835
Less Accumulated Depreciation	42,584,763	6,341,377	-	48,926,140
Net Capital Assets	$ 190,077,055	$ (5,711,360)	$ -	$ 184,365,695

NOTE 6 – LONG-TERM LIABILITIES

The long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Long-Term Obligations					
Compensated absences	$ 1,106,555	$ 299,859	$ -	$ 1,406,414	$ -
General obligation bonds	142,429,769	104,406,487	74,554,851	172,281,405	1,011,973
QEC Bonds - central plant	4,905,713	-	382,024	4,523,689	393,679
QEC Bonds - solar project	11,550,000	-	1,190,000	10,360,000	1,235,000
Supplemental employee retirement plan	692,502	-	692,502	-	-
Unamortized bond premium	5,478,705	6,782,764	1,519,729	10,741,740	-
California Energy Commission note payable	847,094	710,000	132,314	1,424,780	132,951
OPEB	8,299,767	4,909,084	2,727,908	10,480,943	-
Totals	$ 175,310,105	$ 117,108,194	$ 81,199,328	$ 211,218,971	$ 2,773,603

NOTE 6 – LONG-TERM LIABILITIES, continued

Description of Debt

Payments on the general obligation bonds and lease revenue bonds are made by the Capital Outlay fund. The capital lease payments are made by the General Fund and Capital Outlay fund. The compensated absences are made by the fund for which the employees' salaries are paid from. The District's General Fund makes payments for the supplemental early retirement plan and load banking obligations from the General Fund. Based on the refunding bonds that were issued, the District recognized a gain on refunding which saved taxpayers $5,218,911.

Bonds Payable

The outstanding bonded debt is as follows:

Series	Issue Date	Yield	Maturity Date	Bonds Outstanding July 1, 2015	Additions	Redeemed	Bonds Outstanding June 30, 2016	Due Within One Year
2006 Series A	5/22/2007	3.48-4.98%	8/1/2031	$ 6,950,667	$ 549,511	$ 409,140	$ 7,091,038	$ 496,973
2006 Series B	5/22/2007	4.41-5.06%	8/1/2046	72,490,179	1,125,532	73,615,711	-	-
2006 Series C	7/12/2011	0.48-7.25%	8/1/2050	34,158,923	416,444	530,000	34,045,367	515,000
2015 Series A Refunding	6/18/2015	1.48-3.64%	8/1/2030	3,790,000	-	-	3,790,000	-
2015 Series B Refunding	6/18/2015	1.48-3.30%	8/1/2030	25,040,000	-	-	25,040,000	-
2006 Series D	4/6/2016	1.14-3.09%	8/1/2036	-	26,500,000	-	26,500,000	-
2016 Series A Refunding	5/12/2016	0.74-3.07%	8/1/2038	-	72,010,000	-	72,010,000	-
2016 Series B Refunding	5/12/2016	0.60-1.20%	8/1/2019	-	3,805,000	-	3,805,000	870,000
		Total General Obligation Bonds		142,429,769	104,406,487	74,554,851	172,281,405	1,881,973
2011 QEC Bonds - Central Plant	6/3/2011	2.84-6.50%	6/3/2026	4,905,713	-	382,024	4,523,689	393,679
2011 QEC Bonds - Solar Project	6/15/2011	2.03-6.29%	6/1/2027	11,550,000	-	1,190,000	10,360,000	1,235,000
		Total Qualified Energy Conservation Bonds		16,455,713	-	1,572,024	14,883,689	1,628,679
			Total Bonded Debt	$ 158,885,482	$ 104,406,487	$ 76,126,875	$ 187,165,094	$ 3,510,652

General Obligation Bonds

The District issued 2006 Series A bonds in the aggregate principal amount of $29,504,047 with interest rates ranging from 3.93 to 5.00 percent and maturing through August 1, 2031.

The annual requirements to amortize the 2006 Series A general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2017	$ 496,973	$ 896,250	$ 228,027	$ 1,621,250
2018	581,927	469,875	308,074	1,359,876
2019	452,407	43,500	282,593	778,500
2020	60,000	42,000	-	102,000
2021	70,000	38,750	-	108,750
2022-2026	575,000	120,625	-	695,625
2027-2031	446,679	4,125	533,322	984,126
2032	152,420	-	347,580	500,000
Accretion	4,255,632	-	(4,255,632)	-
	$ 7,091,038	$ 1,615,125	$ (2,556,036)	$ 6,150,127

NOTE 6 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The District issued 2006 Series B bonds in the aggregate principal amount of $65,492,278 with interest rates ranging from 4.75 to 5.06 percent and maturing through August 1, 2046. The District refunded 2006 Series B bonds with the issuance of 2016 Series A.

The District issued 2006 Series C bonds in the aggregate principal amount of $34,935,795 with interest rates ranging from 2.00 to 7.25 percent and maturing through August 1, 2050.

The annual requirements to amortize the 2006 Series C general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2017	$ 515,000	$ 1,436,643	$ -	$ 1,951,643
2018	490,000	1,411,519	-	1,901,519
2019	460,000	1,387,770	-	1,847,770
2020	425,000	1,365,644	-	1,790,644
2021	385,000	1,345,393	-	1,730,393
2022-2026	1,135,000	6,509,715	-	7,644,715
2027-2031	315,000	6,344,490	-	6,659,490
2032-2036	625,000	6,267,079	-	6,892,079
2037-2041	3,958,700	5,843,497	6,186,300	15,988,497
2042-2046	4,415,000	4,920,800	-	9,335,800
2047-2051	19,817,095	1,221,413	30,867,901	51,906,409
Accretion	1,504,572	-	(1,504,572)	-
	$ 34,045,367	$ 38,053,963	$ 35,549,629	$ 107,648,959

NOTE 6 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The District issued 2015 Series A refunding bonds in the aggregate principal amount of $3,790,000 with interest rates ranging from 1.48 to 3.64 percent and maturing through August 1, 2030.

The annual requirements to amortize the 2015 Series A general obligation refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ -	$ 142,106	$ 142,106
2018	-	142,106	142,106
2019	120,000	142,106	262,106
2020	145,000	137,306	282,306
2021	175,000	131,506	306,506
2022-2026	1,395,000	510,981	1,905,981
2027-2030	1,955,000	172,996	2,127,996
	$ 3,790,000	$ 1,379,107	$ 5,169,107

The District issued 2015 Series B crossover refunding bonds in the aggregate principal amount of $25,040,000 with interest rates ranging from 1.48 to 3.30 percent and maturing through August 1, 2030.

The annual requirements to amortize the 2015 Series B general obligation crossover refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ -	$ 1,210,300	$ 1,210,300
2018	-	1,210,300	1,210,300
2019	755,000	1,210,300	1,965,300
2020	935,000	1,180,100	2,115,100
2021	1,135,000	1,142,700	2,277,700
2022-2026	9,250,000	4,747,050	13,997,050
2027-2030	12,965,000	1,711,000	14,676,000
	$ 25,040,000	$ 12,411,750	$ 37,451,750

NOTE 6 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The District issued 2006 Series D bonds in the aggregate principal amount of $26,500,000 with interest rates ranging from 1.14 to 3.09 percent and maturing through August 1, 2036.

The annual requirements to amortize the 2006 Series D general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ -	$ 288,945	$ 288,945
2018	-	1,019,806	1,019,806
2019	-	1,019,806	1,019,806
2020	-	1,019,806	1,019,806
2021	125,000	894,806	1,019,806
2022-2026	2,760,000	6,028,441	8,788,441
2027-2031	6,390,000	4,034,605	10,424,605
2032-2036	10,000,000	2,168,905	12,168,905
2037-2039	7,225,000	457,812	7,682,812
	$ 26,500,000	$ 16,932,932	$ 43,432,932

The District issued 2016 Series A and B bonds in the aggregate principal amounts of $72,010,000 and $3,805,000, respectively, with interest rates ranging from 0.60 to 3.07 percent and maturing through August 1, 2038.

The annual requirements to amortize the 2016 Series A general obligation refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ -	$ 345,821	$ 345,821
2018	-	2,394,150	2,394,150
2019	-	2,394,150	2,394,150
2020	90,000	2,394,150	2,484,150
2021	970,000	2,389,650	3,359,650
2022-2026	5,630,000	11,169,750	16,799,750
2027-2031	7,005,000	9,787,750	16,792,750
2032-2036	36,820,000	6,953,700	43,773,700
2037-2041	21,495,000	1,088,850	22,583,850
	$ 72,010,000	$ 38,917,971	$ 110,927,971

NOTE 6 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The annual requirements to amortize the 2016 Series B general obligation refunding bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 870,000	$ 6,916	$ 876,916
2018	990,000	34,830	1,024,830
2019	1,000,000	27,900	1,027,900
2020	945,000	18,900	963,900
	$ 3,805,000	$ 88,546	$ 3,893,546

Qualified Energy Conservation Bonds

Interest payments for the qualified energy conservation bonds are subsidized by the government with subsidy payments being sent to the District at regular intervals corresponding to the interest payments being made. These subsidy payments are reported as revenue for the District; therefore, the future interest payments shown in the tables below represent the gross payment amounts.

The District issued 2011 Central Plant qualified energy conservation bonds in the aggregate principal amount of $6,324,000 with an interest rate of 6.50 percent and maturing through June 3, 2026.

The annual requirements to amortize the 2011 Central Plant qualified energy conservation bonds payable are as follows:

Fiscal Year	Principal	Interest	Interest Subsidy	Total
2017	$ 393,679	$ 287,691	$ (153,671)	$ 527,699
2018	405,690	261,907	(139,899)	527,698
2019	418,067	235,338	(125,707)	527,698
2020	430,822	207,958	(111,081)	527,699
2021	443,966	179,742	(96,010)	527,698
2022-2026	2,431,465	444,416	(237,386)	2,638,495
	$ 4,523,689	$ 1,617,052	$ (863,754)	$ 5,276,987

The District issued 2011 Solar Project qualified energy conservation bonds in the aggregate principal amount of $15,040,000 with interest rates ranging from 2.03 to 6.00 percent and maturing through June 1, 2027.

NOTE 6 – LONG-TERM LIABILITIES, continued

Qualified Energy Conservation Bonds, continued

The annual requirements to amortize the 2011 Solar Project qualified energy conservation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 1,235,000	$ 286,737	$ 1,521,737
2018	665,000	259,722	924,722
2019	710,000	245,175	955,175
2020	765,000	226,538	991,538
2021	825,000	206,456	1,031,456
2022-2026	4,945,000	648,750	5,593,750
2027	1,215,000	36,450	1,251,450
	$ 10,360,000	$ 1,909,828	$ 12,269,828

On June 15, 2013, the District entered into an unsecured note payable due to the California Energy Commission. Semiannual installments of $34,828 are due beginning December 22, 2014, through June 22, 2028, at an interest rate of 1.00%. The outstanding balance at June 30, 2016, was $1,424,780.

Additionally, on March 22, 2016, the District entered into an unsecured note payable due to the California Energy Commission for $710,000. Semiannual installments of both agreements are as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 132,951	$ 7,704	$ 140,655
2018	133,564	7,083	140,647
2019	134,199	6,455	140,654
2020	134,818	5,837	140,655
2021	135,473	5,183	140,656
2022-2026	616,186	16,092	632,278
2027-2028	137,589	1,726	139,315
	$ 1,424,780	$ 50,080	$ 1,474,860

NOTE 7 – OPERATING LEASES

The District entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation upon written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. The company's lease is set to expire in 2017 with a final lease payment totaling $25,529.

The District will receive no sublease rental revenues nor pay any contingent rentals for these buildings. The amount of rental expenses during the year ended June 30, 2016, was $47,415.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System

Plan Description

The District contributes to CalSTRS, a cost-sharing, multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8.00% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Board. The required employer contribution rate for fiscal year 2015-16 was 10.73% of annual payroll for full-time faculty. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2016, 2015, and 2014, were $1,729,993, $1,536,440, and $1,377,759, respectively, and equaled 100% of the required contributions for each year.

Other Information

Under CalSTRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit, which may be paid on either a current or deferred basis. The District has no obligations to CalSTRS for early retirement incentives granted to terminated employees at June 30, 2016.

California Public Employees' Retirement System

Plan Description

The District contributes to the School Employer Pool under 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. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from CalPERS, 400 Q Street, Sacramento, California 95811.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Funding Policy

Active plan members are required to contribute 7.00% of their salary for PERS classic and safety employees and 6% of their salary for PEPRA employees. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year 2015-16 were 11.85%, 11.44%, and 11.442% of annual payroll for PERS classic employees, PEPRA employees and safety employees, respectively. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2016, 2015, and 2014, were $1,044,396, $1,233,459, and $1,225,334, respectively, and equaled 100% of the required contributions for each year.

Accumulation Program for Part-Time and Limited-Service Employees

The District has also adopted the Accumulation Program for Part-Time and Limited-Service Employees (APPLE). APPLE is a defined contribution pension plan covered under Internal Revenue Code, Section 401A. APPLE participants include all individuals who have worked for the District on or after January 1, 1992, provided that they are not covered by any other retirement program (e.g., CalSTRS or CalPERS) through the District's employment. Each participant makes tax deferred contributions to APPLE equal to 7.5% of total compensation. Accounts are established in the name of each participant. Employee contributions are allocated directly to employee accounts. The minimum allocation participants will receive is 7.5% of compensation. Participant account balances are fully vested and nonforfeitable. Participant account balances will be paid in a single distribution or by direct rollover to another eligible retirement plan designated by the participant upon retirement or other termination. The District is not required to make contributions to APPLE and has not made contributions for the years ended June 30, 2016, 2015, and 2014.

Supplemental Employee Retirement Plan

In addition to the retirement plans maintained by CalSTRS, the District offered a one-time retirement plan during the fiscal year 2011-12. The supplemental employee retirement plan is a fixed annuity product. Eligibility is restricted to 44 reduced-workload employees that had erroneously not been provided proper years of service credit under the CalSTRS retirement plan. The District funds this plan over a period of five years with an annual payment of $692,502. The final installment was paid during 2015-16 resulting in no remaining balance as of June 30, 2016.

On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District equaling approximately 7.126% of the covered members' gross salaries from the 2013-2014 fiscal year. The contributions for the years ended June 30, 2016, 2015, and 2014, are estimated to have been $1,190,048, $976,625, and $962,850, respectively. Contributions to CalPERS were not required for the years ended June 30, 2016, 2015, and 2014. The payment amounts have been reported in the basic financial statements as required by authoritative pronouncements.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

Plan Description

The District provides certain health care benefits for retired salaried employees. The District's salaried employees may become eligible for those benefits if they reach normal retirement age and length of service while working for the District. The District covers these benefits for retirees and all eligible dependents to age 65 or for the retirees' lifetimes depending on the type of retiree (faculty, classified, academic management, or classified management/confidential). At June 30, 2016, the District had 235 retirees receiving benefits and a total of 297 active participants.

The District may provide these benefits through the Community College League of California (CCLC) Retiree Health Benefit Program (RHBP), an agent multiple-employer defined benefit OPEB plan. The CCLC is a joint powers authority as discussed in note 12. The RHBP does not issue a stand-alone financial report.

Funding Policy

The District's agreement with retired employees is for monthly contributions for members who meet the eligibility criteria of their collective agreement and who retire during the term of the contract. The contribution requirements of the District and plan members are established and may be amended by the District through the collective bargaining process.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual Required Contribution (ARC)	$ 5,108,170
Interest on net OPEB obligation	373,490
Adjustment to ARC	(572,575)
Annual OPEB Cost	4,909,085
Contributions made:	
Actual employer contributions	2,727,908
Increase in net OPEB obligation	2,181,177
Net OPEB obligation - July 1, 2015	8,299,767
Net OPEB obligation - June 30, 2016	$ 10,480,944

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2016, 2015, 2014, were as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
June 30, 2016	$ 4,909,085	$ 2,727,908	56%	$ 10,480,944
June 30, 2015	$ 3,821,931	$ 2,593,521	68%	$ 8,299,767
June 30, 2014	$ 3,753,578	$ 2,313,445	62%	$ 7,071,357
June 30, 2013	$ 3,292,650	$ 2,135,823	65%	$ 5,631,224
June 30, 2012	$ 3,162,340	$ 2,150,946	68%	$ 4,474,397

Funded Status and Funding Progress

The funded status of the plan as of the actuarial valuation dates below was as follows:

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
October 1, 2013	$ -	$ 57,782,241	$ 33,325,126	73%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of future costs. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status could result in actual costs being less or greater than estimated. The schedule of funding progress will present multiyear trends and information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits in future years.

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets which is consistent with the long-term perspective of the calculations.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

In the July 1, 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.50% investment rate of return, compounded annually, net of investment expenses; an annual health care cost trend rate of 4.0%; a payroll increase rate of 2.75% per year; and an annual inflation rate of 2.75%.

The District's unfunded actuarial accrued liability (UAAL) as of July 1, 2015, is amortized over a period of 24 years beginning July 1, 2015. The remaining amortization period at June 30, 2016, was 24 years.

NOTE 10 – PENSION PLANS

Pension Plans – California Public Employees' Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description – The schools cost-sharing multiple-employer defined benefit pension plan (the Plan) 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.

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 credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016 are established by statute.

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. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. 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 Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 6.974 percent of annual pay, and the employer's contribution rate is 11.85 percent of annual payroll. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

NOTE 10 – PENSION PLANS, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

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

At June 30, 2016, the District reported a liability of $13,458,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2015, the District's proportion was 0.091%. For the year ended June 30, 2016, the District recognized pension expense of $1,210,213. At June 30, 2016, 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
Differences between projected and actual earnings on plan investments	$ -	$ 460,818
Differences between expected and actual experience	769,153	-
Changes in assumptions	-	448,192
Changes in proportion and differences between District contributions and proportionate share of contributions	668,451	-
District contributions subsequent to the measurement date	1,447,948	-
	$ 2,885,552	$ 909,010

The $1,233,459 reported as deferred outflows of resources related to pensions resulted from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The $3,839,147 reported as deferred inflows of resources related to pensions will be recognized in pension expense over the next four years.

The $2,885,552 reported as deferred outflows of resources related to pensions resulted from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017, and differences between expected and actual experience which will be amortized over the next 3 years. The $909,010 reported as deferred inflows of resources related to differences between projected and actual earnings on plan investments, changes in assumptions, and changes in proportion and differences between district contributions and proportionate share of contributions will be amortized in pension expense over the next four years.

NOTE 10 – PENSION PLANS, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

Actuarial assumptions. For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection allowance Floor on Purchasing Power applies, 2.75% thereafter

[1]The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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 funds' asset classes, expected compound (geometric) 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.

NOTE 10 – PENSION PLANS, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), 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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
	100%		

[1]An expected inflation of 2.5% used for this period
[2]An expected inflation of 3.0% used for this period

NOTE 10 – PENSION PLANS, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. 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 Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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 7.50 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 in the following table:

	Discount Rates		
	-1% (6.5%)	(7.5%)	1% (8.5%)
Plan's net pension liability	$ 23,610,624	$ 13,458,143	$ 4,976,782

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS CAFR at https://www.calpers.ca.gov/docs/forms-publications/cafr-2014.pdf.

Pension Plans – California State Teachers' Retirement System (CalSTRS)

General Information about the Pension Plan

Plan Description – CalSTRS provides pension benefits to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation.

Benefits Provided - The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan 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.

NOTE 10 – PENSION PLANS, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided, continued

The Plans' provisions and benefits in effect at June 30, 2016 are established by statute.

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.

Under California law, the DB Program receives contributions from members and employers set as a percentage of members' earnings, in addition to contributions from the state's General Fund and other sources. CalSTRS investment earnings finance the cost of administering the plan and offset the amount of contributions required to fund benefits. Unlike most other pension plans in California, the board does not have broad authority to raise contribution rates. Because contribution rates are set in statute, the authority to adjust them rests with the Legislature and the Governor.

NOTE 10 – PENSION PLANS, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

Plan Contributions

		FY 2014-15 Rate	Ultimate Rate	Equivalent Rate [1]
EC § 22901 & § 22901.7	Members	8.15% / 8.15%	10.25% / 9.205%	9.654%
EC §22950 & § 22951	Employers	8.25%	8.25%	8.250%
EC § 22950.5(a)	Employers – Supplemental [2]	0.63%	10.85%	8.662%
EC §22950(c)	Employers for THBF [3]	0.00%	*as needed*	0.000%
EC § 22955.1(a)	State [4]	2.017%	2.017%	1.868%
EC § 22955.1(b)	State – Supplemental	1.437%	4.311%	3.794%
	Equivalent Level Contribution Rate through June 30, 2046			**32.228%**

[1] Equivalent level contribution rate payable through June 30, 2046.
[2] Graded increases per schedule defined in the Education Code. The ultimate contribution will vary depending on the funded status. For purposes of this exhibit, it is assumed the ultimate rate specified in the graded schedule will not change in the future.
[3] The Teachers' Health Benefit Fund is financed by a redirection of employer contributions. The Teachers' Retirement Board has set aside DB Program assets to finance these future costs. This is reflected in the valuation by adding the unfunded obligation for future THBF benefits to the Actuarial Obligation of the DB Program.
[4] The State's contribution of 2.017% is paid quarterly based on second prior fiscal year salaries.

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

At June 30, 2016, 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 totaled $24,782,820. The State's proportionate share of the net pension liability that was associated with the District was $13,107,344.

NOTE 10 – PENSION PLANS, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's proportionate share of total CalSTRS calculated employer contributions, including the State. At June 30, 2015, the District's proportion was 0.037%.

For the year ended June 30, 2016, the District recognized pension expense of $1,919,197 and revenue of the same amount for support provided by the State. At June 30, 2016, 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
Differences between projected and actual earnings on plan investments	$ -	$ 2,020,202
Differences between expected and actual experience	-	414,127
Changes in proportion and differences between District contributions and proportionate share of contributions	-	378,715
District contributions subsequent to the measurement date	2,031,915	-
	$ 2,031,915	$ 2,813,044

The $2,031,915 reported as 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, 2017. The $467,517 reported as deferred inflows of resources related to differences between projected and actual earnings on plan investments, differences between expected and actual experience, changes in proportion and differences between district contributions and proportionate share of contributions will be amortized over the next four years as a pension expense.

NOTE 10 – PENSION PLANS, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

Actuarial Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Discount rate	7.60%
Investment rate of return	7.60 %, net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.50 % assumed investment rate of return for funding purposes, which is net of administrative expenses.
Consumer price inflation	3.00%
Wage growth	3.75%
Post-retirement benefit increases	2.00% simple for DB Not applicable for DBS/CBB

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 (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA 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.

		Time-Weighted Performance Returns			
Asset Class	**Actual Allocation as of June 30, 2014**	**1 Yr**	**3 Yr**	**5 Yr**	**10 Yr**
Global Equity	57.30%	24.73%	13.00%	16.80%	8.30%
Fixed Income	15.50%	5.80%	4.60%	6.30%	5.50%
Real Estate	11.70%	14.50%	12.60%	8.00%	7.40%
Private Equity	11.50%	19.60%	13.00%	16.60%	13.80%
Cash/Liquidity	2.50%	0.60%	2.40%	5.60%	2.00%
Inflation Sensitive	0.70%	10.50%	5.80%	-	-
Absolute Return	0.80%	0.10%	0.30%	-	-
Total	100.00%	18.70%	11.20%	13.70%	7.70%

NOTE 10 – PENSION PLANS, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

Discount rate - The discount rate used to measure the total pension liability was 7.60 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 Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 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 7.60% 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	Discount Rates		
	-1% (6.6%)	(7.6%)	1% (8.6%)
Plan's net pension liability	$ 38,254,753	$ 24,782,820	$ 4,264,911

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS CAFR at http://www.calstrs.com/comprehensive-annual-financial-report.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, and Grants

The District 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 reimbursements will not be material.

NOTE 12 – JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint power agreements with the following joint powers authorities (JPAs): Schools Excess Liability Fund (SELF), Tri-County Schools Insurance Group (TCSIG), Northern California Community Colleges Self Insurance Authority (NCCC SIA), California Asset Management Program (CAMP), Statewide Association of Community Colleges (SWACC), and Community College League of California (CCLC). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers' compensation, dental, vision, and excess liability coverage for their members. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA.

TCSIG arranges for and provides health benefits coverage for its member districts. CCLC has established the Retiree Health Benefit Program (RHBP) to use funds invested by the District to pay postemployment health care and welfare benefits for eligible employees and retirees. As of June 30, 2016, no funds have been contributed to RHBP. CAMP is a JPA created to provide investment management services for surplus funds and comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of tax-exempt financings. The District participates in the remaining JPAs to mitigate its risks associated with property and liability insurance, as well as workers' compensation coverage, as described further in note 2 above.

Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member (except CAMP and CCLC) pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year end assets, liabilities, or fund equity is not calculated by the JPA's (except CAMP and CCLC). Separately issued financial statements can be requested from each JPA.

NOTE 13– SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2016 through November 1, 2016, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	$ -	$ 38,174,950	$ 32,742,981	17%	$ 22,197,595	148%
10/1/2013	$ -	$ 57,782,241	$ 33,325,126	73%	$ 21,487,558	155%
7/1/2011	$ -	$ 39,434,168	$ 39,434,168	0%	$ 22,236,150	177%

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CalSTRS	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.037%	0.037%
District's proportionate share of the net pension liability	$ 24,782,820	$ 21,833,744
States's proportionate share of the net pension liability associated with the District	13,107,344	13,202,697
Total	$ 37,890,164	$ 35,036,441
District's covered-employee payroll	$ 14,140,000	$ 10,274,997
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	175.3%	212.5%
Plan fiduciary net position as a percentage of the total pension liability.	76.5%	76.5%

CalPERS	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.091%	0.102%
District's proportionate share of the net pension liability	$ 13,458,143	$ 11,533,112
District's covered-employee payroll	$ 10,040,717	$ 10,283,826
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.0%	112.1%
Plan fiduciary net position as a percentage of the total pension liability.	83.4%	83.4%

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CalSTRS	June 30, 2016	June 30, 2015
Contractually required contribution	$ 2,031,915	$ 1,536,440
Contributions in relation to the contractually required contribution*	(2,031,915)	(1,536,440)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 14,140,000	$ 10,274,997
Contributions as a percentage of covered-employee payroll	14.37%	14.95%

*Amounts do not include on behalf contributions

CalPERS	June 30, 2016	June 30, 2015
Contractually required contribution	$ 1,447,948	$ 1,233,459
Contributions in relation to the contractually required contribution	(1,447,948)	(1,233,459)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 10,040,717	$ 10,283,826
Contributions as a percentage of covered-employee payroll	14.42%	11.99%

SUPPLEMENTARY INFORMATION

YUBA COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2016

The District, a political subdivision of the State of California, was established on July 1, 1964, and commenced operations on July 1, 1965. Its territories encompass Yuba, Sutter, and Colusa counties and portions of Glenn, Lake, Yolo, Butte, and Placer counties. There were no changes in boundaries during the fiscal year.

NAME	OFFICE	TERM EXPIRES
Gary Sandy	President	2018
Michael Pasquale	Vice President	2016
V. Richard Savarese	Clerk	2016
Brent Hastey	Trustee	2016
Richard Teegarden	Trustee	2018
Xavier Tafoya	Trustee	2016
David Wheeler	Trustee	2018
Jesse Foster	Student Trustee	2016
Ruby Tu	Student Trustee	2016

DISTRICT ADMINISTRATION

Dr. Douglas Houston
Chancellor

Dr. G.H. Javaheripour
President, Yuba College

Dr. Michael White
President, Woodland Community College

Kuldeep Kaur
Chief Business Official

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grant Number	Federal CFDA Number	Federal Expenditures
FEDERAL DIRECT AWARDS			
U.S. DEPARTMENT OF EDUCATION			
Financial Aid Cluster			
Federal Work Study Program	*	84.033	256,179
Federal Pell Grant Program	*	84.063	16,250,440
Total Financial Aid Cluster			16,506,619
TRIO Cluster			
TRIO - Student Support Services	*	84.042	828,363
TRIO - Upward Bound	*	84.042	343,616
Total TRIO Cluster			1,171,979
Total Direct U.S. Department of Education			17,678,598
FEDERAL AWARDS PASSED THROUGH OTHER AGENCIES			
U.S. DEPARTMENT OF AGRICULTURE			
Child and Adult Care Food Program	2657-6A	10.558	123,828
Total U.S. Department of Agriculture			123,828
U.S. DEPARTMENT OF EDUCATION			
Passed Through Chancellor's Office			
Career and Technical Education - Basic Grants to States	*	84.048	355,937
Passed Through Butte College			
NFNRC Professional Development	*	84.048	1,214
Total U.S. Department of Education			357,151
Balance Forward			$ 18,159,577

*Pass-Through number is either not available or not applicable

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grant Number	Federal CFDA Number	Federal Expenditures
Balance Brought Forward			$ 18,159,577
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Chancellor's Office			
Temporary Assistance for Needy Families	*	93.558	93,079
Passed Through California Department of Education			
Child Care and Development Block Grant	CCTR-2350	93.575	71,279
Child Care and Development Block Grant	CSPP-2676	93.575	17,715
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CCTR-2350	93.596	99,821
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CSPP-2676	93.596	32,199
Total			221,014
Passed Through Sutter County Office of Education			
MAA Medi-Cal Admin	09-86045	93.778	25,402
Total U.S. Department of Health and Human Services			339,495
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 18,499,072

*Pass-Through number is either not available or not applicable

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Program Entitlements		
	Current Year	Prior-Year Carryover	Total Entitlement
CATEGORICAL APPORTIONMENTS			
Extended Opportunity Program and Services	$ 1,521,364	$ -	$ 1,521,364
Cooperative Agencies Resources for Education	314,266	-	314,266
Disabled Student Program and Services	947,526	-	947,526
Board Financial Assistance Program	469,315	-	469,315
Full-Time Student Success Grant	388,094	-	388,094
Staff Development	-	9,434	9,434
Staff Diversity	5,060	14,929	19,989
Instructional Equipment	297,125	45,868	342,993
CalWORKS	424,861	-	424,861
Basic Skills	180,000	161,361	341,361
Student Support Services Program	1,737,854	517,836	2,255,690
RN Capacity Building	260,687	-	260,687
Student Equity Program	1,125,914	408,374	1,534,288
Subtotal	7,672,066	1,157,802	8,829,868
CATEGORICAL PROGRAM ALLOWANCES			
Puente Project	-	-	-
Lottery	398,511	-	398,511
Foster Parent	429,577	-	429,577
Foster Care Education	17,723	-	17,723
ECE Mentor Teacher	1,867	-	1,867
State Preschool	882,201	-	882,201
Independent Living Program	156,067	-	156,067
WCC MESA	50,500	-	50,500
Child Development Training Consortium	22,302	352	22,654
CDC Facilities Renovation	-	1,568	1,568
First 5	38,943	-	38,943
WCC EAP	-	5,058	5,058
WCC Faculty Enterprenuership	-	5,304	5,304
WCC Youth Connections	-	-	-
WCC Challenge	-	-	-
DSN	-	75,711	75,711
Nor Cal Stream Pathways	565,194	-	565,194
SB1070 Dual Enrollment	28,100	-	28,100
Apprenticeship Technical Assistance	1,000,000	-	1,000,000
AB 86 Adult Education	1,495,821	-	1,495,821
Small Engine Repair	35,000	-	35,000
Careet Technical Education	297,614	8,174	305,788
Subtotal	5,419,420	96,167	5,515,587
Total State District Funding	$ 13,091,486	$ 1,253,969	$ 14,345,455

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS, continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

			Program Revenues		
	Cash Received	Accounts Receivable (Payable)	Grantor Advances	Total Revenue	Program Expenditures
CATEGORICAL APPORTIONMENTS					
Extended Opportunity Program and Services	$ 1,521,364	$ (2,218)	$ -	$ 1,519,146	$ 1,519,124
Cooperative Agencies Resources for Education	314,266	(2,741)	-	311,525	311,525
Disabled Student Program and Services	947,526	-	-	947,526	947,578
Board Financial Assistance Program	469,315	(7,823)	-	461,492	461,492
Full-Time Student Success Grant	388,094	-	57,194	330,900	330,900
Staff Development	9,434	-	9,434	-	-
Staff Diversity	19,989	-	19,989	-	-
Instructional Equipment	342,994	-	185,167	157,827	157,827
CalWORKS	424,860	(7,067)	-	417,793	417,793
Basic Skills	341,361	-	179,687	161,674	161,674
Student Support Services Program	2,251,124	-	591,354	1,659,770	1,659,750
RN Capacity Building	239,832	20,862	-	260,694	260,694
Student Equity Program	1,493,086	-	676,033	817,053	817,053
Subtotal	8,763,245	1,013	1,718,858	7,045,400	7,045,410
CATEGORICAL PROGRAM ALLOWANCES					
Puente Project	-	3,093	-	3,093	3,093
Lottery	398,511	-	-	398,511	398,511
Foster Parent	210,251	219,326	-	429,577	429,577
Foster Care Education	17,723	-	-	17,723	17,723
ECE Mentor Teacher	1,867	-	859	1,008	1,008
State Preschool	847,008	35,193	-	882,201	882,201
Independent Living Program	87,180	68,887	-	156,067	156,067
WCC MESA	35,645	20,200	-	55,845	55,845
Child Development Training Consortium	22,302	-	1,232	21,070	21,070
CDC Facilities Renovation	1,568	37,500	-	39,068	39,068
First 5	35,765	3,178	-	38,943	38,943
WCC EAP	5,058	-	5,058	-	-
WCC Faculty Enterprenuership	5,304	-	5,304	-	-
WCC Youth Connections	1,309	-	-	-	-
WCC Challenge	6,594	-	-	-	-
DSN	271,255	393,980	80,000	585,235	585,235
Nor Cal Stream Pathways	-	47,690	-	47,690	47,690
SB1070 Dual Enrollment	28,100	-	24,024	4,076	4,076
Apprenticeship Technical Assistance	-	133,208	-	133,208	133,208
AB 86 Adult Education	1,495,821	-	689,133	806,688	806,688
Small Engine Repair	30,288	-	-	30,288	30,288
Careet Technical Education	127,182	160,160	-	287,342	287,342
Subtotal	3,628,731	1,122,415	805,610	3,937,633	3,937,633
Total State District Funding	$ 12,391,976	$ 1,123,428	$ 2,524,468	$ 10,983,033	$ 10,983,043

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT - ANNUAL/ACTUAL ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CATEGORIES	Reported Data	Audit Adjustments*	Audited Data
A. Summer Intersession (Summer 2014 only)			
1. Noncredit	4.44	-	4.44
2. Credit	143.39	-	143.39
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit	-	-	-
2. Credit	739.85	-	739.85
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,111.36	-	5,111.36
(b) Daily Census Contact Hours	219.62	-	219.62
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	137.15	-	137.15
(b) Credit	456.06	-	456.06
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	592.66	-	592.66
(b) Daily Census Contact Hours	208.56	-	208.56
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	7,613.09	-	7,613.09
Supplemental Information (subset of above information)			
E. In-service Training Courses	35.54	-	35.54
F. Basic Skills Courses and Immigrant Education			
1. Credit	512.62	-	512.62
2. Noncredit	99.20	-	99.20
Total Basic Skills FTES	611.82	-	611.82
CCFS 320 Addendum			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Credit	1,956.20	-	1,956.20
2. Noncredit	9.96	-	9.96
Total Centers FTES	1,966.16	-	1,966.16

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	8,673,282	-	8,673,282	8,673,282	-	8,673,282
Other	1300	7,699,044	-	7,699,044	7,699,044	-	7,699,044
Total Instructional Salaries		16,372,326	-	16,372,326	16,372,326	-	16,372,326
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,672,785	-	3,672,785
Other	1400	-	-	-	230,918	-	230,918
Total Non-Instructional Salaries		-	-	-	3,903,703	-	3,903,703
Total Academic Salaries		16,372,326	-	16,372,326	20,276,029	-	20,276,029
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	6,788,419	-	6,788,419
Other	2300	-	-	-	628,478	-	628,478
Total Non-Instructional Salaries		-	-	-	7,416,897	-	7,416,897
Instructional Aides							
Regular Status	2200	612,784	-	612,784	612,784	-	612,784
Other	2400	277,850	-	277,850	277,850	-	277,850
Total Instructional Aides		890,634	-	890,634	890,634	-	890,634
Total Classsified Salaries		890,634	-	890,634	8,307,531	-	8,307,531
Employee Benefits	3000	4,936,118	-	4,936,118	10,558,883	-	10,558,883
Supplies and Materials	4000	-	-	-	424,065	-	424,065
Other Operating Expenses	5000	221,032	-	221,032	4,903,250	-	4,903,250
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		22,420,110	-	22,420,110	44,469,758	-	44,469,758
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	2,527	-	2,527
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	232,851	-	232,851
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	1,145,455	-	1,145,455
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 1,380,833	$ -	$ 1,380,833
Total for ECS 84362, 50% Law		$ 22,420,110	$ -	$ 22,420,110	$ 43,088,925	$ -	$ 43,088,925
Percent of CEE (Instructional Salary Cost/Total CEE)		52.03%	0.00%	52.03%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 21,544,463	$ -	$ 21,544,463

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Object Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
EPA PROCEEDS	8630				$ 7,396,780
ACTIVITY CLASSIFICATION					
Instructional activities	0100-5900	$ 7,396,780	$ -	$ -	7,396,780
Total Revenue Less Expenses					$ -

See accompanying note to the supplementary information.

YUBA COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Equity - District Funds Included in the Reporting Entity		$ 50,243,929
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	$ 10,051,692	
Depreciable capital assets	223,240,143	
Accumulated depreciation	(48,926,140)	184,365,695
Unmatured Interest		(3,256,891)
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Net pension liability		(38,240,002)
Long-term debt		(209,512,698)
Accrued vacation increase		(299,859)
Deferred inflows of resources		(3,722,054)
Deferred outflows of resources		19,172,742
Net Position Reported Within the Statements of Net Position		$ (1,249,138)

See accompanying note to the supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

District Organizational Structure

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Schedule of Revenues and Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

FTES is a measurement of the number of pupils 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, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

Reconciliation of the 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.

NOTE 1 – PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

OTHER INDEPENDENT AUDITORS' REPORTS

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
Yuba Community College District
Marysville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Yuba Community College District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Yuba Community College District's basic financial statements, and have issued our report thereon dated November 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yuba Community College 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 Yuba Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Yuba Community College 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. Control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Yuba Community College 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 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.

CWDL, Certified Public Accountants

San Diego, California
November 1, 2016

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

The Board of Trustees
Yuba Community College District
Marysville, California

Report on Compliance for Each Major Federal Program

We have audited Yuba 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 Yuba Community College District's major federal programs for the year ended June 30, 2016. Yuba 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Yuba 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 Yuba 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 Yuba Community College District's compliance..

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Opinion on Each Major Federal Program

In our opinion, Yuba 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, 2016.

Report on Internal Control Over Compliance

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

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.

CWDL, Certified Public Accountants

San Diego, California
November 1, 2016

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Yuba Community College District
Marysville, California

Report on State Compliance

We have audited Yuba Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2015-16*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Yuba Community College District's compliance with the 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 Community Colleges Contracted District Audit Manual (CDAM) 2015-16*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about Yuba 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 with the requirements referred to above. However, our audit does not provide a legal determination of Yuba Community College District's compliance with those requirements.

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Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2016.

Procedures Performed

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2015-16*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
November 1, 2016

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YUBA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033 84.063	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditors' report issued on compliance for State programs:	Unmodified

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding #2016-1 – UNAPPROVED PAY INCREASE

Criteria – District internal control procedures over changes in employee pay, and changes of job responsibilities, require that permanent employees request a review of job classification. All requests are to be considered by a review committee. If approved, the recommendation shall be reviewed by the District Chancellor and be approved by the full governing board.

Condition – In our testing we noted that two confidential employees had changes in step/range for out of class pay that were not supported by the required District procedures, and were not approved by the District governing board.

Effect – Non-compliance with District procedures that resulted in unauthorized out of class pay for two confidential employees.

Cause – Unknown

Fiscal Impact – No direct fiscal impact.

Recommendation - We recommend the District conduct an internal review into the two cases noted in our testing, and evaluate what breakdowns in control occurred to allow the out of class pay without board approval and without the job responsibilities review committee. In addition, we recommend the District review and consider strengthening its procedures and controls over the approval and reporting of out of class pay and overtime payments. We recommend that a report go to the governing board monthly that details all changes in step/column, out of class pay, and all authorized overtime.

Finding #2016-1 – UNAPPROVED PAY INCREASE, continued

Corrective Action Plan - YCCD District Services takes this finding extremely seriously. Upon receiving the draft audit finding, The Office of Human Resources and Fiscal Services met and reviewed the existing policies and practices for out-of-class, overtime and extra pay.

The Office of Human Resources and Fiscal Services have jointly recommended the following changes to the District's existing policies and practices:

1. Any request for out-of-class pay is required to have written pre-approval from a college president (or Chancellor in the case of District Services). The written approval form will include the funding source of the additional pay, the estimated length of time for the pay, and the identified classification for the out-of-class. No out-of-class pay will be processed without having these items.

2. Any request for out-of-class pay should be routinely submitted to the Governing Board on a personnel consent agenda.

3. Any increase in compensation for any employee which is not a part of a routine step and column increase must be formally submitted to the Governing Board of Trustees for approval.

4. The Office of Human Resources and Fiscal Services have jointly recommended revising the current AP/BP of out-of-class pay to properly reflect these process revisions.

5. As of December 1, 2016, any out of class and/or extra pay arrangements that do not comply with the new protocols described above will not continue.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2015-16.

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2015-16

2015-1: 423 APPORTIONMENT FOR INSTRUCTIONAL SERVICE AGREEMENTS/CONTRACTS

Criteria or Specific Requirement

California Code of Regulations, Title 5 Education, Division 6. California Community Colleges, Chapter 9 Fiscal Support, Subchapter 1 Attendance, Article 5 Attendance Accounting Standards, Section 58058 Employee of the District states that:

> (b) For the purposes of complying with the requirements of this section, a district may also contract for instruction to be provided by a public or private agency. Such contracts shall specify that the district has the primary right to control and direct the activities of the person or persons furnished by the public or private agency during the term of the contract. In addition, the district shall enter into a written contract with each person furnished by the public or private agency; and said contracts shall meet the requirements of subsection (a) (1) and (2) of this section. In this manner an individual employed will continue to be an employee of a public or private agency, while at the same time qualifying as an employee of the district.

Condition

In our testing over the verification of employee contracts/agreements, we noted that the District was unable to provide copies of written contracts/instructional agreements for all individual employees under the Beauty College subcontract with a private agency. The District did maintain all necessary documentation for the instructor of record, but we did not observe documentation for freshman or floor instructors.

Effect

Noncompliance with the requirements noted above.

Recommendation

We recommend the District strengthen its controls to ensure that it properly maintains required documentation to support compliance with applicable rules and regulation for all instructors of the Beauty College.

Current Status: Corrected

2015-2: 435 OPEN ENROLLMENT

Criteria or Specific Requirement

In accordance with the Title 5, California Code of Regulations, Section 58102, the description of each course shall be clear and understandable to the prospective student and shall be published in the official catalog, and/or schedule of classes, and/or addenda.

Condition

During our testing of 75 courses, we noted 4 of the courses contained description and prerequisite discrepancies between the schedule of classes and the course catalog. Two of the exceptions noted were Yuba College courses, two were Woodland College courses. The sample was selected from the Annual 2014-15 CCFS-320 report.

Effect

Noncompliance with the requirements noted above.

Recommendation

We recommend the District ensure the Catalog Development Workgroup carefully review all catalog course descriptions and prerequisites to ensure that no discrepancies exist between those and the description and prerequisites listed in the schedule of classes. In addition, we recommend that the District perform its own "internal audit" of a selection of courses to ensure compliance.

Management's Response and Corrective Action Plan

Yuba Community College District acknowledges the problem cited above and will correct the deficiencies. Both Colleges' Vice President of Academic and Student Services will direct and work with the Catalog Development Workgroup to codify and utilize criteria that will be followed to ensure that all catalog course descriptions and prerequisites precisely match the descriptions and prerequisites in the schedule of classes. Both Colleges' Vice President of Academic and Student Services will certify to their respective College Presidents that no discrepancies exist between description and prerequisites listed in the catalog and schedule of classes.

Current Status: Corrected.