MARIN COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2019

MARIN COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

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(Continued)

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Marin Community College District
Kentfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Marin Community College District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Marin 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.

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 activities and fiduciary activities of Marin Community College District, as of June 30, 2019, and the respective changes in its 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.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District early implemented Governmental Accounting Standards Board (GASB) Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 15 and the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 53 to 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Organization disclosure, 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organization disclosure, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Organization disclosure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of Marin 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 Marin Community College District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

Governmental Accounting Standards Board (GASB) Statement 34/35

Marin Community College District (the District) prepares financial reports in accordance with GASB Statements No. 34/35, "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,*" issued in November 1999. The following discussion and analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2019 and the intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial standing, this analysis should be read in conjunction with the entire Independent Auditor's Report, particularly the District's financial statements beginning on page 16, and the notes to the basic financial statements beginning on page 22.

The California Community College Chancellor's Office, through its Fiscal and Accountability Standards Committee, has recommended the Business Type Activity (BTA) model for financial reporting and the District has adopted the BTA reporting model for these financial statements.

As required, the annual report consists of three basic financial statements that provide information on the District as a whole:

- Statement of Net Position
- Statement of Revenues, Expenses and Change in Net Position
- Statement of Cash Flows

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
Fiscal Year Ending June 30, 2019

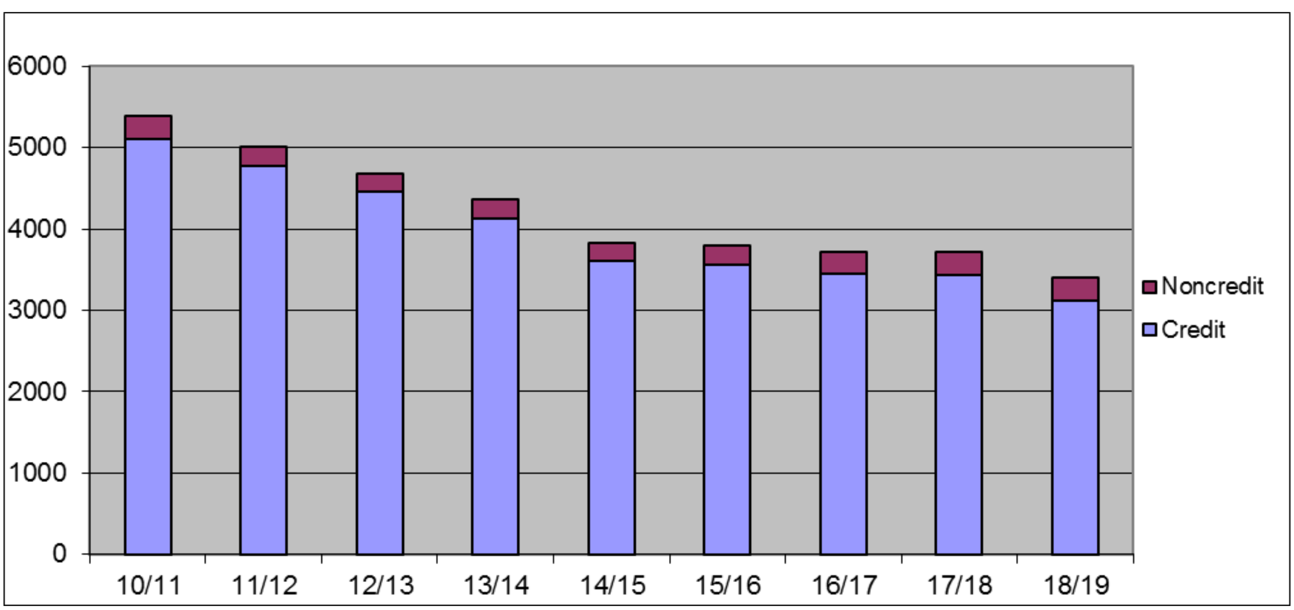
Financial Highlights

- The District continues to maintain its "Basic Aid" (also known as community supported) status because the receipts from local property taxes and enrollment fees exceeded the State's funding formula known as apportionment for 2018-19 by about $33.8 million. The state of California changed the funding formula for community college districts in 2018-19 to a more student-centered formula that rewards on equity and success in addition to enrollment. The District does not anticipate the new funding formula will impact revenue since the District will continue to be basic aid (also known as community supported) where revenues are received from local property taxes and enrollment fees rather than the state.

- FTES totaled 3,404 representing an 8.4% decrease over the prior fiscal year. The decline in enrollment over the last several years was attributable to a convergence of factors including changes in student enrollment patterns and near record low county unemployment.

  Creating strong future enrollment remains a strategic priority for the District. Outreach and marketing efforts are well underway in an attempt to stabilize the declining trend in enrollment. The District has been collaborating with K-12 and business partners to develop new career technical education programs in high-demand fields such as biotechnology, agri-tourism, and information and communication technology. The District's K-12 connections also include expansion of concurrent enrollment opportunities for high school students, including offering select courses at high school sites; the Summer Bridge program which is dramatically reducing the remedial needs of incoming students; and COMPASS (College of Marin Providing Access and Supporting Success).

FTES Statistics
2010/11 – 2018/19



Financial Highlights (continued)

- Fiscal year 2018-19 fund-level net position ended higher than originally budgeted primarily due to the higher fund-level net position from the previous year. Unrestricted revenues were about $4.9 million higher, primarily due to state revenue and property taxes. Unrestricted expenditures were approximately $1.7 million higher than budget primarily due to other outgo that wasn't budgeted. The year ended with the unrestricted fund reserve level at 13.8%.

- Net costs for employee compensation in the unrestricted fund increased 8.2% compared to the prior year actual expenditures. Faculty salaries increased by 2.7% in 2018-19. This was primarily attributable to a bargaining unit agreement that was negotiated in 2017-18 causing a prior year increase in faculty salaries due to retroactive payments – this resulted in a lower year over year increase in 2018-19. Classified salaries increased 5.8% in 2018-19 due to negotiated bargaining unit agreements and step and column increases. Administrators' salaries increased 8.4% due to a salary increase, step and column increases and newly added positions. Employer paid benefits increased over 17.3%, primarily due to increased pension costs and state on-behalf payments.

- The Board directed funding the retiree healthcare obligation (other post-employment benefits or "OPEB") in advance rather than on the prior "pay as you go" basis. Between Fiscal Years 2005-06 and 2009-10, the District pre-funded the obligation transferring $2,000,000 out of the General Fund into the Retiree Unfunded Medical Benefits Liability Fund. This pre-funding accumulated interest earnings in the amount of $164,078. In June 2013, the District established an irrevocable OPEB trust fund with CalPERS, formally named the California Employers' Retiree Benefit Trust (CERBT) fund, and transferred the $2,164,078 fund balance from the previous Retiree Unfunded Medical Benefits Liability Fund to the irrevocable OPEB Trust fund.

  Subsequently, the District's Board of Trustees approved additional contributions of $250,000 and $850,000 to the irrevocable trust fund. In FY 2016-17 the District began receiving "pay-as-you-go" disbursements from the trust fund for its retiree medical and dental premium payments.

  The District's most recent actuarial report is dated November 21, 2019 with a valuation date of June 30, 2017 and measurement date of June 30, 2018. At June 30, 2018, the District's Total OPEB Liability was $1.7 million and the Fiduciary Net Position of the trust was $3.3 million, leaving a Net OPEB Liability of ($1.5) million.

- The District provided Financial Aid to more than 7,000 qualifying students in FY 2018-19 translating to about $8.5 million in paid aid. This aid is provided through grants, loans, institutional and outside scholarships, work study from the Federal government, the State, and local funding.

Capital Asset and Debt Administration

- On November 2, 2004 the voters of Marin County overwhelmingly passed Measure C, a $249.5 million bond for facilities maintenance, job training and safety, passing with more than 60 percent of the vote, easily surpassing the required 55 percent. With the bond, the College has been able to modernize science labs, classrooms, and libraries; provide modern computer technology; upgrade fire safety, campus security, disabled access, energy conservation systems and electrical wiring for computer technology; and repair, construct, acquire, and/or equip classrooms, labs, sites and facilities. The College retained the services of Swinerton Management & Consulting, Inc. as its Measure C program and construction management provider through the end of 2012. Beginning January 1, 2013, the College retained Jacobs Project Management Co. to assume the role of program and construction management and to continue to work with the District's faculty, staff and students to implement the Measure C work in accordance with the Facilities Development and Master Plan.

- In April 2005, $75 million in bonds were sold pursuant to the terms of a public sale. An additional $75 million in bonds were sold in February 2009, and another $52.505 million in bonds were sold in June 2011. In December 2012, the balance of the bonds, $46.995 million were sold. All proceeds were delivered to the Marin County Treasury for credit of College of Marin into its building fund.

- The District has taken advantage of low interest rates and refinanced previously-issued general obligation bonds. This refinancing is also known as "refunding." In December 2017, the bond refunding represented a net present value savings to the taxpayers of $5.09 million over the life of the bonds. The District previously closed other bond refundings in March 2016, June 2015 and December 2012, which saved taxpayers approximately $4.29 million, $1.91 million and $6.36 million, respectively, over of the life of the refunded bonds.

- The District's Measure C Funds were exhausted in 2018-19.

- In June 7, 2016, the voters of Marin County overwhelmingly passed Measure B, a $265 million bond. To provide modern, well-maintained educational facilities for our students, Measure B will:

    - Repair and upgrade classrooms, science labs, vocational education facilities and job training centers for 21st-centruy careers in technology, computer and engineering
    - Repair or replace leaking roofs
    - Modernize and update science classrooms and labs
    - Update classrooms and educational facilities to meet current earthquake, fire and safety codes
    - Update campus facilities to provide access for disabled students.

- The College retained the services of Gilbane Management & Consulting, Inc. as its Measure B program and construction management provider, and Ann Kennedy Group to provide financial reporting and bond compliance services.

Capital Asset and Debt Administration (continued)

- In December 2016, $60 million in tax exempt bonds were sold, netted against $280 thousand in issuance and underwriting costs, and $37.5 million in federally-taxable bonds were sold, netted against $287.5 thousand in issuance and underwriting costs. Issuances were sold pursuant to the terms of a public sale. All proceeds were delivered to the Marin County Treasury for credit of College of Marin into its Measure B, Series A Building Fund and Series A-1 Fund, respectively.

- In January 2019, $70 million in tax exempt bonds were issued, netted against $172 thousand in issuance and underwriting costs, and $97.5 million in federally-taxable bonds were issued, netted against $230 thousand in issuance and underwriting costs. Issuances were sold pursuant to the terms of a public sale. All proceeds were delivered to the Marin County Treasury for credit of College of Marin into its Measure B, Series B Building Fund and Series B-1 Fund, respectively.

- The District's 2018-19 Measure B Capital Improvement and Modernization Program included the beginning, continuation and/or completion of projects as follows:
  - Athletic Synthetic Turf Fields (Phase I & II)
  - ADA Barrier Removal Site Improvements
  - Administrative Cluster Upgrades (Building 11) at the Indian Valley Campus
  - Organic Farm & Garden
  - Pomo Cluster (Phase I & II)
  - Fine Arts Building: Audio Visual Upgrades
  - Performing Arts Building: Ticket Booth Improvements
  - Building 27: Exterior Painting
  - Admin Cluster: Buildings 8, 9, 10, and 12 Roof Replacement
  - Admin Cluster: Buildings 9 & 12 Exterior Window Replacements
  - STEM Center
  - New Miwok Center
  - Jonas Center & Building 18
  - Maintenance & Operations Building and District Warehouse

- The District's 2019-20 Measure B Capital Improvement and Modernization Program includes projects that have been initiated during this period and newly added projects:
  - Admin Cluster: Building 12 Interior Abatement and Renovation
  - 941 Sir Francis Drake: New Home of Reprographics
  - Swing Space: Temporary Offices and Classrooms
  - Swing Space: Modernization of Existing Maintenance & Operations Building for Campus Bookstore
  - Learning Resource Center Project
  - Fusselman Hall: Structural & Waterproofing Improvements

- In March 2018 the District issued $7.37 million of lease revenue bonds to finance solar energy facilities on the Kentfield and Indian Valley campuses.

- In February 2019 the District issued $3.98 million of Certificates of Participation to finance acquisition and construction of District facilities and workforce housing units.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
Fiscal Year Ending June 30, 2019

Statement of Net Position

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

For the Years Ended June 30, 2019 and 2018
(In Thousands)

	2019	2018	% Change
Current Assets			
Cash and Cash Equivalents	$ 24,253	$ 19,446	24.72%
Other Current Assets	4,056	3,125	29.79%
Total Current Assets	28,309	22,571	25.42%
Non-Current Assets			
Restricted Cash and Cash Equivalents	242,727	98,865	145.51%
OPEB Asset	1,527	1,370	11.46%
Capital Assets, Net of Depreciation	299,983	272,545	10.07%
Total Non-Current Assets	544,237	372,780	45.99%
Deferred Outflows of Resources			
Pension	20,872	18,974	10.00%
OPEB	28	37	-24.32%
Gain on Debt Refunding	12,518	13,763	-9.05%
Total Assets and Deferred Outflow	**$ 605,964**	**$ 428,125**	**41.54%**
Current Liabilities			
Accounts Payable and Accrued Liabilities	$ 20,528	$ 14,810	38.61%
Deferred Revenues	7,270	6,227	16.75%
Claims Liability	79	79	0.00%
Compensated Absences - Current Portion	358	332	7.83%
Premium on General Obligation Bonds	1,616	1,420	13.80%
Long-Term Liabilities - Current Portion	14,744	16,232	-9.17%
Total Current Liabilities	44,595	39,100	14.05%
Non-Current Liabilities			
Long-Term Liabilities	550,102	385,322	42.76%
Total Liabilities	594,697	424,422	40.12%
Deferred Inflows of Resources			
OPEB	17	-	n/a
Pension	3,402	4,852	-29.88%
	3,419	4,852	-29.53%
Net Position			
Invested in Capital Assets	12,860	14,655	-12.25%
Restricted	35,283	94,820	-62.79%
Unrestricted	(40,295)	(110,624)	-63.57%
Total Net Position	7,848	(1,149)	-783.03%
Total Liabilities and Net Position	**$ 605,964**	**$ 428,125**	**41.54%**

Statement of Net Position (continued)

- The $5.7 million net increase in "Total Current Assets" is due primarily to the increase in cash in the bond interest and redemption funds—several payments are due August 1.

- The net increase in restricted cash of $144 million relates primarily to the issuance of $167.5 million, the balance of the $265 million approved Measure B bonds.

- The $27.4 million increase in capital assets is primarily the result of capital projects underway for the Measure B bond, offset by $8.7 million in depreciation expense. The capitalization threshold is established at $5,000 or higher (original acquisition cost).

- The $5.7 million increase in Accounts Payable and Accrued Liabilities relates to Measure B – accounts payable for projects getting underway.

- The $1.5 million decrease in Current Portion of Long-Term Debt is primarily attributable to lower principal and interest payments due on the General Obligation Bonds.

- The $164.8 million increase in Long-Term Liabilities is primarily attributable to the issuance of the remaining $167.5 million in Measure B General Obligation Bonds.

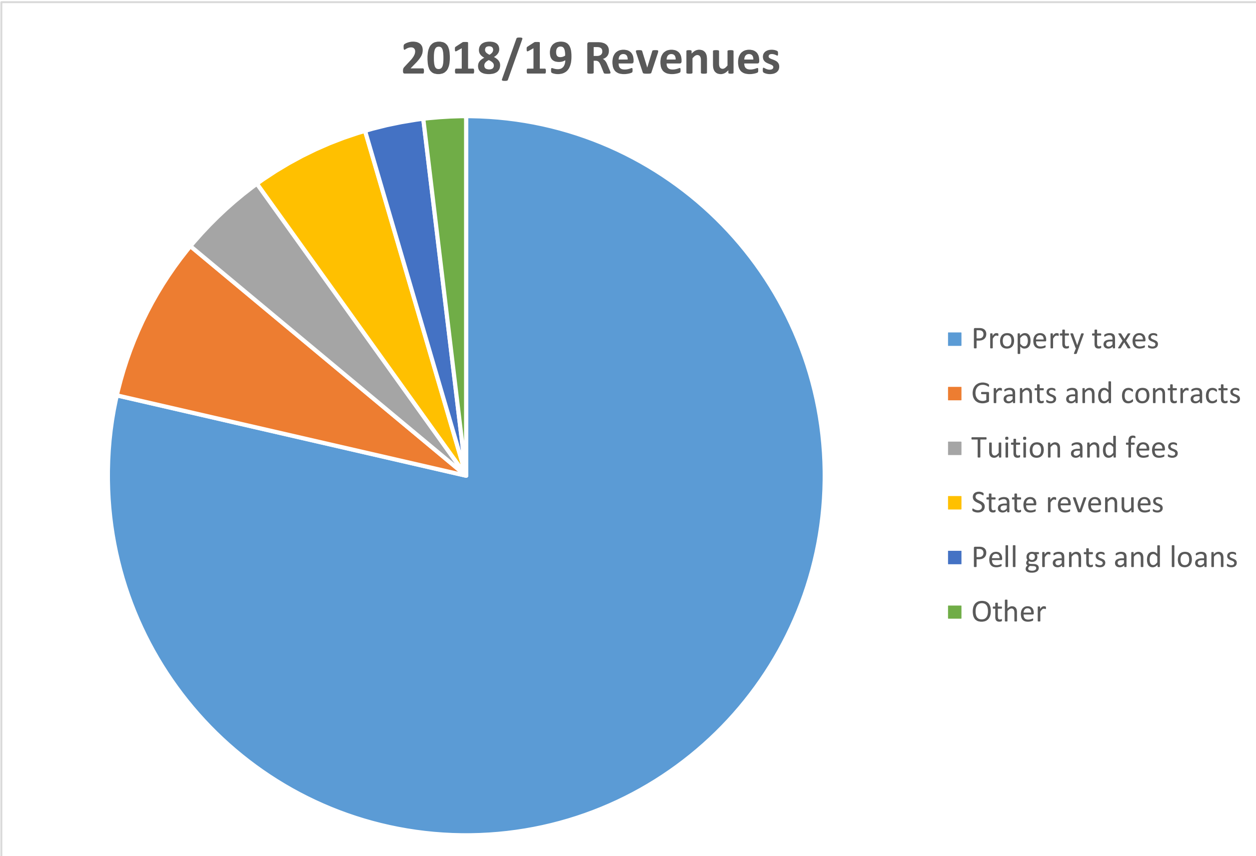
- Net Position includes the value of all capital assets (net of accumulated depreciation).

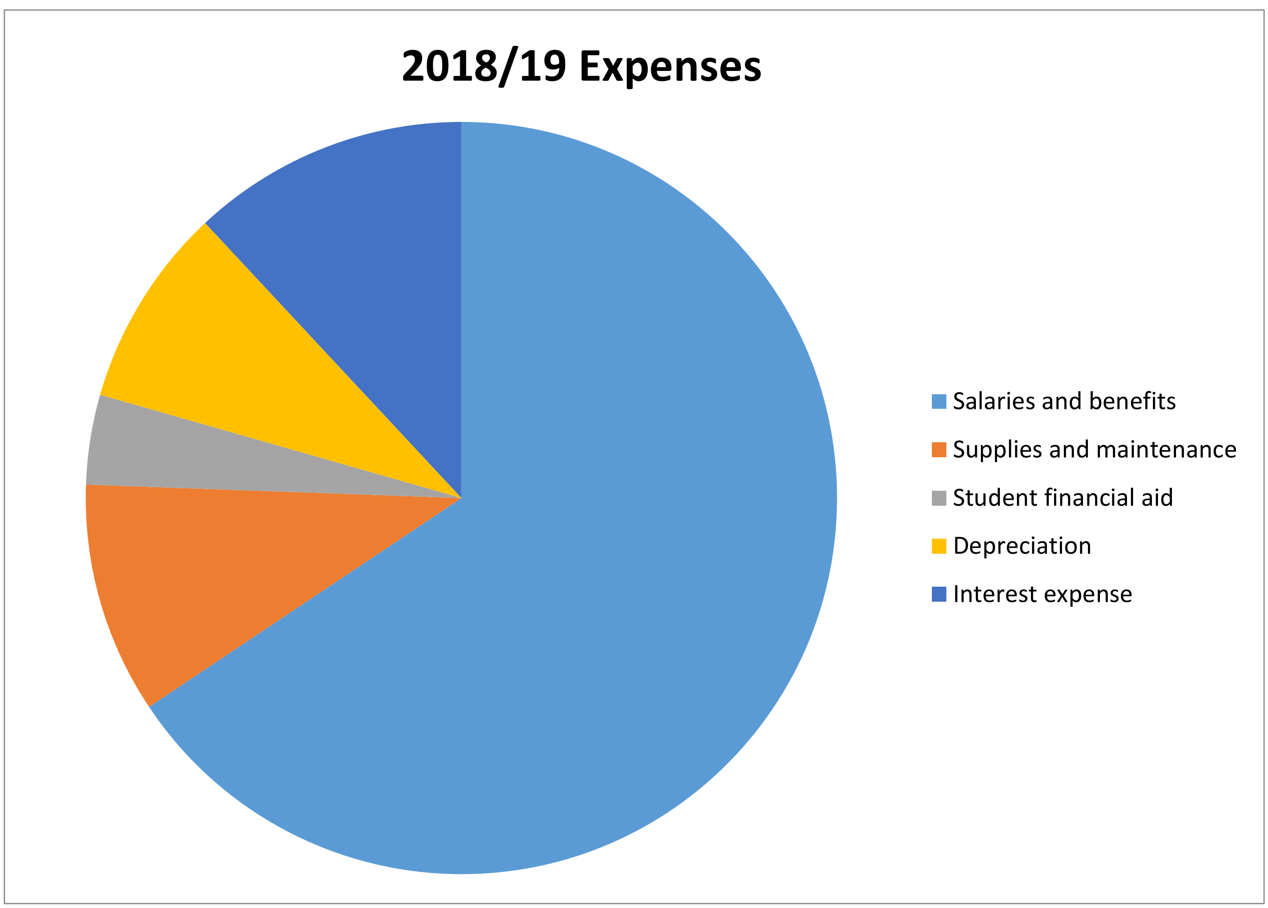
Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses.

For the Years Ended June 30, 2019 and 2018
(In Thousands)

	2019	2018	% Change
Operating Revenues			
Tuition and fees	$ 4,456	$ 4,337	2.74%
Grants and contracts	8,139	7,978	2.02%
Total Operating Revenues	12,595	12,315	2.27%
Operating Expenses			
Salaries and benefits	66,039	58,479	12.93%
Supplies and maintenance	9,991	9,598	4.09%
Student Financial Aid	3,889	4,029	-3.47%
Depreciation	8,667	8,249	5.07%
Total Operating Expenses	88,586	80,355	10.24%
Loss from Operations	(75,991)	(68,040)	11.69%
Nonoperating Revenues and (Expenses)			
State apportionment	584	438	33.33%
Property taxes	57,713	54,196	6.49%
State revenues	5,299	2,899	82.79%
Pell grants and direct loans	2,898	2,951	-1.80%
Investment income	490	1,261	-61.14%
Interest expense on capital asset related debt	(12,032)	(7,890)	52.50%
Other nonoperating revenues	1,599	499	220.44%
Total Nonoperating Revenues	56,551	54,354	4.04%
Capital Revenues			
Property taxes	28,437	25,768	10.36%
Change in Net Position	**8,997**	**12,082**	**-25.53%**
Net position, July 1, 2018	(1,149)	(10,927)	-89.48%
Cumulative effect of GASB 75	-	(2,304)	n/a
Net position, July 1, 2018 as restated	**(1,149)**	**(13,231)**	**-91.32%**
Net position, June 30,2019	**$ 7,848**	**$ (1,149)**	**-783.03%**


2018/19 Revenues
Property taxes
Grants and contracts
Tuition and fees
State revenues
Pell grants and loans
Other


2018/19 Expenses
Salaries and benefits
Supplies and maintenance
Student financial aid
Depreciation
Interest expense

Statement of Revenues, Expenses and Change in Net Position (continued)

- As reported in the Statement of Revenues, Expenses and Change in Net Position on page 17 of this report, the cost of all the District's operational activities this year was $88.6 million, an increase of approximately 10.2% compared to that of the prior year, primarily due to increased salaries and benefits.

- Expenses for 2018-19 included depreciation of the District's plant and equipment of approximately $8.7 million.

- About 74.5% of all operating expenses were directed to salary and benefit costs, compared to 72.8% last year. The STRS and PERS "On-Behalf" expenditures were approximately $1.5 million and $1.0 million, respectively, higher than last year.

- Non-operating revenue and expense increased about $2.2 million primarily due to a $3.5 million increase in property taxes, a $2.4 million increase in state revenues as a result of an increase in STRS and PERS "On-Behalf" payments, $0.4 million increase in other revenues offset by a $4.1 million increase in interest expense.

- The ad valorem taxes collected in the bond redemption funds was $28.4 million. The ad valorem taxes fluctuate because they are collected based on the need to repay the bond principal and interest.

Statement of Cash Flows

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

For the Years Ended June 30, 2019 and 2018
(In Thousands)

	2019	2018
Cash (used in) provided by:		
Operating activities	$ (65,589)	$ (60,919)
Non-capital financing activities	68,093	60,983
Capital and related financing activities	145,675	(10,762)
Investing activities	490	1,261
Net increase in cash	148,669	(9,437)
Cash – beginning of fiscal year	118,311	127,748
Cash – end of fiscal year	**$ 266,980**	**$ 118,311**

- Operating activities includes tuition and fees, grants, and operating payments. The decrease in cash used for operating activities is primarily due to the increase in salaries and benefits.

Statement of Cash Flows (continued)

- A consistent significant cash in-flow is in non-capital financing activities which includes property taxes, enrollment fees, State apportionments, and local revenues; property taxes being the largest contributor.
- Capital and related financing activities correlate to bond issuances and redemptions. The District issued $167.5 million in Measure B bonds in 2018-19. Construction projects and capital debt are also reported in capital and related financing activities, and spending is underway in 2018-19.
- Cash flow is adequate for a small district; the District participates in Marin County Treasurer's Office investment pool to maximize interest earnings on excess cash.

Factors That May Affect the Future

- Forecasts for 2019-20 anticipate a 2.0% increase in property taxes with the California Consumer Price Index at 3.847%. The anticipated revenue increase is offset by escalating salaries and pension costs as well as an anticipated contribution to the Pension Rate Stabilization Fund, resulting in a slight decrease in fund balance. The District is benefiting from increased state funding (EPA, categorical programs, etc.) and hopes that the state can continue with the increased funding levels. The District has also joined SISC (Self-Insured Schools of California) in an effort to control its health care costs.
- The state of California changed the funding formula for community college districts in 2018-19 to a more student-centered formula that rewards on equity and success in addition to enrollment. The District does not anticipate the new funding formula will impact revenue since the District will continue to be basic aid (also known as community supported) where revenues are received from local property taxes and enrollment fees rather than the state.
- Pension Reform may help control costs as employees new to the pension systems are required to pay their own share of pension expense. The District has negotiated with the bargaining units so classic CalPERS (California Public Employees' Retirement System) members for whom the District used to pay the employee share of CalPERS have started to pay a portion of the employee share and will pay the full employee portion in 2019. However, CalSTRS (California State Teachers' Retirement System) and CalPERS are both projecting annual increases for several years into the future to help with the unfunded liability of those plans which will increase the cost to the District. The District has also been required to reflect the unfunded liability of STRS and PERS for its employees in the financial statements beginning with the fiscal year ending June 30, 2015 which had and will continue to have a negative impact.

Factors That May Affect the Future (continued)

In 2017-18, the District established a Pension Rate Stabilization Fund to prefund pension obligations. Contributions to the trust fund are determined by the Board of Trustees. Contributions of $600,000 and $4.2 million were made to the trust fund in 2018-19 and 2017-18, respectively. A contribution to the trust fund of $1.750 million is in the 2019-20 budget. Future contributions will be determined by the availability of resources and will likely fluctuate. Contributed funds may also be withdrawn from the trust fund as needed to assist with paying STRS and PERS pension liabilities.

- The District contributed funds into an irrevocable trust to fund its postemployment retirement benefits. That trust is fully funded and is now providing disbursements to the District for the "pay as you go" cost of medical benefits for retirees. These disbursements are providing another financing source to the District.

- The current economy, slight reductions in unemployment, and changes in financial aid regulations and course repeatability have caused a decline in enrollment. Also, unemployed workers who came back to school for training in a new vocation or to upgrade their skills have left to seek employment. The District has taken various courses of action with student focused programs to stabilize and improve enrollment.

- 2019-20 reserves are budgeted at 9.4% of General Fund Unrestricted expenditures in the 2018-19 Annual Budget and Financial Report (CCFS 311). The District anticipates maintaining a reserve of 9.5% or higher in compliance with the Board's administrative procedure on reserve fund management.

MARIN COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

ASSETS	
Current assets:	
Cash and investments (Note 2)	$ 24,252,795
Receivables, net (Note 3)	3,167,279
Prepaid expenses	889,090
Total current assets	28,309,164
Noncurrent assets:	
Restricted cash and investments (Note 2)	242,726,592
OPEB asset (Note 11)	1,527,482
Non-depreciable capital assets (Note 4)	63,253,620
Depreciable capital assets, net (Note 4)	236,729,422
Total noncurrent assets	544,237,116
Total assets	572,546,280
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 9 and 10)	20,871,766
Deferred outflows of resources - OPEB (Note 11)	28,116
Deferred outflows of resources - refunding	12,518,159
Total deferred outflows of resources	33,418,041
Total assets and deferred outflows of resources	$ 605,964,321
LIABILITIES	
Current liabilities:	
Accounts payable	$ 20,527,467
Unearned revenue (Note 5)	7,270,107
Claims liability (Note 8)	79,319
Compensated absences payable - current portion (Note 6)	357,511
Premium on general obligation bonds (Note 6)	1,616,369
Long-term debt - current portion (Note 6)	14,744,210
Total current liabilities	44,594,983
Noncurrent liabilities:	
Compensated absences payable - noncurrent portion (Note 6)	1,364,153
Premium on general obligation bonds (Note 6)	22,285,008
Long-term debt - noncurrent portion (Note 6)	526,453,235
Total noncurrent liabilities	550,102,396
Total liabilities	594,697,379
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB (Note 11)	16,532
Deferred inflows of resources - pensions (Notes 9 and 10)	3,402,000
Total deferred inflows of resources	3,418,532
NET POSITION	
Net investment in capital assets	12,860,250
Restricted for:	
Capital projects	5,825,015
Debt service	29,457,657
Unrestricted	(40,294,512)
Total net position	7,848,410
Total liabilities, deferred inflows of resources and net position	$ 605,964,321

See accompanying notes to financial statements.

MARIN COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2019

Operating revenues:	
Tuition and fees	$ 6,006,657
Less: scholarship discounts and allowances	(1,550,738)
Net tuition and fees	4,455,919
Grants and contracts, non-capital:	
Federal	936,697
State and local	7,202,241
Total operating revenues	12,594,857
Operating expenses:	
Salaries and benefits (Notes 9, 10 and 11)	66,038,487
Supplies, materials, and other operating expenses and services	9,683,666
Equipment, maintenance and repairs	307,674
Student financial aid	3,889,042
Depreciation (Note 4)	8,667,300
Total operating expenses	88,586,169
Loss from operations	(75,991,312)
Non-operating revenues (expenses):	
State apportionment, non-capital	584,186
Local property taxes (Note 7)	57,712,768
State taxes and other revenues	5,299,133
Pell grants	2,897,940
Investment income	489,810
Interest expense on capital asset-related debt, net	(12,032,127)
Other non-operating income	1,599,033
Total non-operating revenues (expenses)	56,550,743
Loss before capital revenues	(19,440,569)
Capital revenues:	
Property taxes (Note 7)	28,437,516
Change in net position	8,996,947
Net position, July 1, 2018	(1,148,537)
Net position, June 30, 2019	$ 7,848,410

See accompanying notes to financial statements.

Cash flows from operating activities:	
Tuition and fees	$ 4,402,033
Federal grants and contracts	891,712
State and local grants and contracts	7,890,782
Payments to employees	(64,471,712)
Payments to students, suppliers and vendors	(14,302,094)
Net cash used in operating activities	(65,589,279)
Cash flows from noncapital financing activities:	
State appropriations	584,186
Local property taxes	57,712,768
State taxes and other revenues	5,299,133
Other non-operating revenues	1,599,033
Pell grants	2,897,940
Net cash provided by noncapital financing activities	68,093,060
Cash flows from capital and related financing activities:	
Local property taxes, capital purposes	28,437,516
Loss on disposal of capital assets	208,114
Principal paid on capital debt	(17,476,444)
Proceeds from issuance of general obligation bonds	175,523,304
Purchase of capital assets	(32,683,188)
Interest paid on capital debt, net	(8,334,695)
Net cash provided by capital and related financing activities	145,674,607
Cash flows from investing activities:	
Interest income	489,810
Net increase in cash and investments	148,668,198
Cash and investments, beginning of year	118,311,189
Cash and investments, end of year	$ 266,979,387

(Continued)

Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	$	(75,991,312)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation expense		8,667,300
Changes in assets and liabilities:		
Receivables, net		(594,378)
Prepaid expenses		(337,085)
Deferred outflows of resources - pension		(1,898,189)
Deferred outflows of resources - OPEB		16,532
Accounts payable		(366,402)
Unearned revenue		1,043,450
Claims liability		(145)
SERP liability		(266,431)
Compensated absences		133,414
Net pension liability		5,602,000
Deferred inflows of resources - pension		(1,450,000)
Deferred inflows of resources - OPEB		9,373
Other postemployment benefits		(157,406)
Net cash used in operating activities	$	(65,589,279)
Noncash capital and related financing activities:		
Additions to capital assets - increase in accounts payable	$	3,630,462
Amortization of (gain) loss on refunding		1,244,643
Amortization of premiums on capital debt		1,526,207

See accompanying notes to financial statements.

	Trust Fund		Agency Funds		
	Scholarship and Loan Trust Fund	Private Purpose Trust Fund	Associated Students of College of Marin	Emeritus Students of College of Marin	Represen-tation Fee Fund
ASSETS					
Cash (Note 2)	$ 595,887	$ 1,159,595	$ 294,143	$ 55,489	$ 96,469
Receivables	-	-	18,565	15,467	1,715
Total assets	$ 595,887	$ 1,159,595	$ 312,708	$ 71,009	$ 98,184
LIABILITIES					
Accounts payable	$ 62,138	$ 19	$ 241	$ 1,829	$ -
Amount held for others	-	-	312,467	69,127	98,184
Total liabilities	62,138	19	$ 312,708	$ 70,956	$ 98,184
NET POSITION					
Restricted - various purposes	533,749	1,159,576			
Total liabilities and restricted net position	$ 595,887	$ 1,159,595			

MARIN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2019

	Scholarship and Loan Trust Fund	Private Purpose Trust Fund
Additions:		
Contributions	$ 318,271	$ 69,796
Other local sources	7,867	22,668
Total additions	326,138	92,464
Deductions:		
Salaries and benefits	83,619	15,000
Supplies and materials	-	1,477
Student aid	139,110	(126)
Total deductions	222,729	16,351
Change in net position	103,409	76,113
Net position - held in trust, July 1, 2018	430,340	1,083,463
Net position - held in trust, June 30, 2019	$ 533,749	$ 1,159,576

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Marin Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115 and is therefore exempt from federal taxes.

Basis of Presentation and Accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective look at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

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

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual.*

Cash and Cash Equivalents: For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Marin County Treasury are considered cash equivalents.

Restricted Cash, Cash Equivalents and Investments: Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as non current assets in the statement of net position.

Receivables: Receivables consist of tuition and fee charges to students. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District maintains an allowance for doubtful accounts at an amount which management considers sufficient to fully reserve and provide for the possible uncollectibility of other receivable balances.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or, if donated, at acquisition value at the date of donation. For equipment, the District's capitalization policy included all items with a unit cost of $5,000 or higher, and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to 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 50 years for buildings, 15 years for land improvements, and 5 years for most machinery and equipment.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	CalSTRS	CalPERS	Total
Deferred outflows of resources	$ 10,251,266	$ 10,620,500	$ 20,871,766
Deferred inflows of resources	$ 3,111,000	$ 291,000	$ 3,402,000
Net pension liability	$ 33,431,000	$ 31,479,000	$ 64,910,000
Pension expense	$ 6,503,136	$ 6,082,798	$ 12,585,934

Compensated Absences: Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District.

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain California State Teachers Retirement System and California Public Employees' Retirement System, when the employee retires.

Unearned Revenue: Revenue from federal, state and local special projects and programs is recognized when qualified expenditures have been incurred. Other funds, including tuition and student fees, received but not earned are recorded as unearned revenue until earned.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net investment in capital assets: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position: Restricted expendable net position include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

The District's scholarship and loan trust fund and private purpose trust fund includes resources held in trust from contributions from various organizations or groups. Amounts held are restricted based on agreements with the various organizations, groups or donors. The funds are restricted primarily for Emeritus, nursing, and EOPS scholarships, however there are also general and performing arts scholarships.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically first applies the expense toward restricted resources, then to unrestricted resources. This practice ensures fully utilizing restricted funding each fiscal year.

Risk Management: As more fully described in Note 8, the District is partially self-insured with regard to dental and vision claims and certain other risks. The amount of the outstanding liability at June 30, 2019 for dental and vision claims includes estimates of future claim payments for known cases as well as provisions for incurred but not reported claims and adverse development on known cases which occurred through that date. Outstanding claims which are expected to become due and payable within the subsequent fiscal year are reflected as a claims liability on the District's Statement of Net Position.

State Apportionments: Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Any prior year corrections due to the recalculation will be recorded in the year completed by the State.

Classification of Revenues and Expenses: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. C05.101 including State appropriations, local property taxes, Pell grants and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Cod. Sec. C05.101, such as State appropriations, Pell grants and investment income. Interest expense on capital related debt is the only nonoperating expense.

Scholarship Discounts and Allowances: Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and change in net position. Scholarship discounts and allowances represent the difference between stated charges 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 and nongovernmental programs, are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions in GASB Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged and the District early adopted the Statement for the year ended June 30, 2019. The implementation of this Statement did not have a material effect on amounts previously presented.

(Continued)

NOTE 2 - CASH AND INVESTMENTS

District cash and investments at June 30, 2019, consisted of the following:

	District	Agency Funds	Trust Funds
Pooled Funds:			
Cash in County Treasury	$257,246,437	$ 4,573	$ 1,626,854
Deposits:			
Cash on hand and in banks	371,305	441,528	128,628
Revolving fund	20,000	-	-
Cash held by Fiscal Agent	4,285,207	-	-
Investments	5,056,438	-	-
Total cash and investments	266,979,387	446,101	1,755,482
Less: restricted cash and investments	(242,726,592)	-	-
Net cash and investments	$ 24,252,795	$ 446,101	$ 1,755,482

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Marin County Treasurer's Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio (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.

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

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Marin County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2019.

Restricted Cash and Investments: Restricted cash of $242,726,592 represents amounts held in the District's name with third party custodians for future construction projects and repayment of long-term liabilities.

Restricted investments of $5,056,438 represents amounts held in the District's name with third party custodians in a multiple employer trust arrangement to fund the District's pension obligation.

Custodial Credit Risk: 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 fair value of pledged securities must equal 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. All cash held by financial institutions is entirely insured or collateralized.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2019, the carrying amount of the District's accounts was $5,246,668 and the bank balance was $4,811,372. At June 30, 2019, $510,053 of the bank balance was FDIC insured and $4,301,319 remained uninsured.

Credit Risk: Under provision of the District's policies and in accordance with Sections 53601 and 53602 of the California Government code, the District may invest in the following types of investments:

- Local agency bonds, notes or warrants within the state
- Securities of the U.S. Government or its agencies
- Certificates of Deposit with commercial banks
- Commercial paper
- Repurchase Agreements

Interest Rate Risk: The District's investment policies do not limit cash and investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the District had no significant interest rate risk related to cash and investments held.

Concentration of Credit Risk: The District does not place limits on the amount they may invest in any one issuer. At June 30, 2019, the District and Trust had no concentration of credit risk.

Fair Value Measurements: The following presents information about the District's assets and liabilities measured at fair value on a recurring basis as of June 30, 2019, and indicates the fair value hierarchy of the valuation techniques utilized by the District to determine such fair value based on the hierarchy:

Level 1 - Quoted market prices for identical instruments traded in active exchange markets.

Level 2 - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

There were no changes in the valuation techniques used during the year ended June 30, 2019. There were no transfers of assets between the fair value levels for the year ended June 30, 2019.

The District is required or permitted to record the following assets at fair value on a recurring basis:

Description	Fair value	Level 1	Level 2	Level 3
Investment securities:				
Mutual funds	$ 5,056,438	$ 5,056,438	$ -	$ -

(Continued)

NOTE 3 - RECEIVABLES

Receivables at June 30, 2019 are summarized as follows:

Federal	$ 221,624
State	825,642
Local and other	3,075,800
	4,123,066
Less allowance for doubtful accounts	(955,787)
	$ 3,167,279

NOTE 4 - CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, 2018	Additions and Transfers	Deductions and Transfers	Balance June 30, 2019
Non-depreciable:				
Land	$ 3,119,170	$ 3,599,857	$ -	$ 6,719,027
Construction in progress	34,550,304	23,885,941	(1,901,652)	56,534,593
Depreciable:				
Land improvements	32,595,056	3,591,970	-	36,187,026
Building improvements	248,591,297	3,864,803	(1,314,020)	251,142,080
Machinery and equipment	21,784,147	3,272,731	(89,656)	24,967,222
Total	340,639,974	38,215,302	(3,305,328)	375,549,948
Less accumulated depreciation:				
Land improvements	11,117,166	1,448,855	-	12,566,021
Building improvements	46,346,208	5,241,235	(1,156,338)	50,431,105
Machinery and equipment	10,631,794	1,977,210	(39,224)	12,569,780
Total	68,095,168	8,667,300	(1,195,562)	75,566,906
Capital assets, net	$272,544,806	$ 29,548,002	$ (2,109,766)	$299,983,042

At June 30, 2019, the District had capital assets acquired from capital leases with an original cost of $268,688 and accumulated depreciation totaling $218,046.

NOTE 5 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned Federal and State revenue	$ 3,086,327
Unearned tuition and student fees	1,203,586
Unearned local revenue	2,980,194
Total unearned revenue	$ 7,270,107

(Continued)

NOTE 6 - LONG-TERM LIABILITIES

In March 2009, the District issued Series B, 2004 General Obligation Bonds aggregating $75,000,000. The bonds mature through August 2019 and bear interest at rates ranging from 3% to 5%. The proceeds from the issuance will be used to finance the acquisition, construction and modernization of certain District property and facilities. Resulting from the bond issuance, the District received a premium of $1,982,513 and paid issuance costs of $1,148,198. The premium is amortized over the life of the bond repayment. At June 30, 2019, the District has unamortized premiums of $6,565.

The annual payments required to amortize the Series B, 2004 General Obligation Bonds outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 1,395,000	$ 34,875	$ 1,429,875

In May 2011, the District issued Series C, 2004 General Obligation Bonds aggregating $52,505,000. The bonds mature through August 2021 and bear interest at rates ranging from 3% to 5%. The proceeds from the issuance will be used to finance the acquisition, construction and modernization of certain District property and facilities. Resulting from the bond issuance, the District received a premium of $767,032 and paid issuance costs of $285,719. The premium is amortized over the life of the bond repayment. At June 30, 2019, the District has unamortized premiums of $13,167.

Year Ending June 30,	Principal	Interest	Total
2020	$ 285,000	$ 49,350	$ 334,350
2021	410,000	35,450	445,450
2022	545,000	13,625	558,625
	$ 1,240,000	$ 98,425	$ 1,338,425

In November 2012, the District issued Series D, 2004 General Obligation Bonds aggregating $46,995,000. The bonds mature through August 2036 and bear interest at rates ranging from 3% to 3.25%. The proceeds from the issuance will be used to finance the acquisition, construction and modernization of certain District property and facilities and pay the costs of issuing Series D Bonds. Resulting from the bond issuance, the District received a premium of $401,662 and paid issuance costs of $120,809. The premium is amortized over the life of the bond repayment. At June 30, 2019, the District has unamortized premiums of $322,016.

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ 1,487,500	$ 1,487,500
2021	-	1,487,500	1,487,500
2022	-	1,487,500	1,487,500
2023	-	1,487,500	1,487,500
2024	-	1,487,500	1,487,500
2025-2029	-	7,437,500	7,437,500
2030-2034	13,430,000	6,396,200	19,826,200
2035-2037	33,565,000	2,074,838	35,639,838
	$ 46,995,000	$ 23,346,038	$ 70,341,038

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In November 2012, the District issued 2012 General Obligation Refunding Bonds aggregating $44,380,000. The bonds mature through August 2028 and bear interest at rates ranging from 2.5% to 4%. The proceeds from the issuance will be used to advance refund a portion of the District's outstanding Election 2004 General Obligation Bonds, Series A and pay the cost of issuing the Refunding Bonds. Resulting from the bond issuance, the District received a premium of $7,445,473 and paid issuance costs of $425,765. The premium is amortized over the life of the bond repayment. At June 30, 2019, the District has unamortized premiums of $5,073,231.

The annual payments required to amortize the 2012 General Obligation Refunding Bonds as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 2,275,000	$ 1,438,700	$ 3,713,700
2021	2,625,000	1,340,700	3,965,700
2022	2,995,000	1,228,300	4,223,300
2023	3,300,000	1,102,400	4,402,400
2024	3,620,000	964,000	4,584,000
2025-2029	23,680,000	2,277,800	25,957,800
	$ 38,495,000	$ 8,351,900	$ 46,846,900

During the year ended June 30, 2015, the District issued $32,055,000 of 2015 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 2.00% to 5.00%, maturing August 1, 2030. Proceeds were used to advance refund a portion of the outstanding 2004 Series A and B General Obligation Bonds and to pay the costs of issuing the 2015 Refunding Bonds. At June 30, 2019, $25,445,000 of bonds outstanding are considered defeased. At June 30, 2019, the District has unamortized premiums of $3,426,181.

The annual payments required to amortize the 2015 General Obligation Refunding Bonds outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ 1,392,650	$ 1,392,650
2021	1,510,000	1,362,450	2,872,450
2022	1,615,000	1,299,950	2,914,950
2023	1,745,000	1,224,025	2,969,025
2024	1,890,000	1,133,150	3,023,150
2025-2029	11,970,000	4,161,550	16,131,550
2030-2031	12,725,000	399,350	13,124,350
	$ 31,455,000	$ 10,973,125	$ 42,428,125

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In February 2016, the District issued $40,845,000 of 2016 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 2.00% to 5.00%, maturing August 1, 2038. At June 30, 2019, the District has unamortized premiums of $1,869,539.

The annual payments required to amortize the 2016 General Obligation Refunding Bonds outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 150,000	$ 1,415,175	$ 1,565,175
2021	155,000	1,410,600	1,565,600
2022	160,000	1,404,275	1,564,275
2023	165,000	1,398,625	1,563,625
2024	170,000	1,395,275	1,565,275
2025-2029	940,000	6,877,750	7,817,750
2030-2034	12,905,000	6,026,938	18,931,938
2035-2039	25,530,000	2,336,950	27,866,950
	$ 40,175,000	$ 22,265,588	$ 62,440,588

Defeasance of Debt: The District defeased certain General Obligation Bonds by placing proceeds of the new General Obligation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, $37,500,000 of bonds outstanding are considered defeased.

In November 2016, the District issued Election of 2016 General Obligation Bonds, Series A (Federally Tax-Exempt) aggregating $60,000,000. The bonds mature through August 2041 and bear interest at rates ranging from 3% to 5%. The proceeds from the issuance will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the costs of issuing Series A Bonds. At June 30, 2019, the District has unamortized premiums of $3,393,535.

Year Ending June 30,	Principal	Interest	Total
2020	$ 3,545,000	$ 2,293,538	$ 5,838,538
2021	170,000	2,219,238	2,389,238
2022	70,000	2,214,438	2,284,438
2023	140,000	2,210,238	2,350,238
2024	215,000	2,202,063	2,417,063
2025-2029	2,455,000	10,726,812	13,181,812
2030-2034	12,020,000	9,337,974	21,357,974
2035-2039	20,160,000	6,117,574	26,277,574
2040-2042	16,355,000	1,244,469	17,599,469
	$ 55,130,000	$ 38,566,344	$ 93,696,344

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In November 2016, the District issued Election of 2016 General Obligation Bonds, Series A-1 (Federally Taxable) aggregating $37,500,000. The bonds mature through August 2029 and bear interest at rates ranging from 1.296% to 3.472%. The proceeds from the issuance will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the costs of issuing Series A Bonds. At June 30, 2019, the District has unamortized premiums of $506,736.

Year Ending June 30,	Principal	Interest	Total
2020	$ 6,545,000	$ 790,191	$ 7,335,191
2021	1,840,000	717,825	2,557,825
2022	1,955,000	677,104	2,632,104
2023	2,080,000	628,492	2,708,492
2024	2,215,000	571,172	2,786,172
2025-2029	13,475,000	1,717,419	15,192,419
2030	3,250,000	56,420	3,306,420
	$ 31,360,000	$ 5,158,623	$ 36,518,623

During the year ended June 30, 2018, the District issued $49,405,000 of 2017 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 2.00% to 5.00%, maturing August 1, 2034. Proceeds were used to advance refund a portion of the outstanding 2004 Series C General Obligation Bonds and to pay the costs of issuing the 2017 Refunding Bonds. At June 30, 2019, the District has unamortized premiums of $5,528,822.

The annual payments required to amortize the 2017 General Obligation Refunding Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ 1,992,450	$ 1,992,450
2021	-	1,992,450	1,992,450
2022	-	1,992,450	1,992,450
2023	590,000	1,977,700	2,567,700
2024	735,000	1,944,575	2,679,575
2025-2029	6,045,000	8,966,100	15,011,100
2030-2034	30,420,000	6,080,000	36,500,000
2035	10,565,000	211,300	10,776,300
	$ 48,355,000	$ 25,157,025	$ 73,512,025

Defeasance of Debt: The District defeased certain General Obligation Bonds by placing proceeds of the new General Obligation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, $49,845,000 of bonds outstanding are considered defeased.

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

During the year ended June 30, 2019, the District issued $70,000,000 of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt). The current interest bonds bear interest at rates of 3.125% to 5.00%, maturing August 1, 2041. Proceeds from the issuance will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the costs of issuing the debt. At June 30, 2019, the District has unamortized premiums of $2,040,086.

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ 2,798,628	$ 2,798,628
2021	-	2,846,063	2,846,063
2022	-	2,846,063	2,846,063
2023	-	2,846,063	2,846,063
2024	-	2,846,063	2,846,063
2025-2029	1,190,000	14,152,310	15,342,310
2030-2034	7,695,000	13,138,188	20,833,188
2035-2039	14,030,000	10,874,250	24,904,250
2040-2042	47,085,000	2,913,500	49,998,500
	$ 70,000,000	$ 55,261,128	$ 75,262,628

During the year ended June 30, 2019, the District issued $97,500,000 of 2016 General Obligation Bonds, Series B-1 (Federally Taxable). The current interest bonds bear interest at rates of 2.662% to 5.00%, maturing August 1, 2039. Proceeds from the issuance will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the costs of issuing the debt. At June 30, 2019, the District has unamortized premiums of $1,721,499.

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ 3,610,170	$ 3,610,170
2021	1,420,000	3,652,459	5,072,459
2022	1,800,000	3,608,701	5,408,701
2023	2,095,000	3,554,376	5,649,376
2024	2,405,000	3,490,098	5,895,098
2025-2029	15,600,000	15,948,031	31,548,031
2030-2034	29,520,000	12,051,806	41,571,806
2035-2039	44,660,000	4,757,249	49,417,249
	$ 97,500,000	$ 50,672,890	$ 148,172,890

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Lease Revenue Bonds: In June 2003, the District issued $3,070,834 of Lease Revenue Bonds with effective interest rates ranging from 2.0% to 4.25% and maturing through May 2033. The bond proceeds are being used to fund various capital improvement projects throughout the District.

The annual payments required to amortize the 2003 Lease Revenue Bonds outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 125,000	$ 10,894	$ 135,894
2021	135,000	5,738	140,738
2022	177,655	278,770	456,425
2023	174,282	296,374	470,656
2024	172,033	316,308	488,341
2025-2029	821,936	1,890,491	2,712,427
2030-2033	604,928	1,893,911	2,498,839
	$ 2,210,834	$ 4,692,486	$ 6,903,320

In March 2018, the District issued $7,370,000 of Lease Revenue Bonds with effective interest rates ranging from 2.0% to 5.0% and maturing through May 2037. The bond proceeds are being used to fund various capital improvement projects throughout the District.

The annual payments required to amortize the Lease Revenue Bonds outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 275,000	$ 271,556	$ 546,556
2021	285,000	260,556	545,556
2022	295,000	249,156	544,156
2023	310,000	237,356	547,356
2024	325,000	221,856	546,856
2025-2029	1,885,000	848,781	2,733,781
2030-2034	2,260,000	470,213	2,730,213
2035-2037	1,535,000	102,900	1,637,900
	$ 7,170,000	$ 2,662,374	$ 9,832,374

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Note Payable - PG&E: In July 2014, the District entered into an On Bill Financing Loan with PG&E with an effective interest rate of 0% and expiring in February 2022. The loan is used as financing for an energy efficiency retrofit.

The annual payments required to amortize the PG&E loan outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 77,916	$ -	$ 77,916
2021	77,916	-	77,916
2022	56,968	-	56,968
	$ 212,800	$ -	$ 212,800

Certificates of Participation: In January 2019, the District issued $3,980,000 of Certificates of Participation (2019 Workforce Housing Project) with effective interest rates ranging from 3.00% to 5.00% and maturing through June 2039. The proceeds are being used to finance the construction of District facilities, including workforce housing, and pay the costs related to execution and delivery of the Certificates.

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ 197,228	$ 197,228
2021	-	149,794	149,794
2022	155,000	149,794	304,794
2023	160,000	143,594	303,594
2024	165,000	137,194	302,194
2025-2029	955,000	553,719	1,508,719
2030-2034	1,175,000	337,569	1,512,569
2035-2039	1,370,000	142,263	1,512,263
	$ 3,980,000	$ 1,811,155	$ 5,791,155

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Supplemental Employee Retirement Plan: During the fiscal year ended June 30, 2017 and 2016, the District provided the option of a Supplemental Employee Retirement Plan to the District employees. Employees under the SERP will receive monthly annuity benefits. The District is obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan. As of June 30, 2019 there was no SERP liability outstanding.

Changes in Long-Term Debt: A schedule of changes in long-term debt for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within Year
General Obligation (GO) Bonds	$ 310,065,000	$ 167,500,000	$ 15,465,000	$ 462,100,000	$ 14,195,000
Lease Revenue (LR) Bonds	9,690,834	-	310,000	9,380,834	400,000
Bond Premium - GO Bonds	21,560,246	3,849,932	1,508,801	23,901,377	1,616,369
Bond Premium - LR Bonds	338,532	-	14,751	323,781	15,080
Certificates of Participation	-	3,980,000	-	3,980,000	-
Certificates of Participation Premium	-	193,372	2,655	190,717	6,556
Net pension liability (Notes 9 & 10)	59,308,000	5,602,000	-	64,910,000	-
Compensated Absences	1,588,250	133,414	-	1,721,664	357,511
SERP liability	266,431	-	266,431	-	-
Note payable - PG&E	290,716	-	77,916	212,800	77,916
Capital leases obligations	196,634	-	97,321	99,313	49,658
	$ 403,304,643	$ 181,258,718	$ 17,742,875	$ 566,820,486	$ 16,718,090

NOTE 7 - PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessor of the County of Marin and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

NOTE 8 - RISK MANAGEMENT

The District administers dental and vision insurance programs on behalf of the District's eligible employees on a cost-reimbursement basis. The District records an estimated liability for dental and vision claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. A formal actuarial study has not been performed, however, the District calculated the estimated amount based on historical experience.

The dental and vision claims reserve activity for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Liability balance, beginning of year	$ 79,464	$ 98,497
Claims and changes in estimates	711,247	605,093
Claims payments	(711,392)	(624,126)
Liability balance, end of year	$ 79,319	$ 79,464

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

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

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

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

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

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

CalSTRS 2% at 60

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

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

CalSTRS 2% at 62

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

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

<u>Contributions</u>: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

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

The employer contribution rates set in statute by the CalSTRS Funding Plan were not changed by the passage of SB 90. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows

Members – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2018-2019. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2018-2019.

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

Employers – 16.28 percent of applicable member earnings.

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

The CalSTRS employer contribution rate increases effective for fiscal year 2018-2019 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed $3,462,266 to the plan for the fiscal year ended June 30, 2019.

State – 9.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23. The CalSTRS state contribution rates effective for fiscal year 2018-2019 and beyond are summarized in the table below.

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding (1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%	2.50%	9.828%
July 01, 2019	2.017%	5.811%(2)	2.50%	10.328%(3)
July 01, 2020 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	4.517%(5)

(1)This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2)In May 2019, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2019.
(3) This rate does not include the $2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
(4)The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 33,431,000
State's proportionate share of the net pension liability associated with the District	19,141,000
Total	$ 52,572,000

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2018, the District's proportion was 0.036 percent, which was the same proportion measured as of June 30, 2017.

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2019, the District recognized pension expense of $6,503,136 and revenue of $3,040,870 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 104,000	$ 486,000
Changes of assumptions	5,194,000	-
Net differences between projected and actual earnings on investments	-	1,287,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,491,000	1,338,000
Contributions made subsequent to measurement date	3,462,266	-
Total	$ 10,251,266	$ 3,111,000

$3,462,266 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	$ 1,306,167
2021	$ 822,167
2022	$ (55,334)
2023	$ 672,000
2024	$ 862,500
2025	$ 70,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earrings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	6.30%
Private Equity	13	9.30
Real Estate	13	5.20
Inflation Sensitive	4	3.80
Fixed Income	12	0.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Cash / Liquidity	2	(1.00)

* 20-year geometric average

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 48,973,000	$ 33,431,000	$ 20,546,000

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

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

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

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

https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf

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

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2019 were as follows:

Members – The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2018-2019.

Employers – The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed $3,063,500 to the plan for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of $31,479,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2019, the District's proportion was 0.110 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $6,082,798 and revenue of $1,030,560 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,011,000	$ -
Changes of assumptions	3,141,000	16,000
Net differences between projected and actual earnings on investments	256,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,149,000	275,000
Contributions made subsequent to measurement date	3,063,500	-
Total	$ 10,620,500	$ 291,000

(Continued)

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$3,063,500 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	$ 3,760,803
2021	$ 3,158,912
2022	$ 533,790
2023	$ (187,505)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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

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

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period
(2) An expected inflation rate of 2.92% used for this period

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 45,870,000	$ 31,479,000	$ 19,545,000

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

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

General Information Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Note 9 and 10, the District provides post-retirement health care benefits to employees hired prior to 1988 and who retire from the District and meet the specific eligibility requirements set forth in their prospective employment contracts under a single employer defined benefit OPEB plan. The plan does not issue separate financial statements. The District pays medical and dental insurance premiums to maintain the level of coverage enjoyed by the retiree immediately preceding retirement up until the age of 70 or death of the retiree.

The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Education. The District's contributions to the irrevocable trust is included in the CERBT, which is included in the CalPERS CAFR. Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District's OPEB plan.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2019:

	Number of Participants
Inactive employees receiving benefits	38
Inactive employee not yet receiving benefits	-
Active employees	14
	52

Benefits Provided*:* The following is a description of the current retiree benefit plan:

	Faculty**	Classified**	Management**
Benefit types provided	Medical and dental	Medical and dental	Medical and dental
Duration of Benefits	To age 70	To age 70	To age 70
Required Service	15 years	10 years	10 years
Minimum Age	55	50	50/55*
Dependent Coverage	Yes	Yes**	Yes
District Contribution $	100%	100%	100%
College Cap	Active rates	Active rates	Active rates

*Depending on retirement system
**SEIU employees are not eligible for District-paid dependent benefits

Contributions*:* California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board.

The District did not make any contributions to the Plan for the year ended June 30, 2019.

Actuarial Assumptions: The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Fiscal Year End	June 30
Certificated Mortality Rate	2009 CalSTRS Mortality
Classified Mortality Rate	2014 CalPERS Active Mortality for Miscellaneous Employers
Discount Rate as of 6/30/2017	6.0%. Based on the long-term expected rate of return
Assumed Investment Return	6.0%
Retirement Rate	2009 CalSTRS Retirement Rates Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employers. Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2%@ 62 adjusted to minimum retirement age of 52.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Healthcare cost trend rate	4.0%
Salary Increases	2.75% per year
Termination Rate	Termination rates match rates developed in the most recent experience studies for California PERS (2009) and California STRS (2009).
Spouses Prevalence	80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Funding Method	Entry Age Cost Method (Level Percentage of Pay).

Discount Rate: The actuary assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. Historical 30 year real rates of return for each asset class along with assumed long-term inflation assumption was used to set the discount rate. A discount rate of 6.0% was determined using the following asset allocation and assumed rate of return:

CERBT - Strategy 2

Asset Class	Long-Term* Assumed Asset Allocation	Expected Rate of Return
US Large Cap	40%	7.8%
US Small Cap	10	7.8
Long-Term Corporate Bonds	18	5.3
Long-Term Governmental Bonds	6	4.5
Treasury Inflation Protected Securities	15	7.8
US Real Estate	8	7.8
All Commodities	3	7.8

The actuary looked at rolling periods of time for all asset classes in combination to reflect the correlation between asset classes. The average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net OPEB Liability (Asset):

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance, June 30, 2017	$ 2,112,685	$ 3,482,761	$ (1,370,076)
Changes for the year:			
Service cost	-	-	-
Interest	112,809	-	112,809
Plan member contributions	-	-	-
Employer contributions	-	-	-
Net investment income	-	195,841	(195,841)
Investment gains	-	22,503	(22,503)
Experience (losses)	(34,022)	-	(34,022)
Administrative expense	-	(6,427)	6,427
Benefit payments	(431,055)	(431,055)	-
Changes in assumptions	(24,276)	-	(24,276)
Net change	(376,544)	(219,138)	(157,406)
Balance, June 30, 2018	$ 1,736,141	$ 3,263,623	$ (1,527,482)

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2019: 187.98%

Sensitivity of the Net Pension OPEB to Assumptions: The following presents the net OPEB liability (asset) calculated using the discount rate of 6.0 percent. The schedule also shows what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0):

	Discount Rate 1% Lower (5.0%)	Valuation Discount Rate (6.0%)	Discount Rate 1% Higher (7.0%)
Net OPEB liability (asset)	$ (1,466,754)	$ (1,527,482)	$ (1,578,213)

The following table presents the net OPEB liability (asset) calculated using the heath care cost trend rate of 6.0 - 5.0 percent. The schedule also shows what the net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability (asset)	$ (1,608,128)	$ (1,527,482)	$ (1,442,646)

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB income of $5,239. At June 30, 2019, the District reported deferred outflows or resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings of OPEB plan investments	$ 28,116	$ 16,532

Amounts reported as deferred outflows of resources related to the net difference between projected and actual earnings of OPEB plan investments will be amortized over five years and recognized in OPEB expense as follows:

2020	$ 5,239
2021	5,239
2022	5,236
2023	(4,130)

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Contingent Liabilities: There are various claims and legal actions pending against the District for which no provision has been made in the general purpose financial statements. In the opinion of the District, any liabilities arising from these claims and legal actions are not considered significant.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect.

Construction Commitments: As of June 30, 2019, the District has $20,242,809 in outstanding commitments on construction contracts.

NOTE 13 - JOINT POWERS AGREEMENTS

Marin Community College District participates in Joint Power Agreements (JPAs), with Northern California Community College Self Insurance Authority (NCCCSIA), Schools Association for Excess Risk (SAFER), the Protected Insurance Program for Schools (PIPS) and Statewide Association of Community Colleges (SWACC). The relationship between Marin Community College District and the JPAs is such that the JPAs are not component units of Marin Community College District for financial reporting purposes.

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. NCCCSIA, SAFER and SWACC provide property and liability insurance for its members. PIPS provides workers' compensation insurance for its members. Marin Community College District pays a premium commensurate with the level of coverage requested. Settled claims resulting from these risks have not exceeded insurance coverage on any of the past three years.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Condensed financial information of the JPAs for the most current year for which audited information is available, is as follows:

	NCCCSIA June 30, 2018	SAFER June 30, 2018	PIPS June 30, 2018	SWACC June 30, 2018
Total assets and and deferred outflows	$ 2,096,413	$ 39,841,694	$ 128,632,982	$ 52,332,118
Total liabilities and and deferred inflows	$ 734,442	$ 38,695,867	$ 104,498,678	$ 34,316,883
Net position	$ 1,361,971	$ 1,145,827	$ 24,134,304	$ 18,015,235
Total revenues	$ 3,536,351	$ 59,869,098	$ 312,356,097	$ 22,350,363
Total expenses	$ 2,855,600	$ 59,413,248	$ 305,666,257	$ 29,435,155
Change in net position	$ 680,751	$ 455,850	$ 6,689,840	$ (7,084,792)

REQUIRED SUPPLEMENTARY INFORMATION

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2019

Last 10 Fiscal Years

	2018	2019
Total OPEB liability		
Service Cost	$ -	$ -
Interest	143,562	112,809
Benefit payments	(479,042)	(431,055)
Gains(losses)	-	(34,022)
Changes in assumptions	-	(24,276)
Net change in total OPEB liability	(335,480)	(376,544)
Total OPEB liability, beginning of year	2,448,165	2,112,685
Total OPEB liability, end of year (a)	$ 2,112,685	$ 1,736,141
Plan fiduciary net position		
Employer contributions	$ -	$ -
Expected interest income	271,379	195,841
Administrative expense	(3,198)	(6,427)
Benefits payment	(479,042)	(431,055)
Gains(losses)	-	22,503
Change in plan fiduciary net position	(210,861)	(219,138)
Fiduciary trust net position, beginning of year	3,693,622	3,482,761
Fiduciary trust net position, end of year (b)	$ 3,482,761	$ 3,263,623
Net OPEB asset, ending (a) - (b)	$ (1,370,076)	$ (1,527,482)
Covered-employee payroll	$ 1,315,977	$ 869,945
Plan fiduciary net position as a percentage of the total OPEB asset	164.85%	187.98%
Net OPEB asset as a percentage of covered-employee payroll	104.11%	175.58%

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

See accompanying note to required supplementary information.

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

State Teacher's Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.036%	0.039%	0.041%	0.036%	0.036%
District's proportionate share of the net pension liability	$ 20,662,000	$ 26,052,000	$ 33,449,000	$ 33,024,000	$ 33,431,000
State's proportionate share of the net pension liability associated with the District	12,477,000	13,779,000	19,044,000	19,537,000	19,141,000
Total net pension liability	$ 33,139,000	$ 39,831,000	$ 52,493,000	$ 52,561,000	$ 52,572,000
District's covered payroll	$ 15,748,000	$ 17,961,000	$ 20,611,000	$ 19,784,000	$ 19,363,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	166.92%	172.65%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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

All years prior to 2015 are not available.

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.133%	0.121%	0.108%	0.105%	0.110%
District's proportionate share of the net pension liability	$ 15,387,250	$ 19,671,000	$ 23,362,000	$ 26,284,000	$ 31,479,000
District's covered payroll	$ 15,342,000	$ 14,898,000	$ 14,443,000	$ 13,723,000	$ 14,986,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	100.29%	132.04%	161.75%	191.53%	210.06%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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

All years prior to 2015 are not available.

See accompanying note to the required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 1,594,920	$ 2,211,544	$ 2,488,796	$ 2,940,921	$ 3,462,266
Contributions in relation to the contractually required contribution	1,594,920	2,211,544	2,488,796	2,940,921	3,462,266
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 17,961,000	$ 20,611,000	$ 19,784,000	$ 19,363,000	$ 21,267,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	15.19%	16.28%

All years prior to 2015 are not available.

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2019

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 1,753,636	$ 1,711,105	$ 1,905,803	$ 2,351,656	$ 3,063,500
Contributions in relation to the contractually required contribution	1,753,636	1,711,105	1,905,803	23,351,656	3,063,500
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 14,898,000	$ 14,443,000	$ 13,723,000	$ 14,986,000	$ 16,470,000
Contributions as a percentage of covered covered payroll	11.77%	11.85%	13.89%	15.69%	18.06%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULE

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

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

B - Schedule of Money-Weighted Rate of Return of OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return of OPEB Plan Investments presents the weighted average rate of return for the District's OPEB Plan investments.

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

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

D - Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E **-** Changes of Benefit Terms

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

F **-** Changes of Assumptions

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

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

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

SUPPLEMENTARY INFORMATION

Marin Community College District was established in 1926, and is comprised of two campuses, Kentfield and Indian Valley. There were no changes in the boundaries of the District during the current year.

The Governing Board and District Administration for the fiscal year ended June 30, 2019 were composed of the following members:

BOARD OF TRUSTEES

Members	Office	Term Expires
Philip Kranenburg	President	2020
Stuart Tanenberg	Vice President	2020
Wanden P. Treanor	Clerk	2022
Stephanie O'Brien	Trustee	2020
Diana Conti	Trustee	2022
Suzanne Brown Crow	Trustee	2022
Eva Long, Ph.D.	Trustee	2020
Gabby Hojilla	Student Trustee	2020

DISTRICT ADMINISTRATION

David Wain Coon Ed.D.
Superintendent/President

Gregory W. Nelson
Assistant Superintendent/Vice President of Administrative Services

Jonathan Eldridge
Assistant Superintendent/Vice President of Student Learning and Success

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education		
Direct Programs:		
Student Financial Aid Cluster:		
Federal Supplementary Educational Opportunity Program (FSEOG)	84.007	$ 160,500
Federal College Work Study (FWS)	84.033	189,242
Federal Direct Loan Program	84.268	379,556
PELL Admin Allowance	84.268	2,577
Federal Pell Grant (PELL)	84.063	2,897,940
Subtotal Financial Aid Cluster		3,629,815
Passed through California Community College Chancellor's Office:		
Vocation and Applied Technology Education - Act Program:		
Vocational and Applied Technology Educational Act - Title IC	84.048	92,542
Vocational and Applied Technology Educational Act - Title II - Tech Prep	84.048	41,377
Subtotal Vocational and Applied Technology Education Act Program		133,919
Passed through California Department of Education:		
Early Childhood Mentor Program	84.405A	5,430
Total U.S. Department of Education		3,769,164
U.S. Department of Health and Human Services		
Passed through California Community College Chancellor's Office:		
Temporary Assistance to Needy Families (TANF) Cluster	93.558	14,847
Passed through California Department of Education:		
Child Development Training Consortium - CCDF Cluster	93.575	10,188
Foster Care Education	93.658	30,058
Total U.S. Department of Health and Human Services		55,093
U.S. Department of Agriculture - Passed through California Department of Education		
Child Care Food Program	10.558	10,380
Total Federal Programs		$ 3,834,637

See accompanying note to supplemental information.

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2019

	Program Revenues				
	Cash Received	Accounts Receivable/ (Payable)	Unearned Income	Total	Total Program Expenditures
Administrative 2% Enrollment Fee Waivers	33,897	-	-	33,897	33,897
Adult Ed Block Grant (AEBG)	533,677	-	232,440	301,237	301,237
Basic Skills CY	66,553	-	-	66,553	66,553
Basic Skills PY	105,022	-	-	105,022	105,022
BFAP Administrative	167,703	-	-	167,703	167,703
CalWORKs (Health Services) CY	149,926	-	-	149,926	149,926
CARE	70,619	-	-	70,619	70,619
DSPS	776,773	-	-	776,773	776,773
EOPS	541,100	1,846	1,263	541,683	541,683
Faculty/Staff Development	11,325	-	11,325	-	-
Faculty/Staff Diversity	50,000	-	24,527	25,473	25,473
Foster Care Education	41,509	-	-	41,509	41,509
Hazardous Substance	4,480	-	4,480	-	-
SSSP - Credit CY	1,156,742	-	1,226	1,155,516	1,155,516
SSSP - Non-credit CY	8,262	-	-	8,262	8,262
SSSP - Non-credit PY	76,307	-	-	76,307	76,307
Nursing Enrollment Growth	114,368	-	5,090	109,278	109,278
Peace Officers Training	2,186	16	1,173	1,029	1,029
Physical Plant & Inst'l Support	394,723	-	13,364	381,359	381,359
Proposition 20, Lottery	1,099,121	79,258	1,117,562	60,817	60,817
Return to Title IV	6,269	-	-	6,269	6,269
Scheduled Maintenance & Repair Ongoing 08/09	27,900	-	27,900	-	-
Scheduled Maintenance & Repair Ongoing	98,087	-	98,087	-	-
Strong Workforce (local)	1,162,345	-	791,103	371,242	371,242
Strong Workforce (regional)	64,615	371,071	-	435,686	435,686
Student Equity - CY	363,079	-	-	363,079	363,079
Student Equity - PY	17,530	-	-	17,530	17,530
Student Success Completion	174,718	-	7,588	167,130	159,880
TANF	8,448	7,948	-	16,396	16,396
Basic Skills Transformation	229,774	330,944	-	560,718	560,718
Data and Accountability	20,734	-	-	20,734	20,734
CA College Promise	164,049	-	138,190	25,859	25,859

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2019

	Program Revenues				
	Cash Received	Accounts Receivable/ (Payable)	Unearned Income	Total	Total Program Expenditures
Guided Pathways	$ 277,731	$ -	$ 218,955	$ 58,776	$ 58,776
Hunger Free Campus	39,280	-	33,761	5,519	5,519
OTF- Improving Online CTE Pathways	-	8,159	-	8,159	8,159
OTF - ISPIC-Biz & Entrepreneurship Sector	60,000	-	-	60,000	60,000
Mental Health Support	33,114	-	29,936	3,178	3,178
North Bay Trades Internship Program	156,749	25,025	-	181,774	181,774
OTF - Certified Nurse Assistant (CNA)	57,500	-	57,500	-	-
OTF - Financial Aid Technology	162,148	-	162,148	-	-
OTF - Other State Grants	188,370	47,087	68,772	166,685	166,685
OTF - Scheduled Maintenance	24,884	-	24,884	-	-
OTF - Unlock the Data	26,414	-	-	26,414	26,414
Veterans Resource Center	22,310	-	21,134	1,176	1,176
Child Care Food Program	1,192	43	-	1,235	1,235
OTF - Child Development Bailout Funds	83,320	-	-	83,320	83,320
Child Development Contract Funds					
State Preschool - CSPP2274	122,684	(45,755)	-	76,929	76,929
Cal Grants	291,750	(834)	-	290,916	290,916
Full Time Student Success Grant	10,816	-	10,566	250	250

See accompanying note to supplemental information.

MARIN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT
Annual Attendance as of June 30, 2019

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2018 only)			
1. Noncredit	-	-	-
2. Credit	-	-	-
B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)			
1. Noncredit	24	-	24
2. Credit	190	-	190
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	2,391	-	2,391
b. Daily Census Contact Hours	138	-	138
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	267	-	267
b. Credit	133	-	133
3. Alternative Attendance Accounting Procedure			
a. Weekly Census Procedure Courses	259	-	259
b. Daily Census Procedure Courses	2	-	2
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	3,404	-	3,404
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	93	-	93
b. Credit	189	-	189
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
a. Noncredit	21	-	21
b. Credit	380	-	380

See accompanying note to supplemental information.

There were no audit adjustments proposed to any funds of the District.

MARIN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2019

General Fund	$ 9,141,398	
Bond Interest and Redemption Fund	27,697,384	
Revenue Bond Interest and Redemption Fund	1,560,273	
Other Debt Service Fund	200,000	
Other Special Revenue Fund	49,080	
Capital Outlay Fund	5,825,015	
Revenue Bond Construction Fund	200,547,871	
Self Insurance Fund	400,377	
IVC Organic Farm Fund	-	
PARS Trust Fund	5,056,437	
Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)		$ 250,477,835
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.		299,983,042
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding of the debt.	12,518,159	
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported:		
Deferred outflows of resources relating to pensions	$ 20,871,766	
Deferred outflows of resources relating to OPEB	28,116	
Deferred inflows of resources relating to pensions	(3,402,000)	
Deferred inflows of resources relating to OPEB	(16,532)	
		17,481,350
Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		(7,318,972)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2019 consisted of:		
General Obligation (GO) Bonds	$ (462,100,000)	
Lease revenue (LR) bonds	(9,380,834)	
Certificates of participation	(3,980,000)	
Certificates of participation - premium	(190,717)	
Bond premiums - GO Bonds	(23,901,377)	
Bond premiums - LR Bonds	(323,781)	
Net pension liability	(64,910,000)	
Compensated absences	(1,721,664)	
Note payable - PG&E	(212,800)	
Capital leases obligation	(99,313)	
		(566,820,486)
In governmental funds, other post employment benefits (OPEB) assets and liabilities are not reported because they are applicable to future periods. In the Statement of Net Position, OPEB asset (liabilities) are reported.		1,527,482
Total net position - business-type activities		$ 7,848,410

See accompanying note to supplemental information.

MARIN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2019

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional salaries:							
Contract or regular	1100	$ 9,885,691	$ -	$ 9,885,691	$ 9,885,691	$ -	$ 9,885,691
Other	1300	8,472,369	-	8,472,369	8,472,368	-	8,472,368
Total instructional salaries		18,358,060	-	18,358,060	18,358,059	-	18,358,059
Non-instructional salaries:							
Contract or regular	1200	-	-	-	3,476,405	-	3,476,405
Other	1400	-	-	-	797,990	-	797,990
Total non-instructional salaries		-	-	-	4,274,395	-	4,274,395
Total academic salaries		18,358,060	-	18,358,060	22,632,454	-	22,632,454
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	10,838,451	-	10,838,451
Other	2300	-	-	-	305,501	-	305,501
Total non-instructional salaries		-	-	-	11,143,952	-	11,143,952
Instructional aides:							
Regular status	2200	922,514	-	922,514	922,514	-	922,514
Other	2400	237,870	-	237,870	237,870	-	237,870
Total instructional aides		1,160,384	-	1,160,384	1,160,384	-	1,160,384
Total classified salaries		1,160,384	-	1,160,384	12,304,336	-	12,304,336
Employee benefits	3000	8,703,694	-	8,703,694	16,992,752	-	16,992,752
Supplies and materials	4000	-	-	-	524,950	-	524,950
Other operating expenses	5000	-	-	-	5,111,259	-	5,111,259
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		$ 28,222,138	$ -	$ 28,222,138	$ 57,565,751	$ -	$ 57,565,751

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2019

Exclusions	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110 Reported Data	Audit Adjustments	Revised Data	Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799 Reported Data	Audit Adjustments	Revised Data
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	$ 180,535	$ -	$ 180,535	$ 180,535	$ -	$ 180,535
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	451,933	-	451,933
Objects to exclude:							
Rents and leases	5060	-	-	-	137,222	-	137,222
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	-	-	-
Total supplies and materials		-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	621,824	-	621,824
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	73,303	-	73,303
Equipment:	6400						
Equipment - additional	6410	-	-	-	153,252	-	153,252
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	153,252	-	153,252
Total capital outlay		-	-	-	226,555	-	226,555
Other outgo	7000	-	-	-	-	-	-
Total exclusions		$ 180,535	$ -	$ 180,535	$ 1,618,069	$ -	$ 1,618,069
Total for ECS 84362, 50% Law		$ 28,041,603	$ -	$ 28,041,603	$ 55,947,682	$ -	$ 55,947,682
Percent of CEE (instructional salary cost /Total CEE)		50.12%	-	50.12%	100%	-	100%
50% of current expense of education					$ 27,973,841	$ -	$ 27,973,841

See accompanying note to supplemental information.

EPA Proceeds: $ 347,598

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	-	$ 347,598	$ -	$ -	$ 347,598

See accompanying note to supplemental information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Marin Community College District under programs of the federal government for the year ended June 30, 2019, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Marin Community College District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Marin Community College District. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

B - Schedule of State Financial Awards

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

C - Schedule of Workload Measures for State General Apportionment

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

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited basic financial statements.

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

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

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

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

G - Prop 55 EPA Expenditure Report

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

INDEPENDENT AUDITOR'S REPORT
ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Marin Community College District
Kentfield, California

Report on Compliance with State Laws and Regulations

We have audited the compliance of Marin Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2019:

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Marin Community College District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *California State Chancellor's Office's California Community College Contracted District Audit Manual* (Audit Manual). Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Marin Community College District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Marin Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

Opinion on Compliance with State Laws and Regulations

In our opinion, Marin Community College District complied, in all material respects, with the compliance requirements associated with the state laws and regulations listed above for the year ended June 30, 2019. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Marin Community College District had not complied with the state laws and regulations.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2019

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

Board of Trustees
Marin Community College District
Kentfield, 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 business-type activities and fiduciary activities of Marin Community College District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Marin Community College District's basic financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marin 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*.

(Continued)

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2019

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

Board of Trustees
Marin Community College District
Kentfield, California

Report on Compliance for Each Major Federal Program

We have audited Marin Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Marin Community College District's major federal programs for the year ended June 30, 2019. Marin 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 Federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marin 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marin Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Marin 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, 2019.

(Continued)

Report on Internal Control Over Compliance

Management of Marin 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 Marin Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marin 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2019

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ______ Yes __X__ No

Significant deficiency(ies) identified not considered to be material weakness(es)? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? ______ Yes __X__ No

Significant deficiency(ies) identified not considered to be material weakness(es)? ______ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ Yes __X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84,268, 84.063	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? __X__ Yes ______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Findings	Recommendations	Current Status	District Explanation If Not Fully Implemented

No matters were reported.