

**CERRITOS COMMUNITY COLLEGE
DISTRICT**

AUDIT REPORT

JUNE 30, 2015

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**CERRITOS COMMUNITY COLLEGE DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2015**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Cerritos Community College District
Norwalk, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business-type activity, and the aggregate discretely presented component units and the fiduciary funds of the Cerritos Community College District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Cerritos 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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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State Board of Accountancy*

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 the business-type activity, the aggregate discretely presented component units and the fiduciary funds of the Cerritos Community College District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 13 and the schedule of postemployment healthcare benefits funding progress on page 52 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cerritos 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 U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, 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 December 18, 2015 on our consideration of the Cerritos 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 Cerritos Community College District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 18, 2015

**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Cerritos Community College District (the "District") for the year ended June 30, 2015. This discussion has been prepared by college administration and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District is using the Business Type Activity (BTA) model in which financial reports are generated using the full accrual basis of accounting. The California Community College Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommended that all community college districts implement the reporting standards of the BTA model. To comply with the recommendation of the Chancellor's Office and to report in a manner consistent with other California Community College Districts, the District has adopted the BTA reporting model for these financial statements.

THE COLLEGE

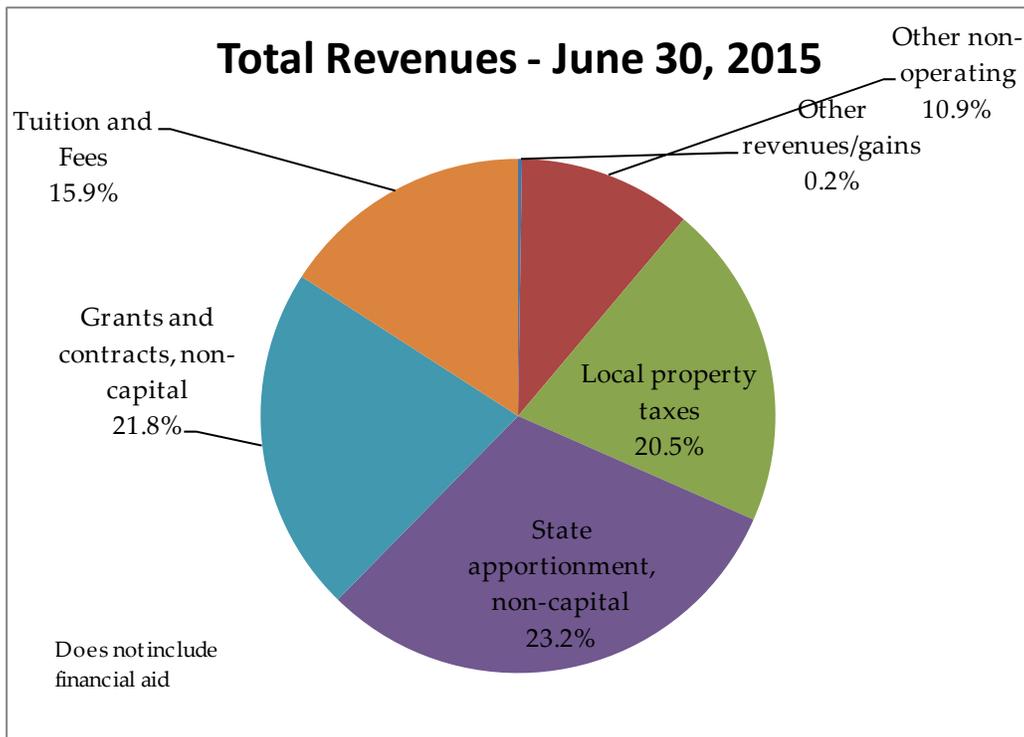
Cerritos College is the preeminent educational, cultural, and economic development institution in the cities of Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, La Mirada, Norwalk, and portions of Bell Gardens, Lakewood, Long Beach, Santa Fe Springs, and South Gate. We offer programs of the highest quality for Cerritos College students who continue on with their higher education studies; programs of remediation and reentry for Cerritos College students; cultural and arts programs of national distinction; programs of exceptional depth in professional training, job training and workforce development; and community education programs of personal interest. In addition, we are a leading community provider of programs for seniors. We invite you to learn more about us and our services to students and the community at www.cerritos.edu.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL AND ENROLLMENT HIGHLIGHTS

Revenues

For fiscal year (FY) 2014-15, Cerritos College received total revenues of \$190,955,801 excluding pass-through financial aid revenues that are to be distributed to students. The following chart depicts each source of revenue with its relevant percentage to total revenues.

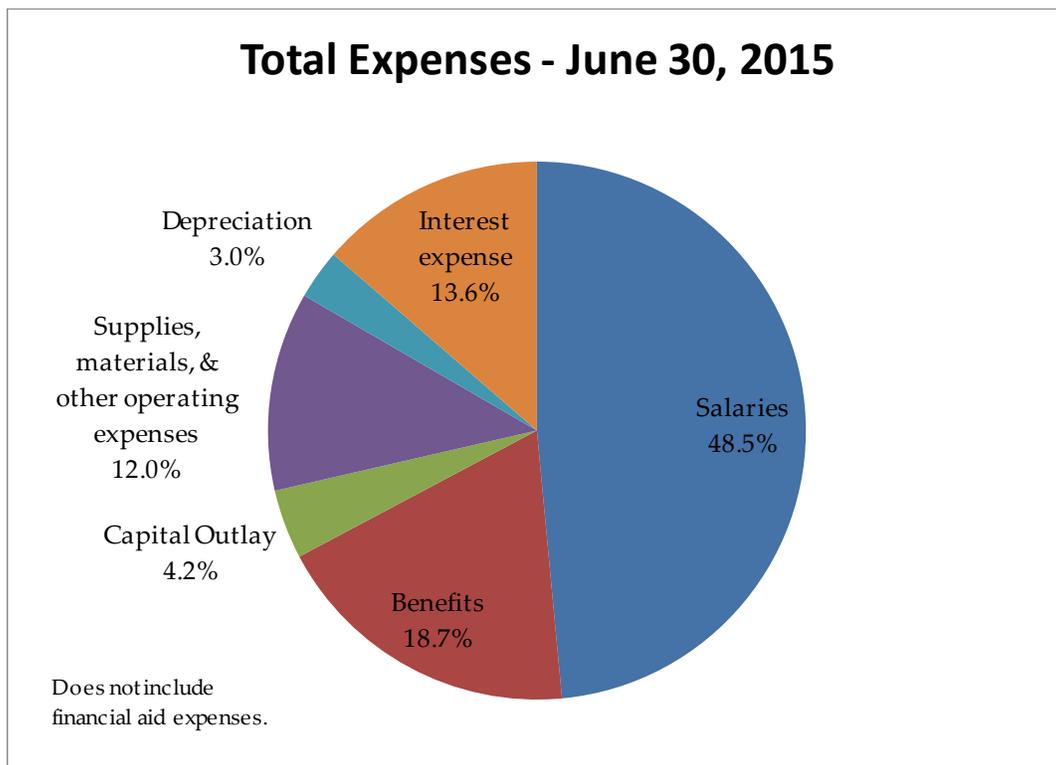


**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL AND ENROLLMENT HIGHLIGHTS (continued)

Expenditures

For FY 2014-15, the college's total expenditures were \$143,404,102, excluding pass-through financial aid funds that were distributed to students. The following chart depicts each expenditure category with its relevant percentage to total expenditures.



**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

Capital Assets

As of June 30, 2015, the District had \$217.1 million in net capital assets. Total capital assets consist of land, buildings, and building improvements, construction in progress, vehicles, data processing equipment, and other equipment. Accumulated depreciation related to these assets is \$51,771,042 million. Depreciation expense of \$4,285,584 million was recorded for the fiscal year. Note 7 to the financial statements provides additional information on capital assets.

Changes in Capital Assets

	2015	2014	Net Change
Land and construction in progress	\$ 64,337,890	\$ 36,239,422	\$ 28,098,468
Buildings, improvements, and equipment	204,243,034	202,534,393	1,708,641
Accumulated depreciation	(51,771,042)	(47,485,458)	(4,285,584)
Total Capital Assets	\$ 216,809,882	\$ 191,288,357	\$ 25,521,525

* Does not include \$362,890 in capital assets in the Internal Service Fund

Debt

At June 30, 2015, the District had \$387.6 million in debt, \$290 million is related to the General Obligation Bonds and \$78.6 million related to pension liabilities. Note 10 to the financial statements on pages 34 through-36, provides additional information on long-term liabilities.

Changes in Long-Term Debt

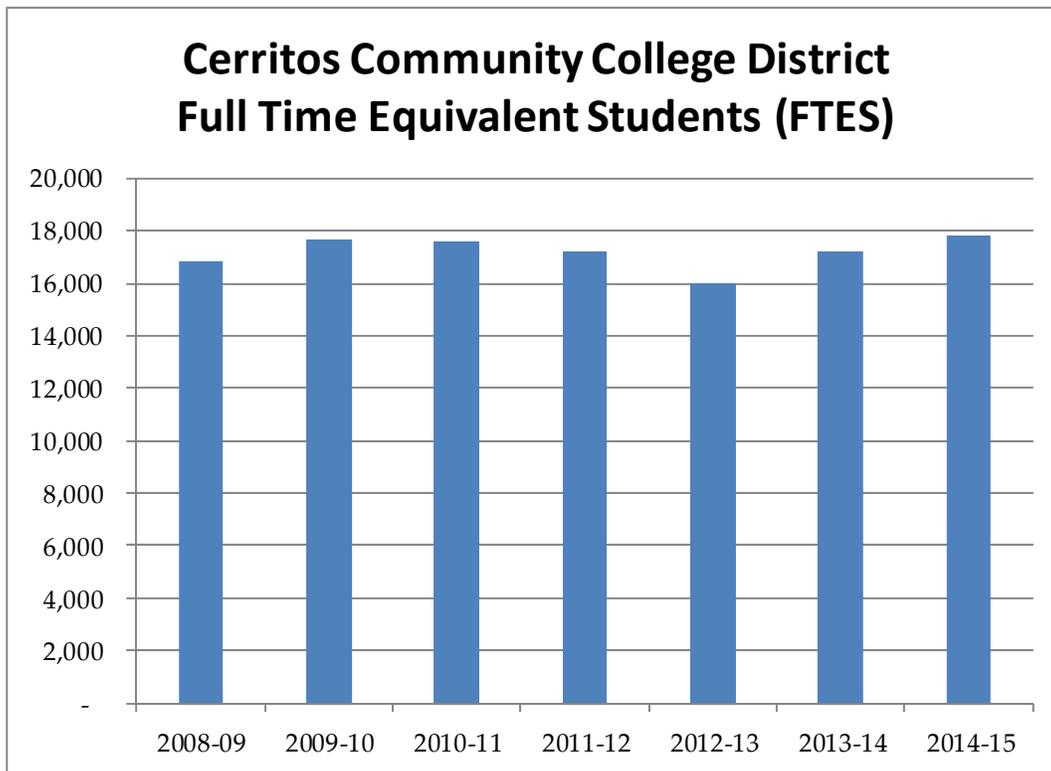
	2015	2014*	Net Change
GO Bonds	\$ 290,041,262	\$ 192,715,471	\$ 97,325,791
Premium on issuance of bonds	11,077,152	4,695,829	6,381,323
SERP	2,348,342	3,879,450	(1,531,108)
Compensated absences	2,335,720	2,261,141	74,579
OPEB Obligation	3,223,922	2,710,403	513,519
Pension liabilities	78,609,557	76,039,340	2,570,217
Total Long-term Liabilities	\$ 387,635,955	\$ 282,301,634	\$ 105,334,321

*Includes restatement of \$76,039,340 in Pension liabilities

**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

Enrollment

Enrollment can fluctuate due to factors such as population growth, competition from private institutions, economic conditions and housing values. Losses in enrollment will cause a district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs. For FY 2014-15 the Districts’ total actual FTES increased approximately 5.7% for credit and remained unchanged for non-credit courses which resulted in an overall increase of 5.60%. A District’s “CAP” (maximum funded FTES) for a fiscal year represents a benchmark for growth that the State has determined it would fund each college/district throughout the Community College system in a given fiscal year. The following chart shows the trend for credit and non-credit FTES combined for the past 6 years.



**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

STATE BUDGET HIGHLIGHTS AND ECONOMIC OUTLOOK

The major economic factors that affect the District, and all California Community College Districts' financial condition are directly related to the overall economic, budgetary, and fiscal condition of the State of California and any legislation that impacts the funding of all community colleges in the state.

As a result of the support of taxpayers throughout the state, Proposition 30 passed in November 2012, which enabled the state to achieve economic recovery and enter into a period of stabilization and in some instances, economic growth. Proposition 30 provided the state adequate funding to continue to restore apportionment revenue funding to community colleges able to earn the revenue by providing course sections that increased access for student enrollment throughout the state. The District was one of a few in the state that was able to increase student enrollment during FY 2014-15. As of June 30, 2015, the District anticipated receiving full restoration of the more than \$180 million in State Apportionment and Categorical revenue reductions imposed by the State on the District beginning in FY 2008-09.

Other than the information indicated above, the District is not presently aware of any facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. Management will maintain a close watch over resources to maintain the ability to react to internal and external issues if and when they arise to ensure the fiscal stability of the District.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) REPORTING STANDARDS

As required by the Governmental Accounting Standards Board (GASB) reporting standards, the annual report consists of three basic financial statements that provide information on the District as a whole:

- Statement of Net Position
- The Statements of Revenue, Expenses, and Changes in Net Position
- The Statement of Cash Flows

STATEMENT OF NET POSITION

The *Statement of Net Position* presents the assets, liabilities, and Net Position of the District as of the end of the fiscal year and is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The *Statement of Net Position* is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The *Statement of Net Position* presents end-of year data concerning assets (current and non-current), liabilities (current and non-current), and net position (assets minus liabilities).

**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

STATEMENT OF NET POSITION (continued)

From the data presented, readers of the *Statement of Net Position* are able to determine the assets available to continue the operation of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the *Statement of Net Position* provides a picture of the net position availability for expenditure by the District.

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which is stated at historical cost less an allocation for depreciation expense.

The *Net Position* listed on the *Statement of Net Position* is divided into three major categories. The first category, *Net Investment in Capital Assets*, provides the equity amount in property, plant, and equipment owned by the District with the debt related to those amounts subtracted. The second category is *Restricted*; this net position are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is *Unrestricted*; this net position is available to the District for any lawful purpose of the District.

A Statement of Net Position for the year ended June 30, 2015 and 2014 is summarized and presented below:

Statement of Net Position

	2015	2014	Net Change
ASSETS			
Current assets	\$ 203,928,767	\$ 111,237,870	\$ 92,690,897
Non-current assets	217,172,772	191,288,357	25,884,415
Total Assets	421,101,539	302,526,177	118,575,312
DEFERRED INFLOWS OF RESOURCES	14,717,278	-	14,717,278
Deficit cash			
Current liabilities	44,623,776	21,327,122	23,296,654
Non-current liabilities	365,996,986	202,910,894	163,086,092
Total Liabilities	410,620,762	224,238,016	186,382,746
DEFERRED OUTFLOWS OF RESOURCES	19,546,405	-	19,546,405
NET POSITION			
Net investment in capital assets	36,090,909	21,459,272	14,631,637
Restricted	29,884,710	24,469,484	5,415,226
Unrestricted	(60,323,969)	32,359,405	(92,683,374)
Total Net Position	\$ 5,651,650	\$ 78,288,161	\$ (72,636,511)

**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

STATEMENT OF ACTIVITIES, AND CHANGES IN NET POSITION

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

Generally, operating revenues, including tuition and fees and grants and contracts, non-capital, are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues earned and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, state appropriations are non-operating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues. A Statement of Activities and Changes in Net Position for the year ended June 30, 2015 and 2014 is summarized and presented below:

Changes in Net Position

	2015	2014	Net Change
Total operating revenues	\$ 30,333,629	\$ 24,953,768	\$ 5,379,861
Total operating expenses	167,980,906	145,213,468	22,767,438
Operating loss	(137,647,277)	(120,259,700)	(17,387,577)
Net non-operating revenue (expenses)	140,576,345	121,493,570	19,082,775
Loss before capital revenue	2,929,068	1,233,870	1,695,198
Capital revenues	473,761	575,754	(101,993)
Change in net position	3,402,829	1,809,624	1,593,205
Net position - beginning of the year	78,288,161	86,015,586	(7,727,425)
Adjustment for restatement (See Note 16)	(76,039,340)	(9,537,049)	(66,502,291)
Net position - as restated	2,248,821	76,478,537	(74,229,716)
Net position - end of the year	\$ 5,651,650	\$ 78,288,161	\$ (72,636,511)

**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District’s ability to generate positive cash flows, meet obligations as they come due and determine the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for nonoperating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This deals with the cash used for the acquisition and construction of capital and related items. The fourth section provides information from investing activities and the amount of interest received. The fifth and final section reconciles the net cash provided by operating activities to the operating loss reflected on the Statement of Activities, and Changes in Net Position.

A Statement of Cash Flows for the year ended June 30, 2015 and 2014 is summarized and presented below:

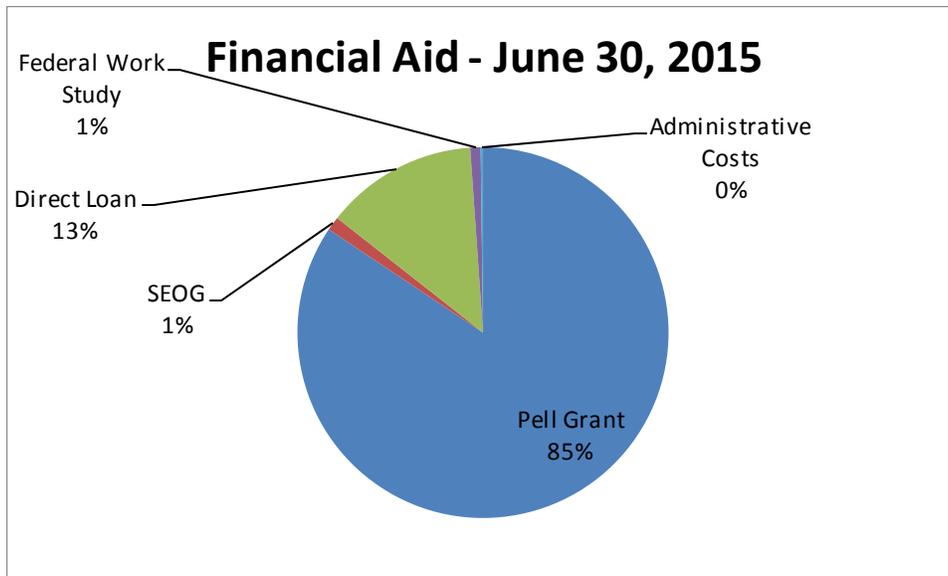
Changes in Cash Flow

	2015	2014	Net Change
Net cash provided(used) by:			
Operating activities	\$ (127,908,494)	\$ (130,485,056)	\$ 2,576,562
Non-capital financing activities	166,024,873	129,354,254	36,670,619
Capital and related financing activities	62,138,811	(39,180,145)	101,318,956
Investment activities	1,111,702	647,676	464,026
Net increase in cash	101,366,892	(39,663,271)	
Cash - beginning of the year	95,651,778	135,315,049	(39,663,271)
Cash - end of the year	\$ 197,018,670	\$ 95,651,778	

**CERRITOS COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The following chart depicts the various areas of financial aid through which the District participates. Total federal financial aid expenditures amounted to \$44,148,870.



DISTRICT’S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District’s fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the District’s other financial statements because these assets cannot be used to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the District’s finances. Questions concerning this report or requests for additional financial information should be addressed to the Cerritos Community College District, Office of the Director of Fiscal Services, 11110 Alondra Blvd; Norwalk, CA 90650.

CERRITOS COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 197,018,690
Accounts receivable	6,099,732
Prepaid expenses	810,345
Total Current Assets	<u>203,928,767</u>
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	217,172,772
Total Noncurrent Assets	<u>217,172,772</u>
TOTAL ASSETS	<u>421,101,539</u>
DEFERRED INFLOWS	<u>14,717,278</u>
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	21,837,538
Deferred revenue	1,147,269
Current Portion - Long-term liabilities	21,638,969
Total Current Liabilities	<u>44,623,776</u>
NONCURRENT LIABILITIES	
Noncurrent portion - Long-term liabilities	365,996,986
TOTAL LIABILITIES	<u>410,620,762</u>
DEFERRED OUTFLOWS	<u>19,546,405</u>
Net investment in capital assets	36,090,909
Restricted for:	
Capital projects	10,504,371
Debt service	19,380,339
Unrestricted	(60,323,969)
TOTAL NET POSITION	<u>\$ 5,651,650</u>

See accompanying notes to the financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Primary Government</u>
OPERATING REVENUES	
Student Tuition and Fees	\$ 24,020,874
Less: Scholarship discount & allowance	(14,536,569)
Net tuition & fees	<u>9,484,305</u>
Grants and Contracts, noncapital:	
Federal	4,068,005
State	16,289,140
Local	492,179
Subtotal	<u>20,849,324</u>
TOTAL OPERATING REVENUES	<u>30,333,629</u>
OPERATING EXPENSES	
Salaries	69,570,412
Benefits	26,841,409
Financial aid	44,148,870
Supplies, materials, & other operating expenses	17,143,130
Capital Outlay	5,991,501
Depreciation	4,285,584
TOTAL OPERATING EXPENSES	<u>167,980,906</u>
OPERATING LOSS	<u>(137,647,277)</u>
NONOPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	58,690,790
Local property taxes	39,083,400
Federal grants and contracts, non-capital	41,583,924
State taxes & other revenues	15,546,827
Investment income - non-capital	420,280
Investment income - Capital	691,422
Interest expense	(19,572,066)
Other non-operating revenues	4,131,768
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>140,576,345</u>
LOSS BEFORE OTHER REVENUES AND GAINS	2,929,068
OTHER REVENUES AND GAINS/(LOSSES)	
State apportionments, capital	473,761
TOTAL OTHER REVENUES AND GAINS	<u>473,761</u>
CHANGE IN NET POSITION	3,402,829
BEGINNING NET POSITION	<u>78,288,161</u>
ADJUSTMENT FOR RESTATEMENT (see Note 16)	(76,039,340)
NET POSITION, AS RESTATED	<u>2,248,821</u>
ENDING NET POSITION	<u>\$ 5,651,650</u>

See accompanying notes to the financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 9,484,305
Grants and contracts	21,356,694
Payments to or on behalf of employees	(95,804,735)
Payments to vendors for supplies and services	(17,934,725)
Payments to students for scholarships and grants	(44,148,870)
Internal service sales and other charges	(861,163)
Net Cash Used by Operating Activities	<u>(127,908,494)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments and taxes	75,984,658
Property taxes	44,324,523
Local revenues	4,131,768
Grants and contracts, non-capital	41,583,924
Net Cash Provided by Non-capital Financing Activities	<u>166,024,873</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
State apportionment for capital purposes	473,761
Acquisition and construction of capital assets	(25,884,415)
Proceeds from issuance of capital debt	107,371,061
Principal and interest paid on capital debt	(19,821,596)
Net Cash Provided by Capital Financing Activities	<u>62,138,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,111,702
Net Cash Provided by Investing Activities	<u>1,111,702</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	101,366,892
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>95,651,778</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 197,018,670</u>

See accompanying notes to the financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS, continued
FOR THE YEAR ENDED JUNE 30, 2015

RECONCILIATION OF OPERATING LOSS TO NET CASH

USED BY OPERATING ACTIVITIES

Operating loss	\$ (141,715,282)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	428,584
Changes in Assets and Liabilities:	
Accounts receivable	(8,735,205)
Inventory and prepaid expenditures	59,240
Accounts payable and accrued liabilities	7,109,919
Pension liability	20,520,869
Deferred revenue	(747,492)
Deferred inflows and outflows of resources	(4,829,127)
Total Adjustments	<u>13,806,788</u>
Net Cash Flows From Operating Activities	<u>(127,908,494)</u>

CASH AND CASH EQUIVALENTS CONSISTS OF THE FOLLOWING:

Cash in banks	\$ 25,886
Cash in county treasury	196,992,784
Total Cash and Cash Equivalents	<u><u>\$ 197,018,670</u></u>

NONCASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 2,023,747</u></u>
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CERRITOS COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	<u>Associated Student Government Funds</u>
ASSETS	
Cash	\$ 2,355,604
Accounts receivable	119,171
Total Assets	<u>2,474,775</u>
LIABILITIES	
Accounts payable	193,045
Deferred revenue	3,549
Amounts due students	2,278,181
Total Liabilities	<u>\$ 2,474,775</u>

See accompanying notes to the financial statements.

**CERRITOS COLLEGE FOUNDATION
DISCRETELY PRESENTED COMPONENT UNIT – STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,101,069
Contributions receivable	117,333
Prepaid expense	7,094
Total current assets	<u>1,225,496</u>
Other assets	
Investments	2,697,844
Investments with the Foundation for California Community Colleges	258,275
Total other assets	<u>2,956,119</u>
Total Assets	<u>\$ 4,181,615</u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accrued liabilities	1,424
Deferred revenues	55,095
Total current liabilities	<u>56,519</u>
Total liabilities	<u>56,519</u>
Net assets	
Unrestricted	596,284
Temporarily restricted	2,655,021
Permanently restricted	873,791
Total net assets	<u>4,125,096</u>
Total Liabilities and Net Assets	<u>\$ 4,181,615</u>

See accompanying notes to the financial statements.

**CERRITOS COLLEGE FOUNDATION
DISCRETELY PRESENTED COMPONENT UNIT – STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Contributions	\$ 3,375	\$ 846,664	\$ 2,720	\$ 852,759
Special events - fundraisers (net of costs of direct benefits to donors of \$76,261)	103,839	37,920	-	141,759
Donated Services	108,403	218,004	-	326,407
Grants	-	447,045	-	447,045
Investment income	163,480	-	75,242	238,722
Other income	51,974	-	-	51,974
Net assets released from restrictions				
Purpose restrictions satisfied	1,441,212	(1,391,519)	(49,693)	-
Total Support and Revenues	1,872,283	158,114	28,269	2,058,666
EXPENSES				
Program services	1,558,597	-	-	1,558,597
Supporting services				
Management and general activities	181,958	-	-	181,958
Fundraising	131,728	-	-	131,728
Total Expenses	1,872,283	-	-	1,872,283
CHANGE IN NET ASSETS	-	158,114	28,269	186,383
Net Assets - Beginning	596,284	2,496,907	845,522	3,938,713
Net Assets - Ending	\$ 596,284	\$ 2,655,021	\$ 873,791	\$ 4,125,096

See accompanying notes to the financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – ORGANIZATION

The Cerritos Community College District (the District) was established on June 10, 1955, as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, capital project funds, and proprietary funds, but these budgets are managed at the department level. Currently, the District operates one college located within Los Angeles County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The District has adopted GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. This statement amends GASB Statement No. 14, The Financial Reporting Entity, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component unit:

Cerritos College Foundation

The Cerritos College Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The 23 member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

The Foundation is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements.

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at (562) 860-2451 ext. 2536, 11110 Alondra Boulevard; Norwalk, California 90650.

B. Measurement Focus

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office Budget and Accounting Manual. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

C. Basis of Accounting

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria commissions.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

D. Financial Statement Presentation

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities, as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
- Notes to the Financial Statements

E. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with County Treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

F. Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments held at June 30, 2015 and 2014, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

**CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable

Accounts receivable consists primarily of amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenses made pursuant to the District's grant and contracts.

H. Inventory

Inventories are presented at the lower of cost or market using the average cost method and are expensed when used. Inventory consists of expandable instructional, custodial, health and other supplies held for consumption.

I. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which goods or services are consumed.

J. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts externally restricted as to use pursuant to the requirements of the District's grants, contracts, and debt service requirements.

K. Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their estimated fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Buildings as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded in operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25-50 years for buildings, 15-20 years for site improvements, 5-15 years for equipment and vehicle.

L. Accounts Payable

Accounts payable consists of amounts due to vendors.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Accrued Liabilities

Accrued liabilities consist of salaries and benefits payable.

N. Unearned Revenue

Tuition and fees received prior to June 30 for classes and programs offered in the subsequent fiscal year are reported as unearned revenue.

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenses have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenses.

O. Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

P. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated unpaid employee vacation benefits are recognized as a liability of the District as compensated absences in the Statement of Net Position.

Sick leave benefits are accumulated without limit for each employee. Accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires and within the constraints of the appropriate retirement systems.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Net Position

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

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component of net investment in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

R. State Apportionments

Certain current year apportionments from the state are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received.

S. Property Taxes

Property taxes are assessed and levied by the County of Los Angeles. Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are payable in two installments on November 1 and February 1. Secured property taxes are considered delinquent after December 10 for the 1st installment and April 10 for the 2nd installment. Unsecured property taxes are payable in one installment on or before August 31 and are delinquent after August 31.

The voters of the District passed General Obligation Bonds in 2004 and 2012 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bonds, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. On-Behalf Payments

GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditure by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement Systems (STRS) on behalf of all Community Colleges in California. The amount of on-behalf payments made for the District is estimated at \$2,023,747 for STRS for the year ended June 30, 2015. This amount has been reflected in the basic financial statements as a component of non-operating revenue and employee benefit expense.

U. Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and most federal, state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state apportionment, property taxes, state taxes, non-capital federal grants and contracts investment income, and other revenue sources.

V. Scholarship Discount and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, state or nongovernmental programs are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance, included in the Board of Governors (BOG) waivers.

W. Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, FSEOG Grants, Federal Work-Study, and Stafford Direct Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the related Compliance Supplement.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

X. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Y. Foundation Financial Statement Presentation

The Cerritos College Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the codification, the Foundation does not use fund accounting.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures.

Z. Interfund Activity

Interfund transfers and interfund receivables and payables for governmental activities are eliminated during the consolidation process in the governmental funds entity-wide financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 3 – CASH AND INVESTMENTS

A. 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.

B. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, however, the *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must be equal to 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. As of June 30, 2015, the District's bank balance of \$2,088,490 was not exposed to custodial credit risk.

C. 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 pool is managed by the Los Angeles County Treasurer and is not registered as an investment company with the U.S. Securities and Exchange Commission. Oversight of the pool is the responsibility of the County Treasury Oversight Committee. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the Treasurer follows.

As provided by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to the participating funds based upon the funds' average daily deposit balance during the allocation period.

**CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015**

NOTE 3 – CASH AND INVESTMENTS (continued)

D. General Authorizations

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>
Local Agency bonds, Notes, Warrants	5 years	None
Registered State Bonds, Notes, Warrants	5 years	None
U.S. Treasury Obligations	5 years	0.19%
U.S. Agency Securities	5 years	59.36%
Banker's Acceptance	180 days	None
Commercial Paper	270 days	28%
Negotiable Certificates of Deposit	5 years	11%
Repurchase Agreements	1 year	None
Reverse Repurchase Agreements	92 days	None
Medium-Term Corporate Notes	5 years	None
Mutual Funds	N/A	None
Money Market Mutual Funds	N/A	None
Mortgage Pass-Through Securities	5 years	None
County Pooled Investment Funds	N/A	None
Local Agency Investment Fund (LAIF)	N/A	None
Joint Powers Authority Pools	N/A	None

E. Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

F. Summary of Cash and Investments

Cash and investments as of June 30, 2015, consist of the following:

Primary government	\$ 197,018,690
Fiduciary funds	2,355,604
Total Cash and Investments	<u>\$ 199,374,294</u>
Cash in county treasury	\$ 196,992,804
Cash on hand in banks	\$ 25,886
Investments	2,355,604
Total Cash and Investments	<u>\$ 199,374,294</u>

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 3 – CASH AND INVESTMENTS (continued)

G. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the District’s investments to this risk is provided above.

H. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District follows Government Code to reduce exposure to investment credit risk.

I. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single user. The Trust and component units’ investment policies limit investments to no more than 5% of assets invested in any single equity security, any single debt security or investment in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. The foregoing limitation is not intended to apply to the percentage of assets invested in a single diversified mutual fund, obligations of the U.S Government and its agencies, U.S. agency mortgage-backed pass-through securities, or to a mutual fund that invests in such obligations or securities. The Trust and the component units did not violate any provisions of the California Government Code or its investment policy during the year ended June 30, 2015.

Investment or Deposit Type	Fair Market Value	Days to Maturity	Minimum	
			Legal Rating	Rating 6/30/2015
Los Angeles County Investment Pool	\$ 196,126,036	595	Not Applicable	AA+

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

The accounts receivable balance as of June 30, 2015 is as follows:

	Primary Government	Fiduciary Funds
Federal	\$ 843,152	\$ -
State	834,068	-
Local	4,422,512	119,171
Total	<u>\$ 6,099,732</u>	<u>\$ 119,171</u>

NOTE 5 – PREPAID EXPENSES

	Primary Government
Payroll and Re	\$ 771,717
Other	38,628
Total	<u>\$ 810,345</u>

NOTE 6 – INTERFUND TRANSACTIONS

Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within the funds has been eliminated in the basic financial statements, except for balances that are reflected between the business-type activity and fiduciary funds.

**CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015**

NOTE 7 – CAPITAL ASSETS

The following provides a summary of changes in capital assets for the year ended June 30, 2015:

	Balance				Balance
	July 01, 2014	Additions	Deductions		6/30/2015*
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 3,570,212	\$ -	\$ -	\$ -	\$ 3,570,212
Construction in Progress	32,669,210	28,098,468	-	-	60,767,678
Total capital assets not being depreciated	36,239,422	28,098,468	-	-	64,337,890
Land improvements	11,821,104	-	-	-	11,821,104
Buildings & improvements	184,153,706	-	-	-	184,153,706
Furniture & equipment	6,559,583	1,708,641	-	-	8,268,224
Total capital assets being depreciated	202,534,393	1,708,641	-	-	204,243,034
Less accumulated depreciation					
Land improvements	3,084,501	512,440	-	-	3,596,941
Furniture & equipment	4,590,865	398,883	-	-	4,989,748
Total accumulated depreciation	47,485,458	4,285,584	-	-	51,771,042
Total Governmental Activities Capital Assets, net	\$191,288,357	\$ 25,521,525	\$ -	\$ -	\$216,809,882

* Does not include \$362,890 in capital assets in the Internal Service Fund

Depreciation expense for the year ended June 30, 2015 is \$4,285,584.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 8 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2015 are as follows:

	Primary Government	Fiduciary Funds
Payroll and related	\$ 582,421	\$ -
Other	21,255,117	193,045
Total	\$ 21,837,538	\$ 193,045

NOTE 9 – UNEARNED REVENUES

Unearned revenues as of June 30, 2015 are as follows:

	Primary Government	Fiduciary Funds
Federal sources	\$ 219,489	\$ -
State categorical sources	451,346	-
Other local sources	476,434	3,549
Total deferred revenue	\$ 1,147,269	\$ 3,549

**CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015**

NOTE 10 – LONG TERM OBLIGATIONS

A schedule of changes in long-term obligations for the year ended June 30, 2015 is shown below:

	Balance July 01, 2014	Restatement for Adjustment*	Restated Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
GO Bonds	\$ 192,715,471	\$ -	\$ 192,715,471	\$ 100,000,000	\$ 2,674,209	\$ 290,041,262	\$ 18,970,661
Premium on issuance of bonds	4,695,829	-	4,695,829	7,371,061	989,738	11,077,152	1,137,200
SERP	3,879,450	-	3,879,450	-	1,531,108	2,348,342	1,531,108
Compensated absences	2,261,141	-	2,261,141	74,579	-	2,335,720	-
OPEB Obligation	2,710,403	-	2,710,403	513,519	-	3,223,922	-
Pension liabilities	-	76,039,340	76,039,340	5,379,266	2,809,049	78,609,557	-
Totals	\$ 206,262,294	\$ 76,039,340	\$ 282,301,634	\$ 113,338,425	\$ 8,004,104	\$ 387,635,955	\$ 21,638,969

* New GASB reporting requirement beginning June 30, 2015 to reflect the Cerritos College STRS and PERS pension liabilities.

On March 2, 2004, the District’s voters approved by more than the required 55% favorable vote, Measure CC, authorizing the issuance and sale of General Obligation Bonds, not to exceed \$210,000,000. Measure CC was designed to provide funds to address the urgent and critical needs of Cerritos College, including the repair and renovation of aging facilities as well as the construction of new facilities to relieve overcrowding and meet demand due to growth in student enrollment. In addition, the proceeds were used to prepay certain of the District’s outstanding Certificates of Participation, Series 2002.

On July 1, 2004, \$37,325,000 of Measure CC General Obligation Bonds were sold (Series 2004A). The issuance consisted of serial bonds with interest rates ranging from 4.00 percent to 5.00 percent and maturing through August 1, 2028.

On May 19, 2005, \$27,135,994 of Measure CC General Obligation Refunding Bonds were sold (Series 2005 Refunding Series A). The issuance consisted of current interest bonds and capital appreciation bonds with interest rates ranging from 3.00 percent to 5.00 percent and maturing through August 1, 2023. The proceeds were issued to pay off portions of the 2004 Election, Series A General Obligation Bonds. The proceeds were placed into an irrevocable escrow account and will be used to fund the future required principal and interest payments of the refunded bonds. The refunded portions of the bonds are considered in-substance defeased and are not recorded on the financial statements.

On September 6, 2006, \$34,845,000 of Measure CC General Obligation Bonds were sold (Series 2006B). The issuance consisted of serial bonds and term bonds with interest rates ranging from 4.50 percent to 5.00 percent and maturing through August 1, 2031.

On May 27, 2009, \$55,000,000 of Measure CC General Obligation Bonds were sold (Series 2009C). The issuance consisted of serial bonds and term bonds with interest rates ranging from 3.00 percent to 5.25 percent and maturing through August 1, 2033.

On March 21, 2012, \$82,825,515 of Measure CC General Obligation Bonds were sold (Series 2012D). The issuance consisted of serial bonds, term bonds and capital appreciation bonds with interest rates ranging from 1.97 percent to 5.88 percent and maturing through August 1, 2038.

**CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015**

NOTE 10 – LONG TERM OBLIGATIONS (continued)

On November 4, 2014 the district issued Refunding Bonds for Series A \$80,395,000 and Series B \$17,975,000. The interest rates range from on the 2014 Series A Refunding from 1.75-5.00% and maturing through 2033. These bonds were issued to refund the election 2004 Series A. The interest rate range for the 2014 Series B Refunding is from 0.507-3.121% and maturing through 2023. These bonds were issued to refund the Election 2004 Series B. The issuance consisted of current interest serial bonds. Also on November 4, 2014, \$100,000 of Measure G General Obligation Bonds were sold (Series 2014 A). The issuance consisted of serial bonds with interest rates ranging from 1.50-5.00% and maturing through August 1, 2044.

Series	Issuance Date	Interest Rate	Maturity Date	Amount of Original Issue	Balance July 1, 2014	Additions	Redeemed Current Year	Balance June 30, 2015	Due Within One Year
2004 Series 2004A	7/1/2004	4.00-5.00%	8/1/2028	\$ 37,325,000	\$ 1,890,000	\$ -	\$ 50,000	\$ 1,840,000	\$ 50,000
2005 Refunding Bond Series A	5/19/2005	3.00-5.00%	8/1/2023	27,135,994	22,850,000	374,747	19,565,000	\$ 3,659,747	1,590,000
2004 Series 2006B	9/6/2006	4.50-5.00%	8/1/2031	34,845,000	30,645,000	-	30,645,000	\$ -	-
2004 Series 2009C	5/27/2009	3.00-5.25%	8/1/2033	55,000,000	50,985,000	-	50,345,000	\$ 640,000	595,000
2004 Series 2012D	3/21/2012	1.97-5.88%	8/1/2038	82,825,515	86,345,471	1,970,565	2,784,521	\$ 85,531,515	439,209
2004 Series A Refunding	11/4/2015	1.75-5.00%	8/1/2033	80,395,000		80,395,000		\$ 80,395,000	4,095,428
2004 Series B Refunding	11/4/2015	506-3.121%	8/1/2023	17,975,000		17,975,000		\$ 17,975,000	857,380
2012 Series 2014A	4/1/2014	1.50-5.00%	8/1/2044	100,000,000	-	100,000,000	-	\$ 100,000,000	11,343,644
			Total	\$ 435,501,509	\$ 192,715,471	\$ 200,715,312	\$ 103,389,521	\$ 290,041,262	\$ 18,970,661

The annual requirements to amortize all bonds payable as of June 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2016	10,172,800	6,472,873	2,324,988	18,970,661
2017	13,810,203	10,892,310	1,137,200	25,839,713
2018	11,871,033	10,928,230	49,797	22,849,060
2019	5,038,997	10,911,666	93,967	16,044,630
2020	9,675,070	13,406,343	161,003	23,242,416
2021-2025	43,471,171	73,862,841	2,434,930	119,768,942
2026-2035	87,812,578	101,461,387	9,333,831	198,607,796
2036-2040	72,079,722	148,798,173	24,471,013	245,348,908
2041-2045	36,109,688	11,553,000	-	47,662,688
Accretion	6,935,436	-	(6,935,436)	-
Total	\$ 296,976,698	\$ 388,286,823	\$ 33,071,293	\$ 718,334,814

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2015, was \$1,243,189, and contributions made by the District during the year were \$1,531,108. As of June 30, 2014, the net OPEB obligation was \$3,223,922. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

Supplemental Early Retirement Program (SERP)

On behalf of the District, the Board of Trustees of the Cerritos Community College District and the Public Agency Retirement Services (PARS) developed a retirement incentive program for certain eligible employees of the District effective June 30, 2011 and 2013.

The Plan is to provide each employee eighty percent (80%) of final pay as an incentive to resign from District employment. Eligibility requirements are as follows:

- Faculty and Certificated Management must be age 55 with five years of District service, or age 50 with 30 years of service.
- Classified Non-Management, Confidential Management, and Classified Management must be age 50 with five years of District service.
- Eligible to retire with CalSTRS or CalPERS effective June 30, 2011 and 2013.

The plan provides the following options:

- | | |
|--------------|--|
| Option 1 | A monthly cash income paid for employee lifetime only. Option 1 does not pay out to beneficiary. |
| Option 2 | A modified monthly cash income paid for employee lifetime and the lifetime of named beneficiary. |
| Option 3 | A modified monthly cash income paid for the greater of 10 years or employee lifetime. In the event of death within 10 years of retirement, monthly payments will continue to beneficiary or estate until a total of 120 payments have been made. |
| Options 4-15 | Provides a benefit guaranteed for a fixed number of years. Benefits will be paid out each month to the participant until the final payment is made. In the event of death, all remaining payments will be paid out to the beneficiary or estate. |

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

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

State Teachers’ Retirement System (STRS)

Plan Description

The District contributes to the State Teacher’s Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. 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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.15% of their salary and the District is required to contribute a statutorily determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers’ Retirement Board. The required employer contribution rate for fiscal year 2014-2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

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

At June 30, 2015, the District reported a liability of \$48,502,710 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. 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, 2014, the District’s proportion was .195 percent, which did not change from its proportionate share as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$3,621,350. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between Projected and actual earnings on plan investments		\$ 11,943,700
District Contributions subsequent to the measurement date	\$ 12,075,831	

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

State Teachers’ Retirement System (STRS) (continued)

\$3,034,480 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2016	\$ 2,985,925
2017	2,985,925
2018	2,985,925
2019	2,985,925
	\$ 11,943,700

Actuarial assumptions

The total pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	3.75%
Interest on Member Accounts	4.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

State Teachers’ Retirement System (STRS) (continued)

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 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 STRS board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the STRS board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%
	100%	

* 10-year geometric average

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 increases per AB 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 Plan’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.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

State Teachers’ Retirement System (STRS) (continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability 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 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease -6.60%	Current Discount Rate -7.60%	1% Increase -8.60%
District's proportionate share of the net pension liability	\$75,603,040	\$48,502,710	\$25,905,960

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

Public Employees’ Retirement Systems (PERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS’ annual financial report maybe be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

Public Employees’ Retirement Systems (PERS) (continued)

Funding Policy

Active plan members hired prior to January 1, 2013, are required to contribute 7% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

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 for fiscal year 2014-2015 was 11.771% of annual payroll. The contribution requirements of the plan members are established and may be amended by the CalPERS board.

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

At June 30, 2015, the District reported a liability of \$30,106,846 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The District’s proportionate share 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, 2014, the District’s proportion was .5724 percent, which did not change from its proportionate share as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$2,449,447. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between Projected and actual earnings on plan investments		\$ 7,602,705
District Contributions subsequent to the measurement date	\$ 2,344,785	

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

Public Employees’ Retirement Systems (PERS) (continued)

\$2,344,785 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2016	\$ 1,900,676
2017	1,900,676
2018	1,900,676
2019	1,900,676
	\$ 7,602,705

Actuarial assumptions

The total pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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 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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. 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.

**CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

Public Employees’ Retirement Systems (PERS) (continued)

The table below reflects long-term expected 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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	<u>100%</u>		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

Public Employees’ Retirement Systems (PERS) (continued)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

Contribution to STRS and PERS

The District’s contribution to STRS and PERS for each of the last three fiscal years are as follows:

For the Year Ended	STRS		PERS	
	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2013	\$ 7,052,710	100%	\$ 6,759,806	100%
2014	\$ 7,306,278	100%	\$ 6,734,542	100%
2015	\$ 8,527,469	100%	\$ 7,360,268	100%

On Behalf Payments

The State of California makes contribution to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the year ended June 30, 2015, which amounted to \$2,023,747 (5.679 percent for 2014-15) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no “on behalf” contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2015. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

Social Security Alternative Plan

The Social Security Alternative Plan is a defined contribution plan covering most employees of the San Diego Community College District who are not eligible for membership in CalPERS, CalSTRS or an alternative plan. Upon employment and any re-employment, part-time employees may become a member of the Social Security Alternative Plan. The Social Security Alternative Plan is an alternative plan to social security, and unit members would not contribute to social security under the Omnibus Budget Reconciliation Act of 1991.

Funding Policy

Contributions to the Social Security Alternative Plan are shared between the employee and the District. The District contributes 3.75% of eligible wages as defined under IRS regulations, and 3.75% of eligible wages are withheld from the employee’s checks for deposit under the plan. The District’s contribution to the Social Security Alternative Plan for the fiscal year ended June 30, 2015, was \$74,405.

The Social Security Alternative Plan is a qualified pension plan under the Internal Revenue Code 401 and is thereby exempt from all federal income and California franchise taxes.

NOTE 11 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Cerritos Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan offers medical, dental, and vision insurance benefits to eligible retirees and their spouses. The District reports the financial activity of the plan as a trust fund in these financial statements and no separate financial report is prepared. Membership of the plan consisted of the following at March 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	319
Active plan members	553
Total	<u>872</u>

Funding Policy

The contribution requirements are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements, with an annual adjustment to fully fund the actuarially determined annual required contribution. For fiscal year 2014-15, the District contributed \$1,531,107 to the plan for current year premiums, all of which was used for current premiums.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (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 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 an unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed, and changes in the District’s net OPEB obligation:

Annual required contribution (ARC)	\$ 1,243,189
Interest on net OPEB obligation	97,698
Adjustment to annual required contribution	<u>(100,981)</u>
Annual OPEB cost	1,239,906
Contributions made	<u>(726,387)</u>
Changes in net OPEB obligation	513,519
Net OPEB obligation, beginning of year	<u>2,710,403</u>
Net OPEB obligation, end of year	<u>\$ 3,223,922</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 1,239,906	46%	\$ 2,710,403
6/30/2013	\$ 1,068,858	64%	\$ 2,171,068
6/30/2012	\$ 1,058,655	65%	\$ 1,788,021

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)

Funding Status and Funding Progress

As of March 1, 2014, the most recent actuarial valuation date, the funded ratio was 0%. The actuarial value of assets was \$0. The actuarial liability was \$15,494,306, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,048,325. The covered payroll (annual payroll of active employees covered by the plan) was \$56,857,651, and the ratio of the UAAL to the covered payroll was 27%.

The above noted actuarial accrued liability was based on the March 1, 2014, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections 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 the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the March 1, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return, based on the assumed long-term return on Plan assets or employer assets. The cost trend rate used for the Dental and Vision Programs was four percent. The UAAL is being amortized at a level percentage of payroll method. The remaining amortization period at March 1, 2014, was 27 years. The actuarial value of assets was not determined in this actuarial valuation as the District has not established an irrevocable trust. However, the District had established a Retiree Benefits Fund and annually transfers funds to offset the obligation. The balance in this fund at June 30, 2015 was \$3,223,922.

CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 12 – LEASE REVENUES

A ground lease agreement has been entered into with Vintage at Cerritos, LLC for terms that exceed one year. The agreement does not contain a purchase option. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel the agreement prior to the expiration date. The future minimum lease payments expected to be received under this agreement are as follows:

Fiscal Year Ending	Lease Payment
June 30,	
2016	\$ 330,667
2017	330,667
Total	<u>\$ 661,334</u>

NOTE 13 – JOINT POWERS AGREEMENT

The District participates in five joint powers authorities: the Statewide Association of Community Colleges (SWACC), the Schools Association for Excess Risk (SAFER), the Southern California Community College District Joint Powers Agency (SCCCD-JPA), Protected Insurance Program for Schools and Community Colleges (PIPS), and the California Statewide Delinquent Finance Tax Authority. The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes as explained below.

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

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

NOTE 14 – RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2013, the District contracted with the Statewide Association of Community Colleges (SWACC) and the Schools Association for Excess Risk (SAFER) Joint Powers Authorities (JPAs) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District. There has not been a significant reduction in coverage from the prior year.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 14 – RISK MANAGEMENT (continued)

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2015, the District contracted with various joint powers authorities for property and liability insurance coverage. Coverage provided by Southern California Community College District Joint Powers Authority (SCCCD-JPA), SAFER, PIPS, and SWACC for property and liability and workers' compensation is as follows:

Insurance Program/Company Name	Type of Coverage	Limits
SAFER (JPA)	Property	\$ 249,750,000
SWACC (JPA)	Property	\$ 250,000
SAFER (JPA)	Liability	\$ 20,000,000
SAFER (JPA)	Liability	\$ 4,000,000
SWACC (JPA)	Liability	\$ 1,000,000
Protected Insurance Program for Schools and Community Colleges (PIPS)	Workers' Compensation	\$ 1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2014-15, the District participated in the Southern California Community College District Joint Powers Authority (SCCCD-JPA), an insurance purchasing pool, and the Protected Insurance Program for Schools and Community Colleges (PIPS), a workers' compensation reinsurance protection. The intent of the JPAs are to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPAs. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity-pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Purchase Commitments

As of June 30, 2015, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$46.2 million. Projects will be funded by Measure CC and Measure G Proposition 39 Bond funds as well as State matching funds, where applicable.

C. Litigation

The District is a defendant in various pending liability lawsuits arising in the ordinary course of business. The outcome of the litigation is unknown at the present time; however, in the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District’s financial statements.

NOTE 16 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to reflect the elimination of amortization of debt issuance costs in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The effect on beginning net position is presented as follows:

The following adjustments were made to restate the beginning net position:

	<u>Primary Government</u>
Net Position - Beginning, as Previously Reported	\$ 2,248,821
Restatement	-
Net Position - Beginning, as Restated	<u>\$ 2,248,821</u>

- \$76,039,340 decrease to beginning net position to account for GASB Statement No. 68, *Accounting and Financial Reporting of Pensions*.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CERRITOS COMMUNITY COLLEGE
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Entry Age Normal Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
3/5/2010	\$ -	\$ 14,146,275	\$ 14,146,275	0%	\$ 59,493,519	24%
3/1/2012	\$ -	\$ 14,283,221	\$ 14,347,766	0%	\$ 54,670,818	26%
3/1/2014	\$ -	\$ 15,494,306	\$ 15,084,325	0%	\$ 56,857,651	27%

See accompanying note to required supplementary information.

**CERRITOS COMMUNITY COLLEGE
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
 STRS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.830%
District's proportionate share of the net pension liability	\$ 48,502,710
District's covered-employee payroll	\$ 51,768,604
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.94
Plan fiduciary net position as a percentage of the total pension liability.	76.50%

See accompanying note to required supplementary information.

**CERRITOS COMMUNITY COLLEGE
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
 PERS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.195%
District's proportionate share of the net pension liability	\$ 22,125,896
District's covered-employee payroll	\$ 24,223,720
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.91
Plan fiduciary net position as a percentage of the total pension liability.	83.38%

See accompanying note to required supplementary information.

**CERRITOS COMMUNITY COLLEGE
 SCHEDULE OF DISTRICT CONTRIBUTIONS – STRS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>	
Contractually required contribution	\$	3,621,350
Contributions in relation to the contractually required contribution		3,621,350
Contribution deficiency (excess)	<u>\$</u>	<u>-</u>
District's covered-employee payroll	\$	51,768,604
Contributions as a percentage of covered-employee payroll		7.00%

See accompanying note to required supplementary information.

**CERRITOS COMMUNITY COLLEGE
SCHEDULE OF DISTRICT CONTRIBUTIONS – PERS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,499,424
Contributions in relation to the contractually required contribution	2,499,424
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 24,223,720
Contributions as a percentage of covered-employee payroll	10.32%

See accompanying note to required supplementary information.

CERRITOS COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULE

A. **Schedule of Postemployment Healthcare Benefits Funding Progress**

This schedule is prepared to show information for the most recent actuarial valuation and from the three most recent actuarial valuations in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for post-employment benefits other than pensions.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

C. **Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

**SUPPLEMENTARY
INFORMATION**

**CERRITOS COMMUNITY COLLEGE DISTRICT
HISTORY AND ORGANIZATION
JUNE 30, 2015**

Cerritos Community College District is a public community college district that has been serving the people of Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, La Mirada, Norwalk, and portions of Bell Gardens, Lakewood, Long Beach, Santa Fe Springs, South Gate and surrounding areas since the District was formed on June 10, 1955. The campus is located in the cities of Norwalk and Cerritos, California.

The name of Cerritos Community College District was changed from Cerritos Junior College district by Board resolution on February 8, 1971. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges (WASC), which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

Board of Trustees

NAME	OFFICE	TERM EXPIRES
Ms. Carmen Avalos	President	December 2016
Dr. Shin Liu	Vice President	December 2018
Ms. Marisa Perez	Secretary	December 2016
Dr. Sandra Salazar	Member	December 2016
Mr. Bob Arthur	Member	December 2016
Mr. John Paul Drayer	Member	December 2018
Mr. Zurich Lewis	Member	December 2018
Mr. Victor Villalobos	Student	May 2016

District Executive Officers

Name	Title
Jose Fierro, D.V.M, Ph.D.	President/Superintendent
Dr. David El Fattal	Vice President of Business Services/Assistant Superintendent
Dr. JoAnna Schilling	Vice President of Academic Affairs/Assistant Superintendent
Dr. Stephen Johnson	Vice President of Student Services/Assistant Superintendent
Dr. Mary Anne Gularte	Vice President of Human Resources/Assistant Superintendent

**CERRITOS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
CAREER AND TECHNICAL EDUCATION ACT			
Passed through from California Community College Chancellor's Office			
Perkins Title I-C - Career and Technical Education	84.048	14-C01-006	882,600
Perkins CTE Transitions	84.048A	14-112-810	36,015
ADULT EDUCATION AND FAMILY LITERACY ACT			
Passed through from California Department of Education			
Workforce Investment Act, Title II: ESL	84.002	19-64360	65,346
Workforce Investment Act, Title II: Civics	84.002	19-64360	4,068
Workforce Investment Act, Title II: GED	84.002	19-64360	118,293
HIGHER EDUCATION ACT			
Title V, Part A, Hispanic-Serving Institutions - Habits of Mind			
iFalcon - Year Five Funding Ending 09/30/2015	84.031S	P031S090029	206,369
Improving Pathways to Degrees & Transfers in Emerging and High-Need STEM Professions Year Three Funding Ending 09/30/2015	84.031C	P031C110164	715,112
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	P007A140313	535,605
Federal Direct Student Loans (Direct Loans) - Subsidized	84.268	P268K141112	0
Federal Direct Student Loans (Direct Loans) - Subsidized	84.268	P268K151112	2,870,940
Federal Direct Student Loans (Direct Loans) - Un-Subsidized	84.268	P268K141112	0
Federal Direct Student Loans (Direct Loans) - Un-Subsidized	84.268	P268K151112	662,551
Federal Work-Study (FWS)	84.033	P033A140313	400,748
Federal Pell Grant (PELL) / 2014-15 draw-down / 2013-14 funding year	84.063	P063P131112	0
Federal Pell Grant (PELL) / 2014-15 draw-down / 2014-15 funding year	84.063	P063P141112	37,256,828
Student Financial Aid Administrative Cost Allowance C/O from 2014-15	84.063	42719480	88,016
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Department of Education			
Child and Adult Care Food Program (2014-15 new deposits)	10.558	04356-CACFP-19-CC-IC	92,076

(continued on following page)

**CERRITOS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

(continued from previous page)

Federal Grantor/Pass-Through	CFDA Number	Pass-through Number	Federal Expenditures
Grantor/Program or Cluster Title			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
TANF CLUSTER			
Passed through from California Community College			
Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	114,598
Passed through from California Department of Social Services			
Los Angeles DPSS (County CALWORKS)	93.558	CCCP12002	84,610
Foster and Kinship Care Education (FKCE)	93.658	0600D00000-00	145,667
Passed through from California Dept of Health Care Services			
Medical Assistance Program - Coordinated by LACOE			
Family Pact Program -- FPP	93.778	C-11309	4,734
Medical Assistance Program - Coordinated by LACOE			
Medi-Cal Administrative Activities Prog -- MAA	93.778	C-11309	277
Passed through from the California Department of Education			
Child Care Mandatory & Matching Funds of the Childcare and			
Development Fund: Prekindergarten & Family Literacy Program	93.596	CSPP-4152	61,918
Child Care and Development Block Grant:			
Prekindergarten & Family Literacy Program	93.575	CSPP-4152	34,066
Child Care Mandatory & Matching Funds of the Childcare and			
Development Fund: General Childcare & Development Programs	93.596	CCTR-4072	16,662
Child Care and Development Block Grant:			
General Childcare & Development Programs	93.575	CCTR-4072	9,167
Passed through from the Community College Foundation			
Foster Care Independence Program - PS MAPP	93.674	843-120	17,557
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Americorps - National Service Awards	94.006	N/A	78,545
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Education Representative Fee	64	N/A	3,109
DEPARTMENT OF LABOR EMPLOYMENT TRAINING ADMINISTRATION			
Passed through from Tyler Junior College			
ACT-ON Retail Management Careers Consortium - (2014-15)	17.282	TC-23812-12-60-A-48	749,656
Passed through from El Camino College District			
El Camino HIB #2			97,858
El Camino CCD HIB / Electrical Engineer			35,237
Grand Total			45,388,226

See accompanying note to supplementary information.

**CERRITOS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2015**

Program Name	Prior Year	State Revenue				Total
		Cash	Accounts	Deferred	Total	
		Received	Receivable	Revenue	Revenue	
Carry-forward	Received	Receivable	Revenue	Revenue	Program Expenditure	
Basic Skills funding year: 2013/14	298,449.38				298,449.38	0.00
Basic Skills funding year: 2014/15		360,344.00		317,993.40	42,350.60	0.00
CTE Enhancements		187,334.80		42,279.81	145,054.99	0.00
Prekindergarten & Family Literacy Program (Category 00100)		2,116.00	384.00		2,500.00	0.00
Prekindergarten & Family Literacy Program (Category 00000)		345,911.00	30,376.00		376,287.00	0.00
General Childcare & Dev. Prog./CSPP		32,293.00	54,109.00		86,402.00	0.00
Instructional Equipment and Library	918,851.10				918,851.10	868,088.37
BFAP		785,426.00			785,426.00	0.00
2008-09 Apportionment: SB1133	125,291.59				125,291.59	123,432.22
Lottery Prop_20 (carryover from 2012-13 and older)	2,725,247.50	640,860.24			3,366,107.74	3,291,109.77
EOPS		797,645.00			797,645.00	0.00
Instructional Support Program (14-15)		1,109,616.50			1,109,616.50	0.00
Physical Plant (14-15)		1,109,616.50			1,109,616.50	0.00
EI Camino CCD Collab #6		84,695.15			84,695.15	0.00
EI Camino CCD WIP #3 Grant		48,974.46			48,974.46	0.00
EI Camino CCD CAA (Career Advancement Academy)		38,565.66	312.01		38,877.67	0.00
Advanced Manufacturing & Engineering Technology Linked Learning Consortium (AMETLL)		0.00	473,649.06		473,649.06	0.00
Rio Hondo CCD - SB1070 CTE Pathways		0.00	37,885.33		37,885.33	0.00
Prop 39 Clean Energy Workforce		50,811.11		50,811.11	0.00	0.00
AB86 - Adult Education Consortium	129,891.00	109,880.00		5,363.39	234,407.61	0.00
CalWorks ==> "State"		362,278.52			362,278.52	0.00
CalWorks ==> "Work-Study"		130,708.48			130,708.48	0.00
CARE		61,537.00			61,537.00	0.00
Student Success (Credit)	66,288.40	2,322,680.00			2,388,968.40	(1.00)
Student Success (Non-Credit)	28,237.00	101,918.00			130,155.00	0.00
Student Equity Plans		1,145,504.00			1,145,504.00	0.00
Equal Employment Opportunity	45,055.98	7,495.00			52,550.98	20,942.57
Teacher Prep Pipeline 2013 funding	406.01	7,115.12			7,521.13	0.00
Teacher Prep Pipeline 2014 funding		48,000.00		2,951.18	45,048.82	0.00
Assoc Degree Nursing Prgm 2015		171,000.00			171,000.00	0.00
ILP	665.90				665.90	0.00
KEPS	35,318.21	0.00			35,318.21	29,389.17
Responsive Training Fund: Green Dealership	126,956.18	126,598.80			253,554.98	(0.00)
Strategic HUBS 2013 funding	89,056.78	37,500.00			126,556.78	(0.88)
WED Deputy Sector Navigator		47,528.00			47,528.00	0.00
SB1070 Deputy Sector Navigator		17,451.86	80,000.00		97,451.86	0.00
West Valley ATTE		150,000.00		31,947.15	118,052.85	0.00
Deputy Sector Nav AT&R 2015		80,000.00	122,711.95		202,711.95	0.00
Energy Resources Conserv. & Devel		20,000.00	30,000.00		50,000.00	0.00
Deputy Sector Navigator AT&R			4,640.24		4,640.24	0.00
DSPS apportionment schedule prior yr adj		29,622.00			29,622.00	0.00
DSPS apportionment schedule 2015 Funding		1,885,575.00			1,885,575.00	0.00
Cal Grant 2015 funding		2,856,705.00			2,856,705.00	9,423.00
Grand Total	4,589,715.03	15,313,306.20	834,067.59	451,346.04	20,285,742.78	4,342,383.22

See accompanying note to supplementary information.

**CERRITOS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURE FOR STATE GENERAL APPORTIONMENT ANNUAL
(ACTUAL) ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Reported Data</u>	<u>Audit Adjustment</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2014 Only)			
1. Noncredit	55.30	-	55.30
2. Credit	1,449.08	-	1,449.08
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit	-	-	-
2. Credit	564.97	-	564.97
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedures Courses			
(a) Weekly Census Contact Hours	11,939.13	-	11,939.13
(b) Daily Census Contact Hours	1,763.73	-	1,763.73
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	416.44	-	416.44
(b) Credit	43.41	-	43.41
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	707.55	-	707.55
(b) Daily Census Procedure Courses	850.68	-	850.68
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>17,790.29</u>	<u>-</u>	<u>17,790.29</u>

See accompanying note to supplementary information.

**CERRITOS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH
DISTRICT ACCOUNTING RECORDS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no adjustments necessary to reconcile the annual CCFS-311 report with the District accounting records for the fiscal year 2014-15.

**CERRITOS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ESCB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustment s	Revised Data	Reported Data	Audit Adjustment s	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	21,460,274	-	21,460,274	21,461,336	-	21,461,336
Other	1300	11,694,658	-	11,694,658	11,721,766	-	11,721,766
Total Instructional Salaries		33,154,932	-	33,154,932	33,183,102	-	33,183,102
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,172,587	-	4,172,587
Other	1400	-	-	-	3,116,953	-	3,116,953
Total Non-Instructional Salaries		-	-	-	7,289,540	-	7,289,540
Total Academic Salaries		33,154,932	-	33,154,932	40,472,642	-	40,472,642
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	16,077,047	-	16,077,047
Other	2300	-	-	-	1,322,194	-	1,322,194
Total Non-Instructional Salaries		-	-	-	17,399,241	-	17,399,241
Instructional Aides							
Regular Status	2200	428,555	-	428,555	459,291	-	459,291
Other	2400	575,225	-	575,225	575,225	-	575,225
Total Instructional Aides		1,003,780	-	1,003,780	1,034,516	-	1,034,516
Total Classified Salaries		1,003,780	-	1,003,780	18,433,757	-	18,433,757
Employee Benefits	3000	9,718,856	-	9,718,856	16,602,554	-	16,602,554
Supplies and Materials	4000	-	-	-	1,529,946	-	1,529,946
Other Operating Expenses	5000	709,174	-	709,174	6,220,791	-	6,220,791
Equipment Replacement	6420	-	-	-	68,150	-	68,150
Total Expenditures Prior to Exclusions		44,586,742	-	44,586,742	83,327,840	-	83,327,840
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	286,315	-	286,315	286,315	-	286,315
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	67,975	-	67,975
Non-instructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	440,072	-	440,072
Object to Exclude							
Rents and Leases	5060	-	-	-	102,886	-	102,886
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	2,256,558	-	2,256,558
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-instructional Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment	6420	-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 286,315	\$ -	\$ 286,315	\$ 3,153,806	\$ -	\$ 3,153,806
Total for ECS 84362, 50% Law		\$ 44,300,427	\$ -	\$ 44,300,427	\$ 80,174,034	\$ -	\$ 80,174,034
Percent of CEE (Instructional Salary Cost/Total CEE)		55.26%	0.00%	55.26%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ 44,704,072	\$ -	\$ 44,704,072	\$ 40,087,017	\$ -	\$ 40,087,017

See accompanying note to supplementary information.

**CERRITOS COMMUNITY COLLEGE DISTRICT
 DETAILS OF EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2015**

EPA Revenue	\$ 15,546,827
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	Total
Instructional Activities	0100-5900	\$ 15,546,827	\$ -	\$ -	\$ 15,546,827
Total		\$ 15,546,827	\$ -	\$ -	\$ 15,546,827

See accompanying note to supplementary information.

**CERRITOS COMMUNITY COLLEGE DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1- PURPOSE OF SCHEDULES

A. Schedules of Expenditures of Federal Awards and State Financial Assistance

The audit of the Cerritos Community College District for the year ended June 30, 2015, was conducted in accordance with OMB Circular A-133, which requires a disclosure of the financial activities of all federally funded programs. The Schedule of Federal Awards and the Schedule of State Financial Assistance is prepared on the modified accrual basis of accounting.

B. Schedule of Workload Measures for State General Apportionment

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the Cerritos Community College District's annual calculation of funding.

C. Reconciliation of Annual Financial and Budget Report with Audited Fund Balances

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the Form CCFS-311.

D. Reconciliation of the ECS 84362 (50 percent law) Calculation

This schedule reports any audit adjustments made to the reported data to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**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**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Independent Auditors' Report

Governing Board
Cerritos Community College District
Norwalk, 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 governmental activities, each major fund, and the aggregate remaining fund information of Cerritos Community College District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Cerritos Community College District's basic financial statements, and have issued our report thereon dated December 18, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cerritos 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 Cerritos Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cerritos 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.

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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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cerritos 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.

Christy White Associates

San Diego, California
December 18, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Independent Auditors' Report

Governing Board
Cerritos Community College District
Norwalk, California

Report on Compliance for Each Major Federal Program

We have audited Cerritos Community College District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cerritos Community College District's major federal programs for the year ended June 30, 2015. Cerritos 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cerritos 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Cerritos Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 Cerritos Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Cerritos 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, 2015.

Report on Internal Control Over Compliance

Management of Cerritos 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 Cerritos 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 OMB Circular A-133, 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 Cerritos 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
December 18, 2015

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board
Cerritos Community College District
Norwalk, California

Report on State Compliance

We have audited Cerritos Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2014-15*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2015.

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 Cerritos 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) 2014-15*, 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 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 Cerritos Community College District compliance with those requirements.

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Opinion on State Compliance

In our opinion, Cerritos Community College District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2015.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Cerritos 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 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 474 – Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
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) 2014-15*. Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
December 18, 2015

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**CERRITOS COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS

	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,353,491</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**CERRITOS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no findings or questioned costs related to the financial statements for the year ended June 30, 2015.

**CERRITOS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no findings or questioned costs related to the federal awards for the year ended June 30, 2015.

**CERRITOS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no findings or questioned costs related to the state awards for the year ended June 30, 2015.

**CERRITOS COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no findings or questioned costs for the District for the 2013-14 fiscal year.