Financial Statements
June 30, 2023

Santa Clarita Community College District

COLLEGE OF THE CANYONS
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Santa Clarita, CA 91355
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Dr. Dianne G. Van Hook
Chancellor

December 19, 2023

Eide Bailly, LLP
10681 Foothill Blvd., Suite 300
Rancho Cucamonga, CA 91730

To Whom It May Concern:

The Santa Clarita Community College District's College of the Canyons (COC) is recognized as one of the most innovative community college districts in California. Our forward-thinking campus culture and integrated strategic planning processes encourage faculty, staff, and administrators to propose and implement new curricula, programs, industry connections, and ideas that, together, keep COC on the leading edge of higher education. The College's strategic plan goals of access, engagement, and success continue to drive an institutional focus on diversity, equity, inclusion, and student success, and keep COC at the forefront of change, evolving and anticipating the needs of our students and redesigning policy, process, and structure to support enhanced funding.

FISCALLY RESPONSIBLE

At the end of each fiscal year, an independent Certified Public Accounting firm that specializes in community college oversight performs audits. Their scope of work includes financial, compliance audits for the Santa Clarita Community College District and the College of the Canyons Foundation, as well as financial, and performance audits for the District's general obligation bond funds.

WHAT IS THE PROCESS?

In assessing the systems and procedures of accounting utilized by the District, the auditors work with and interview various individuals at the District who have responsibility for fiscal oversight. This is done to determine the degree to which the District complies with rules and regulations as set forth in State regulations and the Accounting Manual for California Community Colleges and, subsequently, determine that the accountability and propriety of expenditures have been carried out accordingly. They also evaluate the appropriateness of accounting policies and overall presentation of financial statements as well as check on any new compliance requirements.

THE RESULTS ARE IN!

At College of the Canyons, we value the audit process as it provides the District with opportunities to discuss ways to improve its business procedures and accountability mechanisms. I am pleased to report that the District has received ***Unmodified Opinions for Financial Statements and Federal Awards*** in the 2022-2023 audit report, with no audit findings. An ***Unmodified Opinion*** is the best opinion that can be issued for an audit, in that it means, "the financial statements present fairly, in all material aspects, the financial position of the business type activities of the District as of June 30, 2023." Since 2002, **98% or 90 of 92** of the District's audits have received **Unqualified/Unmodified Opinions**. This includes District, Foundation and General Obligation Bond finance and performance audits. These Unmodified Opinions on the audit reaffirm the high level of fiscal responsibility in the Santa Clarita Community College District, and underscore our compliance with appropriate accounting procedures and controls.

As we move forward, carrying out our vision, engaging in systematic planning, and seeking all opportunities to expand access and engagement for our students and the businesses in our service area, the District remains committed to sound fiscal risk management practices, and the audit reaffirms our ability to:

- ✓ Manage through the State of California's *lack of a funding mechanism that is predictable and consistent* for community college education, *and varies in funding levels from year to year*.
- ✓ Maintain a strong financial position with adequate reserves.
- ✓ Maneuver through the never-ending and constantly emerging mandates from the State that frequently conflict with one another and make compliance a challenge.
- ✓ Develop and fund enrollment management strategies to support student access and reengagement.

<u>OUR DILIGENCE ILLUSTRATES OUTCOMES</u>
Over the past **54** years, the College of the Canyons has consistently demonstrated a track record and earned a reputation as a statewide leader. This achievement is marked by a commitment to ensuring student success, as evidenced by a continuous increase in the attainment of degrees, certificates, and other educational outcomes year after year. Whether they plan to transfer to a four-year university, or enter a career field, students leave College of the Canyons confident that they are equipped with the education and skills needed to succeed in their chosen endeavors. Our ongoing dedication to educational excellence, our emphasis on innovation, and our eagerness to collaborate with community, governmental agencies, businesses, and industries contribute to our collective success in meeting the needs of those we serve.

New Initiatives, Innovative Projects, Grants & Collaborations

The energy of our students is inspiring, and it lends fresh enthusiasm to the many initiatives that have been developed for the benefit of the students and the wider community. Ensuring our students are prepared for the workforce remains a top priority, and we have seen significant progress in our recent efforts to launch new programs and better connect students and employers.

In partnership with many community entities and associates, we will build on the partnerships we have and the bridges we have built to continue to make the most of the opportunities the future brings and spearhead collaboration to improve through dreaming, risking, designing, creating, persisting, and doing in order to support our students and make a difference. In the past year, numerous projects and efforts have reflected this innovative spirit as we achieved many successes in the following areas:

- Hosted the **2022 Green STEM Summit** on December 3, 2022 to introduce students to green careers. **COC and the Santa Clarita Environmental Education Consortium (SCEEC)** worked together to provide high school and community college students from all over the U.S. a virtual event to learn from leading professionals in STEM industries, research labs and non-profit organizations about their personal career paths and to get a glimpse of the exciting work they're involved with on a daily basis.
- Joined the groundbreaking energy initiative, **CREATE National Energy Center**. College of the Canyons is the only community college in California and one of just five community colleges across the nation partnering in **a $7.5 million National Science Foundation grant** that was awarded to Madison Area Technical College. Over the next five years, the consortium of colleges will build a skilled workforce, improve gender equity, expand education/industry partnerships, and help transform energy industries.
- Partnered with **Arizona State University** to provide students a seamless transfer experience with the **MyPath2ASU program**. COC students will be able to complete their associate degree and then seamlessly transfer to a wide variety of bachelor's degree programs offered by Arizona State University with classes held online and at their Los Angeles campus. COC will work with ASU to make its classes available at COC's University Center.
- Competed for and awarded **$145,000** to provide **CalFresh** outreach and application assistance. The funding will be used to expand upon existing CalFresh services offered through COC. Specific uses for this money: hiring additional short-term employees and students who can serve as ambassadors and expand program outreach to Canyon Country Campus; increasing visibility to local formers markets where their CalFresh can be used and matched; hosting webinars for students taught by staff to help answer myths regarding eligibility requirements; sending out informational flyers and marketing materials about CalFresh to community members; and conducting outreach to low-income families, students already receiving fee waivers and Pell grants.
- Developed and submitted a **$1.37 million** grant proposal and received funding from the **U.S. Department of Education** for a four-year project benefiting the College's **Early Childhood Education Program** with the opportunity to continue renewing the funding. The ECE program will be able to provide: more student daycare hours and ECE staff support; Valencia ECE receives new flooring, outdoor play turf, cabinetry, and other upgrades; support for enhancing the ECE re-opening at the Canyon Country campus; enhanced ECE classroom education technology include iPads; and child psychologist to work with students and parents on identifying behavior issues early.

- Competed successfully to renew our **Institutional Effectiveness Partnership Initiative (IEPI)** technical assistance grant. The grant represents **$7.5 million per year**. The District was awarded the grant renewal for up to 5 years. The District has had the IEPI Technical Assistance Grant since the inception of the grant 9 years ago. The IEPI grant provides Partnership Resource Teams (PRTs) to districts to help them solve challenges they are facing as well as establishing Communities of Practice (COPs) to assist with the State Chancellor's Office with the Vision for Success goals. We have coordinated more than 220 PRT visits to assist 90 different colleges and districts throughout the system.
- Received a **$25,000** grant through **Stanley Black & Decker's second Global Impact Challenge** to provide support to students enrolled in the College's new **Construction Technology pathway**. As a Makers grant recipient, COC is among 91 organizations that helps skill and reskill roughly 210,448 makers throughout 2023. The grant will allow us to hire a pre-construction technology lab technician to increase the likelihood of student completion and career success. The pre-construction technology lab technician will work onsite to provide 50 COC students with one-on-one attention, additional instruction, and mentorship support.
- Awarded **$5.3 million** dollars in federal earmark appropriations for the following programs: **$2 million** to provide equipment and technician training for new **Advanced Technology Center**; **$1 million** for a new **ATC Robotics Lab**, which is located in the new Advanced Technology Center; and **$2.3 million** for the **Fire Academy** to fund an Apparatus and associated equipment for the new Accredited Regional Training Program.
- Created a new accelerated **Transitional Kindergarten (TK)** credential pathway for teachers which launched July 11, 2022, to address an anticipated increase in demand. This one-time pathway was created due to a request from the local school districts. The state is implementing Universal Transitional Kindergarten, resulting in a huge increase in demand for TK teachers.

Student Involvement, Achievement and Success

We champion the involvement of our student body, celebrate their achievements and promote their success. In the past year, we:

- Honored our **2023 graduating class** during the college's annual commencement ceremony held on June 2, 2023 in the Honor Grove.
    - The class of 2023 was comprised of **2,206 students who petitioned for graduation.**
    - Overall, the class of 2023 represented **108 majors and 881 students graduating with two or more degrees.**
    - The class of 2023 had **914 students graduating with honors (3.5 GPA or higher)** and **91 of these students had perfect 4.0 GPAs**, which granted them the status of valedictorians.
- Held a **Lunch & Learn** event in the Culinary Arts Cafe on July 15th, 2022 to welcome **CalWORKS** students back to campus. The event served as an introduction of the CalWORKS team and overview of the program, and included case management updates, counseling information, and department and student presentations.
- Hosted the final workshop of the **Campus as a Living Lab (CALL)** initiative on August 7, 2022, to study native bee biodiversity. Participants in the daylong program included 11 faculty members and 23 students from nine community colleges. Funded by the **National Science Foundation**, the project engaged underrepresented students in undergraduate research, developing a database of native bees on community college campuses, and developing habitat-enrichment plans to increase native bee biodiversity. We have since been awarded a new $500,000 grant to continue the work.
- Launched the **NASA's RockSat-X** rocket from Wallops Flight Facility in Virginia on August 11, 2022, carrying a science payload designed by College of the Canyons students. It was the **Aerospace & Sciences Team**'s second NASA rocket launch of the summer. After soaring to 91 miles altitude, RockSat-X's payload with experiments from eight colleges descended by parachute and splashed down in the Atlantic Ocean some 64 miles off the Virginia coast. RockSat-X is the most advanced of NASA's three-phase rocket research program for college students.

- Hosted **Cougar Fest** (formerly Welcome Week) on August 29, 2022, at the Valencia campus and September 1, 2022, at the Canyon Country campus. **Campus Life and Student Engagement** planned the event where 600-plus students were connected to more than 30 campus resources and 16 student clubs/alliances between both events. Participating students received 300 Subway boxed lunches and more than 200 Regal movie tickets. Spring Cougar Fest held on February 13, 2023, at the Valencia campus and February 16, 2023, at the Canyon Country campus had more than 400 students who were connected to our 35 departments/programs and 16 clubs/alliances between both events.
- Held a **Transfer Day** at the Valencia campus on September 20, 2022. Representatives from 56 universities were on hand to provide students with transfer and admission guidance. Amongst the institutions present were eight University of California campuses, 11 California State University campuses, 18 schools from the Association of Independent California Colleges and Universities, and several private and out-of-state institutions.
- Hosted **"Road to Employment Day,"** which allowed more than 135 students and community members alike to explore career-education programs that lead to gainful employment in the community. The event, sponsored by the College of the Canyons **Employment Center**, was held atop the Valencia campus parking structure on Saturday, January 28, 2023.
- Debuted the inaugural **International Animation Festival** on May 5 and 6, 2023, showcasing student-produced animation and bringing aspiring animators together with industry professionals. Speakers included David Heredia, founder of Heroes of Color, and Mindy Johnson, award-winning historian and author of “Ink & Paint: The Women of Walt Disney's Animation.” Recruiters from Sony Pictures Animation and Dreamworks Animation participated in a panel discussion that focused on how to break into the animation industry.
- Hosted the **FBLA-PBL California State Fall Business Leadership Conference** at the University Center November 4- 6, 2022. COC teams placed first and second in the “Business Management” business case competition and third in the “Corporate Social Responsibility” business case competition. Students from across the state gathered to participate in workshops to enhance leadership and career skills, and to compete in business case analysis competitions. Approximately 55 students from College of the Canyons, UC Riverside, Cerritos College, La Positas College, De Anza College, and Diablo Valley College took part in the conference.
- Celebrated **Women’s Volleyball** after an undefeated run through its conference schedule and a second straight trip to the State Championship Tournament. College of the Canyons finished the 2022 season as the No. 6 ranked team in the state. The Cougars finished the regular season as champions of the Western State Conference South Division after completing a perfect 12-0 conference run and finishing the season ranked 14th in the state.
- Recognized the College of the Canyons **Speech Team,** which earned second-place honors at the Pacific Southwest Collegiate Forensics Association Spring Championship at Mt. San Antonio College February 24- 26, 2023.
- Celebrated members of the **Registered Nurse Class of 2023**, who received their graduation pins during a ceremony at the Santa Clarita Performing Arts Center on May 30, 2023. The pins were awarded to 54 students, who also lit candles on stage in tribute to Florence Nightingale, the founder of modern nursing.
- Honored five Pre-Apprentices who graduated from the **Construction Technologies Program**. These graduates completed the 500 hours required to earn three certificates from the Career Connections arm of the Southwest Mountain States Regional Council of Carpenters. The Pre-Apprenticeship at COC prepares graduates to enter the **Southwest Mountain States Regional Council of Carpenters Registered Apprenticeship Program**.
- Celebrated the **Ready to Work Academy**’s first graduating class during a ceremony at the Dr. Dianne G. Van Hook University Center on June 22, 2023. A partnership between College of the Canyons and **Carousel Ranch**, the program provides certificate courses and work experience to young adults with special needs. Nine students completed the program, which encompassed two separate classes: Workplace Skills in Customer Service for Retail, Food Service and Hospitality, and the first pilot class in culinary arts. Students participated in classroom training and work experience at partner companies such as AMS Fulfillment, Bluemark, Salt Creek Grill, and Funburger.

Community Partnerships and Building the Economy

- Partnering with local businesses on workforce development has long been a priority for College of the Canyons. We have continued to enhance our abilities and build relevant and creative partnerships, which have boosted our fiscal base and helped to build the local economy. The expansion of student access, support, outreach, and service to our community has been achieved through these dynamic educational partnerships and collaborative efforts. Partnered with the **Southwest Regional Council of Carpenters (SWRCC)** to create a pathway to a **Registered Apprenticeship program**. On July 16th, 2022 the College of the Canyons hosted an "Open House" event at the **Carpenters Training Center** for the community to learn about the program and had over 70 people attended. The Pre-Apprenticeship launched in Fall 2022.
- Initiated two ETP Sub-Contract Agreements through the Employee Training Institute. The first was with **Logix** to supplement the training they already provide to their employees. They are the first credit union to obtain Employment Training Panel approval for COC. Fifteen new hires participated in more than 90 hours of training. The second was with **Western Jet Aviation,** which has developed its own aircraft maintenance training program. The pilot cohort consisted of 12 employees taking more than 400 hours of training. College of the Canyons is planning additional cohorts to partake in the ETP Sub-Contract.
- Partnered with the **City of Santa Clarita**, to launch a 40-hour project leadership and management training program with 26 city employees. This was the first time the City of Santa Clarita had been eligible to use ETP funding.
- Hosted the **International Facilities Management Association (IFMA)** San Fernando Valley Chapter's monthly chapter meeting on October 19, 2022. The goal was to educate IFMA members on COC's commitment to workforce training programs and obtain commitments to create a partnership with the organization.
- Partnered with **Northrop Grumman**, to launch a 40-hour entry level computer aided three-dimensional interactive application (CATIA) training program. Twelve Northrop engineers started the program on March 30th, 2023, and learned the basics of Computer Aided Engineering (CAE) and Computer Aided Manufacturing (CAM).
- Supported the **Uniquely Abled Academy (UAA)** in a field trip to Valencia-based medical device manufacturer **Classic Wire Cut** in April to learn more about the company. Classic Wire Cut has employed many UAA graduates.
- Awarded **$1,000** scholarships from **Edison International** to 21 College of the Canyons **Fire Technology** students. Award recipients had to have a cumulative GPA of 2.7 or higher, be enrolled in the fire technology program, and respond to four essay questions about their fire service career goals. The scholarships were awarded through a grant from Edison International to support development of fire personnel.
- Hosted **Manufacturing Day**, which was brought back to the **Performing Arts Center** for the first time in over five years on October 6, 2022. Over 240 students, parents and community members had the opportunity to hear from business partners and interact with them in the lobby. The event featured a panel discussion with representatives from FANUC, Northrop Grumman, Woodward, Bay Center, Universal Studios, Lief Labs, Lincoln Electric and Technifex.
- Hosted the **2nd Santa Clarita Valley Job Fair** on Friday, April 28th, 2023 in partnership with the Santa Clarita Valley Economic Development Corporation, City of Santa Clarita, SCV Chamber of Commerce and America's Job Center of California. More than 600 job seekers met with representatives from 72 businesses at the event.

College of the Canyons is a recognized leader in the economic growth and development of the Santa Clarita Valley. Communication and collaboration drive the development of new opportunities for funding, as well as innovative programs and services that meet emerging business and industry needs. The College helped launch and continues to support the **Santa Clarita Valley Economic Development Corporation**, which works to ensure the long-term vitality of the community's economy.

Facilities Improvements

College of the Canyons continues to modernize and expand its facilities at both campuses to ensure the more than 33,000 students we serve each year have access to high-quality facilities that facilitate successful learning. In 2022-23 we:

- Celebrated the grand opening of the **Student Services & Learning Resources Center**, a new four-story building at the center of the Canyon Country campus, on April 25, 2023. Adjacent to the state-of-the-art Don Takeda Science Center, the new 55,000-square-foot facility brings key student support services together in one location, including admissions and records, financial aid, counseling and tutoring, along with a library, classrooms, offices, and other campus services. The ribbon-cutting ceremony had more than 90 attendees who were members of the Santa Clarita Community College District Board of Trustees as well as COC staff, administrators, and students. As a mirror building to the Don Takeda Science Center, the SSLRC helps serve as a campus focal point for students and visitors.
- Continued **modernization to Boykin Hall**, a nearly 50-year-old science laboratory facility on the Valencia campus. The California Department of Finance gave College of the Canyons the green light to move forward with the construction contract to modernize Boykin Hall. The July 8, 2022 approval of the first of two bid awards released **$13,383,361 in construction funds – $4,332,000 in state funds and $9,051,361 in local funds** – to modernize the College's first science building. This project entails the complete gutting and interior upgrade of the lab building, which has remained largely untouched since opening in 1974. The state funding saves the District nearly $5M in local Measure E bond funds, which is a very impressive fact in and of itself. Boykin will retain the same number and type of science labs, service rooms and classrooms, which will be outfitted with entirely new, state-of-the-art interiors, including cabinets, casework, fume hoods, lab tops, ceilings, floors, doors, etc. Behind the walls, all new plumbing, electrical, and HVAC will also be replacing the original infrastructure. The building will also be seismically retrofitted (voluntarily, not mandated by any state agency), to current building codes.
- Honored legendary Cougar athletics head coaches and faculty members Lee Smelser and Mike Gillespie, along with longtime esteemed board member Michele Jenkins by renaming three athletic facilities. The College's athletic department will move forward with plans for the following: naming the West PE Gymnasium 'Lee Smelser Court', renaming the Cougar Field baseball facility 'Mike Gillespie Field', and naming of the softball team room 'Michele Jenkins Team Room.'

Awards & Recognition

College of the Canyons is consistently recognized throughout California and across the nation for its innovative efforts that enhance student access, engagement, and success. A selection of honors received in 2022-23 include:

- **College Among Best in U.S. for Hispanic Enrollment –** Ranked No. 17 nationally by **The Hispanic Outlook on Higher Education** magazine for enrolling the largest number of Hispanic students and granting the most degrees, respectively. The College was also ranked 9th among the Top 10 schools by major for its parks, recreation, leisure, fitness and kinesiology degree programs. The College had a Hispanic population of 15,410 students, totaling 49 percent of the total student enrollment, which was 31,696 in 2020-21. That same year, of the 3,200 associate degrees awarded by the College, 1,459 degree recipients were Hispanic.
- **Institutional DEIA Champion Award** – Honored with the first Institutional DEIA Champion Award from the **Association of Chief Human Resources Officers/Equal Employment Officers**. Recipients have effectively demonstrated achievement in DEIA areas leading to meaningful institutional change in professional development, community service, selection and recruitment practices, and through serving and developing opportunities for students, employees, and community members who are historically underserved. The award reflects the dedicated work of more than 200 employees and students at both campuses, as well as the support of Chancellor Dr. Dianne Van Hook and the Board of Trustees.

- **PIO Department Recognized**– The **National Council for Marketing & Public Relations** recently announced the winners of the **Medallion Awards**, and COC's Public Information Office was recognized in multiple categories. The Public Information Office was also honored by **CCPRO (Community College Public Relations Organization)** California with eight awards during the organization's annual conference in April 2023. The college received two gold awards, for its annual report and a news release feature story; three silver awards, for the college catalog, class schedule, and a news release; and three bronze awards, for the Monday Report online newsletter, a promotional video, and a second news release feature story. CCPRO California is a statewide organization that promotes excellence in community college public relations and related professions.
- **Outstanding Achievement Award** – COC's **Employee Training Institute and CACT** received the **Outstanding Training Provider Award** from the South Bay Workforce Investment Board at the 27th Annual Awards Ceremony on November 3, 2022. Uniquely Abled Academy CNC Machining Entry-Level – 100% Placement. Low Observable Technician – 85% Job Placement (100% Job Placement pending Security Clearance).
- **Student Voting Efforts Recognized** – Recognized by the **ALL IN Campus Democracy Challenge** among the 2022 ALL IN Most Engaged Campuses for College Student Voting. The honor recognizes colleges and universities for making intentional efforts to increase student voter participation. We joined 394 colleges and universities across the nation recognized by ALL IN for participating in the ALL IN Campus Democracy Challenge and taking other steps to enhance student engagement in voting.
- **COC Designated Voter Friendly Campus** – Recognized, along with 258 other institutions, for our efforts to break down barriers and empower students with information and tools they need to participate in the political process. The institutions designated **2023 Voter Friendly Campuses** include a wide range of two-year, four-year, public, private, rural, and urban campuses that collectively serve over 3.5 million students.
- **Athletic Hall of Fame** – Honored the newest members of the **Athletic Hall of Fame** during a reimagined event on Wednesday, March 29, 2023 at the **Performing Arts Center**. The inductees included: Harlan Perlman, Assistant Coach, Women's Basketball (1992-2019); 1986 State Championship Baseball Team; 1996-97 State Runner-Up Women's Basketball Team; 2007 State Finalist Women's Volleyball Team; Chris Lowe, Track & Field, 2011 & 2012 CCCAA State Champion.
- **Canyon Country Campus 15th Anniversary** – Celebrated the 15th Anniversary milestone of the Canyon Country Campus (CCC), which opened in August 2007. More than 67,000 different students have earned course credit at CCC, befitting the access to higher education envisioned for the campus at its inception. The first 15 years have been full of memorable milestones, and the semesters ahead are also full of opportunities to keep these impacts going.
- **EMT's 50th Milestone** – Celebrated the **50th Anniversary** of its **Emergency Medical Technician (EMT)** program in September 2022. The program is the second oldest program of its kind in Los Angeles County, having trained more than 5,000 EMT students since 1972. Many of its graduates have had successful careers in firefighting, law enforcement, nursing, and other related fields. The celebration was held at the Culinary Arts Cafe, and included a short ceremony, guest speakers, and a catered breakfast served by iCUE students.

IN SUMMARY

This report confirms the District's continued compliance with general accounting standards, as well its efforts to anticipate and be responsive to new requirements, and maintain sound internal budget controls. In doing so, the District stands apart in its ability to maintain fiscal and program integrity, and compliance with state and federal regulations. Going forward, the Board of Trustees and administrative team remain committed to:

- ✓ Maintaining proper stewardship of District funds with established controls;
- ✓ Championing increased access for an increasingly diverse student body;
- ✓ Continuing to support student success *and* student equity;
- ✓ Ensuring compliance with all Federal and State statutory requirements, along with the District's board policies;
- ✓ Enhancing the opportunities for entrepreneurship and innovation on both campuses;
- ✓ Serving the educational needs of the community and the state in a responsive and innovative manner;
- ✓ Providing students the opportunity to train for tomorrow's jobs utilizing state-of-the-art equipment;

- ✓ Supporting increased growth via strategic enrollment management and student access;
- ✓ Increasing fiscal resources by securing grant funding, increasing fund-raising through the District's Foundation and advocating for needed changes to the Student Centered Funding Formula;
- ✓ Continuing to develop balanced budgets that support enrollment management; growth of our fiscal resources; professional development of our most important resource – our faculty and staff; and continued fiscal stability, and
- ✓ Achieving distinction and exceeding our target outcomes as specified in our strategic goals.

Looking ahead, we plan to achieve our strategic goals and implement our comprehensive plans, with the commitment to quality, innovation and collaboration that have enabled us to achieve our current success. We look forward to:

- Growing the academic options and student services capabilities of the Canyon Country campus by adding 240,000 square feet of new permanent facilities;
- Implementing plans to best utilize state one-time and on-going funding in support of student basic needs programs including; housing, food, mental health, and childcare, as well as identifying ways to use additional funding for student outreach and engagement to assist students who are ready to return to complete their education; and,
- Continuing to enhance student access, engagement and success by expanding the capacity of our faculty; initiating new curriculum, technology, and programs; and forming new partnerships.
- Finalizing our Educational and Facilities Master Plan, which will serve as our roadmap as we work together to continue to grow and develop our College in the years to come.
- Opening the Advanced Technology Center, a world-class advanced manufacturing and technology facility that will provide hands-on training for the future of work in high-demand, high-skill, high-wage jobs.
- Developing our plans to build student housing since we received a $60 million state grant designed to help meet the needs of housing-insecure students.

Our accomplishments over the past year, as well as our plans for the future, make clear that College of the Canyons is determined to meet the community's changing needs with vision, energy, and innovation, while maintaining the highest standards of dependability and excellence.

Sincerely,

Dr. Dianne G. Van Hook

Dr. Dianne G. Van Hook
Chancellor

Independent Auditor's Report

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Santa Clarita Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Santa Clarita Community College District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 32 and other required supplementary schedules as listed in the table of contents on pages 78 through 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by 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), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Santa Clarita Community College District (the District) which was **established in 1967**, is one of seventy-three districts and one hundred sixteen colleges that comprise the California Community College System. Our *California Community College System* is the largest system of higher education in the nation, despite a statewide decline of 200,000 students due to the pandemic, with 1.9 million students attending as compared to 2.1 students in 2019-2020 as shown on the State Chancellor's Office website. The system provides students with life-changing opportunities and a clear path to their goals, whether it is completing the first 2 years of their college education at a fraction of the cost of a four-year college or university and succeeding at a higher rate over the students who started at the four-year college, or seeking job- training skills for the workforce and its demands in the future. Nearly 80,000 students are transferred to University of California and California State University campuses from California community college campuses. Due to their agility, flexibility, and working with what is needed in the labor market, the California Community Colleges are committed to remaining the backbone of higher education in the state and the leading provider of career and workforce training in the country by keeping up with changing needs.

College of the Canyons opened its doors for the first time in the fall of 1969, welcoming 750 students to a college that didn't yet have a campus. It was a small, humble beginning, but it marked the realization of an audacious dream that began two years earlier. Santa Clarita Valley residents voted to form a community college district in 1967. The area was still rural but changing quickly as carrot fields gave way to tract homes. Voters recognized that access to education beyond high school was critical to the area's future development. A college in their community created opportunities for students to engage in career training or to transfer to four-year universities.

Over a half-century later, so much has changed at College of the Canyons. Today, **we serve more than 33,000 students annually** on two campuses and rank 5th among the valley's largest employers. We are recognized as an innovative leader in shaping the region's continued economic growth, and we are a valued, trusted partner to the dozens of agencies and organizations with which we collaborate each year.

One thing, however, remains the same. College of the Canyons offers the promise of opportunity to all who pursue their goals here. **Over the past five decades, we have opened doors of possibility for more than 450,000 individual students**. Each came to us with dreams for the future, and, coupled with our help and their own intrinsic determination, they went on to see those dreams become reality. From the Olympics to professional sports, to stages, to courtrooms, to state capitals, to board rooms, to every imaginable professional setting, you will find College of the Canyons alumni leading the way forward. Students who start at COC can literally go anywhere with over 3,000 students transferring to a 4-year institution in 2022.

Determination. Resilience. Compassion. Ingenuity. **Flexibility. Courage.** These are the qualities that built College of the Canyons into the life-changing, entrepreneurial, economic driver and dream-maker that it is today. Ours is a college that transfers students to elite universities; trains the nurses, sheriffs' deputies and firefighters who serve our community; provides customized and cutting-edge instruction for employees of local companies; supports entrepreneurs to accomplish their dreams, and prepares students for emerging, high-paying careers.

And, as we look ahead to the decades to come, we know that same determination, resilience, compassion, and ingenuity will continue to define our college, and enable us to **deliver on the promise of opportunity for new generations of students**.

We are honored to present the *Annual Financial Report* for the Santa Clarita Community College District for the Period Ending June 30, 2023. This report was prepared using a government-wide format as required by GASB Statement No. 35, a directive from the Governmental Accounting Standards Board (GASB). Also required by GASB Statement No. 35 is the Management's Discussion and Analysis section written by the District's Administration, which provides an analysis of the District's overall financial position and results of operations. Responsibility for the completeness and fairness of the information in this section resides with the District.

This Annual Financial Report follows the Business-Type Activity (BTA) model for financial statement reporting purposes, as recommended by the California Community Colleges Chancellor's Office. The financial statements were prepared using the accrual basis of accounting, and include all capital assets and debt held by the District.

COMPONENTS OF THE ANNUAL REPORT

The 2022-2023 Annual Financial Report is organized into the following main sections:

FINANCIAL SECTION

The Financial Section contains three basic financial statements that provide information on the District's activities as a whole**: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.** Condensed versions of these three statements are included in the Management's Discussion and Analysis, and the complete versions of these three statements appear in the audit report on pages 32 through 35.

Statement of Net Position (Balance Sheet)
In 2003, GASB 35 was established to require Public Agencies to present their financial statements in the same format as private entities in order to establish a consistent format for anyone reviewing the report.

To comply with GASB 35, the Statement of Net Position (Balance Sheet) combines the value of assets and liabilities held in the 21 funds of the District's books and records with adjustments, which are required by GASB 35 through manual entries.

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year and is prepared using accrual basis accounting. The Statement of Net Position is to present a fiscal snapshot of the District by providing the following:

- The assets available to continue the operations of the District
- How much the District owes vendors and employees
- Net position and availability for expenditure by the District

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

The Net Position is divided into three major categories:

1) The first category, net investment in capital assets, which is the equity amount in property, plant and equipment owned by the District.
2) The second category, restricted net position, which is equity that must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use.
3) The third category, unrestricted net position (deficit), which is available to the District for any lawful purpose of the District.

Statement of Revenues, Expenses, and Changes in Net Position (Income Statement)
This statement focuses on revenues and expenses associated with the District's activities, including: State apportionments, property taxes, student fee revenue, salaries and benefits, supplies, equipment, etc. It is intended to summarize and simplify the user's analysis of the revenues and expenses associated with District operations.

Statement of Cash Flows
This statement provides an analysis of the sources and uses of cash as they pertain to the operations of the District by adjusting the beginning balance for increases and decreases in cash, including cash flows from operating activities, cash flows from noncapital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

Notes to the Financial Statements
These notes are also included in the Financial Section and summarize significant accounting policies, provide a schedule of capital debt, provide detail on accounts payable and receivable at year end, and provide details on capital assets and related depreciation to provide additional context and information as the reader reviews the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION
The required supplementary information section contains information on the District's progress in funding other postemployment benefits (OPEB and pension liabilities) based on actuarial studies performed effective June 30, 2023.

The District's current actuarial accrued liability is $17.4 million. Although the District has set aside over $6.5 million towards this liability in a Retiree Benefits fund as of June 30, 2023, the set aside amount is not reported in this section because the funds are not in an irrevocable trust, which is what defines the OPEB liability as "funded" per GASB standards.

This section includes schedules on the District's proportionate share of the STRS and PERS systems' net pension liability and the District's contributions to STRS and PERS for the year ended June 30, 2023. These schedules are included in response to GASB 68, an accounting standard that is meant to improve the information provided by State and local government employers about financial support for pensions provided by other entities.

SUPPLEMENTARY INFORMATION SECTION

This section includes additional detailed information as delineated:

- District Organization (Background information on the District, Governing Board, and Administrators)
- Schedule of Expenditures of Federal Awards (Grants and Financial Aid)
- Schedule of Expenditures of State Awards (Grants, Categorical and Financial Aid)
- Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
- Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
- Proposition 30 Education Protection Act (EPA) Expenditure Report
- Reconciliation of Governmental Funds to the Statements of Net Position
- Note to Supplementary Information

INDEPENDENT AUDITOR'S REPORTS SECTION - COMPLIANCE

The auditors are required to review the financial statements and records of the District and report on compliance in the following areas:

- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Report on State Compliance

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION

This section provides the reader the following schedules of findings and questioned costs:

- Summary of Auditor's Results
- Financial Statement Findings and Recommendations
- Federal Awards Findings and Questioned Costs
- State Compliance Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings

CONDENSED FINANCIAL INFORMATION – GOVERNMENT-WIDE

The detailed government-wide financial statements contained in this Annual Financial Report and described in detail in the Components of the Annual Report section of the Management's Discussion and Analysis are condensed and summarized below to help the reader easily visualize and understand changes in major categories over the past few years. This is representative of all District funds:

NET POSITION
For the Year Ended June 30, 2023

(Amounts in thousands)

	2023	2022, as restated	Change
Assets			
Cash and investments	$ 247,935	$ 114,386	$ 133,549
Receivables, net	36,489	15,612	20,877
Other current assets	2,461	1,559	902
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	360,861	344,573	16,288
Total Assets	**647,746**	**476,130**	**171,616**
Deferred Outflows of Resources			
Deferred outflows of resources related to debt refunding	10,706	11,285	(579)
Deferred outflows of resources related to OPEB	2,367	2,815	(448)
Deferred outflows of resources related to pensions	39,067	25,841	13,226
Total Deferred Outflows of Resources	**$ 52,140**	**$ 39,941**	**$ 12,199**
Liabilities			
Accounts payable and accrued liabilities	134,793	37,047	97,746
Current portion of long-term liabilities	14,989	13,781	1,208
Noncurrent portion of long-term liabilities	560,610	451,561	109,049
Total Liabilities	**710,392**	**502,389**	**208,003**
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	594	647	(53)
Deferred inflows of resources related to OPEB	4,886	5,377	(491)
Deferred inflows of resources related to pensions	12,377	48,163	(35,786)
Total Deferred Inflows of Resources	**17,857**	**54,187**	**(36,330)**
Net Position			
Net investment in capital assets	54,426	54,414	12
Restricted	34,823	30,839	3,984
Unrestricted (deficit)	(117,611)	(125,757)	8,146
Total Net Position (deficit)	**(28,362)**	**(40,504)**	**12,142**

Assets
Total Assets at June 30, 2023 of $647.7 million reflected an **increase of $171.6 million** from June 30, 2022. This increase can be analyzed as follows:

- $133.5 million **increase** in cash and investments in the LA County Treasury was attributable to increased cash balances in funds for Measure E General Obligation Bonds and State Construction. Measure E funds were approved for construction projects which includes the Canyon Country Campus Science Building, Student Services Learning Resources Building and the Central Plant. State Construction funds were established through Senate Bill (SB) 169 to fund the Higher Education Student Housing Grant Program. The District applied for and was approved for $61 million in financial resources to implement student housing for low-income students.

- $20.9 million **increase** in accounts receivable was attributable to higher accounts receivable balance for general apportionment in the Restricted General fund from additional IEPI Grant Funds due and State Apportionment Revenue to offset EPA revenue that was due back to the State. Another area of increase was due to the funding in State Construction Fund for modernization of Boykin Hall.

- $0.9 million **increase** in other current assets (prepaid expenses) was attributable primarily to an increase in the retirement payment for SERP members attributable to the 2023- 2024 fiscal year and future debt service pre-payments.

- $16.3 million **increase** in capital and right-to-use leased assets was attributable to the following: **Add** net of new construction and equipment which increased fixed assets by $16.8 million, **deduct** net of ($0.5) million in right-to use leased assets and subscription IT assets.

Deferred Outflows of Resources
Deferred Outflows of Resources at June 30, 2023 of $52.1 million reflected an **increase of $12.2 million** from June 30, 2022. The increase can be attributable to the following:

- ($0.6) million **decrease** in the outstanding value of deferred charges on refunding. Amounts paid to the refunded bond escrow agent in excess of outstanding callable bonds at the time of refunding are recorded as deferred charges on refunding and are amortized to interest expense over the life of the liability creating a smaller deferred outflow as time goes on.

- $12.8 million **increase** in deferred outflows based on the actuarial study the District will be required to pay out less annually to fund that liability.
  - As of June 30, 2015, GASB 68 requires the District to include its proportionate share of the CalSTRS and CalPERS pension systems' financial information in the Annual Financial Report. This pension information includes the District's share of any underfunding (liability) or overfunding (asset) based on the two pension systems' current financial health. In addition to reporting the pension liability or asset, information on deferred outflows and deferred inflows of resources related to the pension systems are included in the Financial Report.

- As of June 30, 2018, GASB 75 requires the District to include the entire amount of its Post-Employment Benefit liability instead of a prorated portion. These entries are necessary to account for events after the actuarial study measurement date and to update previously estimated information based on actual results. Deferred outflows of resources totaled $41.4 million at June 30, 2023, an increase of $12.8 million from the $28.6 million reported at June 30, 2022, and consisted of entries for:
  - The District's pension contributions after the date of the latest available actuarial study, which is for measurement date June 30, 2023.
  - The net change in the proportionate share of the total system liability that is attributable to the District's participation.
  - Differences between expected and actual earnings on pension plan investments.
  - Differences between expected and actual experience in the measurement of the total pension liability.

Liabilities
Total Liabilities at June 30, 2023 of $710.4 million reflected an **increase of $208.0 million** from June 30, 2022. This increase can be attributable to the following:

- $97.7 million **increase** in accounts payable and accrued interest payable. The increase is primarily due to $62 M of Student Housing funds that were due back to the State after the funding was taken away in the 2023-2024 State Budget as well as $11 M due back to the state for an EPA adjustment, offset by a receivable in State Apportionment.

- $110.3 million **increase** in the District's Long-Term Liabilities.
  - $1.2 million increase in Current Long-Term Liabilities that are due within one year.
  - $109.1 million increase in Noncurrent Long-Term Liabilities that are due in more than one year. This includes Aggregate Net OPEB Liability, Aggregate Net Pension Liability, Early Retirement Plan Liability and General Obligation Bonds. The large variance is due primarily to the large increase in deferred inflows for the STRS and PERS pension system and OPEB liability, which greatly reduce the pension and OPEB liabilities. This is explained below.

It is important to note that General Obligation Bond debt is included in the Total Liabilities of the District, even though this debt is repaid through property taxes collected by the Los Angeles County Treasurer and Tax Collector.

Deferred Inflows of Resources
Deferred Inflows of Resources at June 30, 2023 of $17.9 million reflected a **decrease of ($36.3) million** from June 30, 2022. The decrease can be attributable to the following:

- ($0.01) million **decrease** in deferred inflows related to leases. In fiscal year 2021-2022, the adoption of new account standard GASB 87, recognizes certain lease assets and liabilities for leases that were previously classified as operating leases. The deferred inflow of resources recognizes as revenue the life of the lease term which is calculated as the initial amount of the lease receivable less any lease payments received at or before the lease commencement date.

- ($0.5) million **decrease** in deferred inflows of resources due to the differences between expected and actual experience in the measurement of the total OPEB liability. Changes of assumptions will be amortized over the Expected Average Remaining Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period.

- ($35.8) million **decrease** in deferred inflows of resources due to lower values for three STRS and PERS pension system adjustments based on the current year's actuarial study. This past year had a large decrease in projected value**:**
  - The net change in proportionate share of net pension liability;
  - The difference between projected and actual earnings on pension plan investments, and;
  - Differences between expected and actual experience in the measurement of the total pension liability.

Total Net Position
The District's Total Net Position at June 30, 2023 is ($28.4) million. Total Net Position (formerly Total Net Assets) is the sum of all Assets and Liabilities. Beginning with the June 30, 2015 Annual Financial Report, the accounting pronouncement **GASB 68** requires that the District's proportionate share of the CalPERS and CalSTRS unfunded pension liabilities be included in the Total Net Position in the financial statements. Also, beginning with the June 30, 2018 Financial Report the new accounting pronouncement of **GASB 75** requires that the District recognize the full Post Employment Benefit Liability in the financial statements instead of a prorated portion.

Statement of Net Position Reports Total Net Position of ($28,362,304):

- **$54,425,528** in **Net Investment in Capital Assets**. This category includes the ending fund balances in two General Obligation Bond funds (Fund 45 - $19,739,340 and Fund 47 - $66,331,903) for a total of $86,071,242. GASB 35 manual entries are then applied as follows: **Add** the value of capital assets, leased assets and right-to use subscription IT assets based on acquisition cost of $494,830,471 and deferred outflows of resources related to debt refunding of $10,705,945, **deduct** accumulated depreciation and amortization of ($133,969,867), **deduct** the value of debt issuance expenses (costs of issuance) amortized over the life of the debt, General Obligation Bond debt, and lease liability) of ($457,637,791).

- **$17,349,961** in **Assets Restricted for Debt Service Expenditures**. This amount represents the ending fund balances in the District's two debt service funds set aside for future debt service repayments – one for general obligation bond repayment (Fund 21 – $23,325,783) and the second for all other debt repayment (Fund 29 – $988,549) for a total of $24,314,332. GASB 35 manual entries are then applied as follows: **Deduct** un-matured interest on long-term obligations of ($6,964,371). Un-matured interest on long-term obligations, such as General Obligation Bonds, occurs when interest obligations exist but have not yet been billed to the District.

- **$8,248,049** in **Assets Restricted for Capital Projects Expenditures**. This amount represents the ending fund balances in the District's capital funds (Fund 41 State Construction Match - $752,140, Fund 43 Capital Outlay Projects - $5,599,873, Fund 44 Scheduled Maintenance - $1,387,266, and Fund 49 Replace Field Turf - $508,770) as of June 30, 2023 - except the General Obligation Bond Fund.

- **$6,204,880** in **Assets Restricted for Educational Programs**. This category represents the ending fund balance of the Restricted General Fund (Fund 12), which is restricted for programs such as Student Equity and Achievement, Staff Diversity, Credit Non-Credit Student Success and Support, Categorical Programs, Instructional Equipment Block Grant, Lottery Funding and funds from Student Health Center fees to be used for expenses related to the operation of the Health Center. This fund also includes the additional aid provided through the US Department of Education and HEERF in response to the COVID-19 Coronavirus pandemic.

- **$3,020,027** in **Assets Restricted for Other Activities**. This amount represents the ending fund balances of the District's Fiduciary Activities (Funds 32, 33, 37, 39, 58, 59, 72, 74, 75, and Associated Student Government). Fiduciary activities are identified if the District has control of the funds of the program and a relationship exists between the program and the District.

- **($117,610,749)** in **Unrestricted Net Assets**. This category includes all other cash in banks, investments in the Los Angeles County Treasury (the District is fiscally dependent on the Los Angeles County Office of Education, which requires the District to invest its funds in the Los Angeles County Treasury), accounts receivable, accounts payable, and prepaid expenses in the District's operating funds (Funds 11, 68, and 69) of $29,683,664. GASB 35 manual entries are then applied as follows: **Deduct** ($147,294,413) for other District liabilities from early retirement incentives, compensated absences, Net OPEB obligation, general obligation bond capital appreciation bond accreted interest to date, and the District's share of STRS and PERS aggregate net pension obligations and related adjustments. It is important to note that the deduction to net assets for the District's share of STRS and PERS obligations is a new entry beginning in the 2014-2015 fiscal year. Prior to that, this STRS and PERS obligation was not included in the District's Financial Statements.

OPERATING RESULTS - GOVERNMENT-WIDE
For the Year Ended June 30, 2023

(Amounts in thousands)

	2023	2022	Change
Operating Revenues			
Tuition and fees	$ 12,042	$ 9,482	$ 2,560
Grants and contracts, noncapital	39,179	48,837	(9,658)
Total Operating Revenues	51,221	58,319	(7,098)
Operating Expenses			
Salaries and benefits	133,529	120,753	12,776
Supplies, services, equipment, and maintenance	41,265	34,833	6,432
Student financial aid	24,757	34,659	(9,902)
Depreciation and amortization	9,986	9,799	187
Total Operating Expenses	209,537	200,044	9,493
Operating Loss	(158,316)	(141,725)	(16,591)
Nonoperating Revenues			
State apportionments	81,291	74,447	6,844
Property taxes	58,230	51,146	7,084
Student financial aid grants	22,102	31,953	(9,851)
State revenues	6,372	5,139	1,233
Net interest expense	(11,861)	(15,094)	3,233
Other nonoperating revenues	3,835	3,319	516
Total Nonoperating Revenue	159,969	150,910	9,059
Other Revenues			
State and local capital income	10,489	5,783	4,706
Total Other Revenues and (Losses)	10,489	5,783	4,706
Net Change in Net Position	$ 12,142	$ 14,968	$ (2,826)

Statement of Cash Flows – Cash and Cash Equivalents, End of Year at $247,935,139:

The Statement of Cash Flows provides a presentation of cash flow information that complements the accrual basis financial statements. Per GASB accounting standards, the components of the statement are comprised of four categories:

- Cash flows from Operating Activities
- Cash flows from Noncapital Financing Activities
- Cash flows from Capital and Related Financing Activities
- Cash flows from Investing Activities

STATEMENT OF CASH FLOWS - GOVERNMENT-WIDE
For the Year Ended June 30, 2023

(Amounts in thousands)

	2023	2022	Change
Net Cash Flows From			
Operating activities	$ (132,818)	$ (91,576)	$ (41,242)
Noncapital financing activities	139,378	99,522	39,856
Capital financing activities	128,483	(19,097)	147,580
Investing activities	(1,494)	(3,622)	2,128
Net Increase (Decrease) in Cash and Cash Equivalents	**133,549**	**(14,773)**	**148,322**
Cash and Cash Equivalents, Beginning of Year	114,386	129,159	(14,773)
Cash and Cash Equivalents, End of Year	**$ 247,935**	**$ 114,386**	**$ 133,549**

FUNCTIONAL EXPENSES CLASSIFICATION
For the Year Ended June 30, 2023

(Amounts in thousands)

	Salaries and Employee Benefits	Supplies, Materials, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 68,009	$ 6,483	$ 1,122	$ 1,143	$ -	$ 76,757
Academic support	4,497	333	-	3	-	$ 4,833
Student services	18,810	1,539	705	194	-	$ 21,248
Plant operations and maintenance	5,365	5,036	-	60	-	$ 10,461
Instructional support services	19,317	14,045	169	1,045	-	$ 34,576
Community services and economic development	5,131	408	-	-	-	$ 5,539
Ancillary services and auxiliary operations	10,435	2,637	-	41	-	$ 13,113
Student Aid	1	-2	22,762	-	-	$ 22,761
Physical property and related acquisitions	1,963	1,047	-	7,252	-	$ 10,262
Unallocated depreciation and amortization	-	-	-	-	9,986	$ 9,986
Total	**$ 133,529**	**$ 31,526**	**$ 24,758**	**$ 9,739**	**$ 9,986**	**$ 209,537**

REVENUES

HISTORY OF UNRESTRICTED GENERAL FUND REVENUES

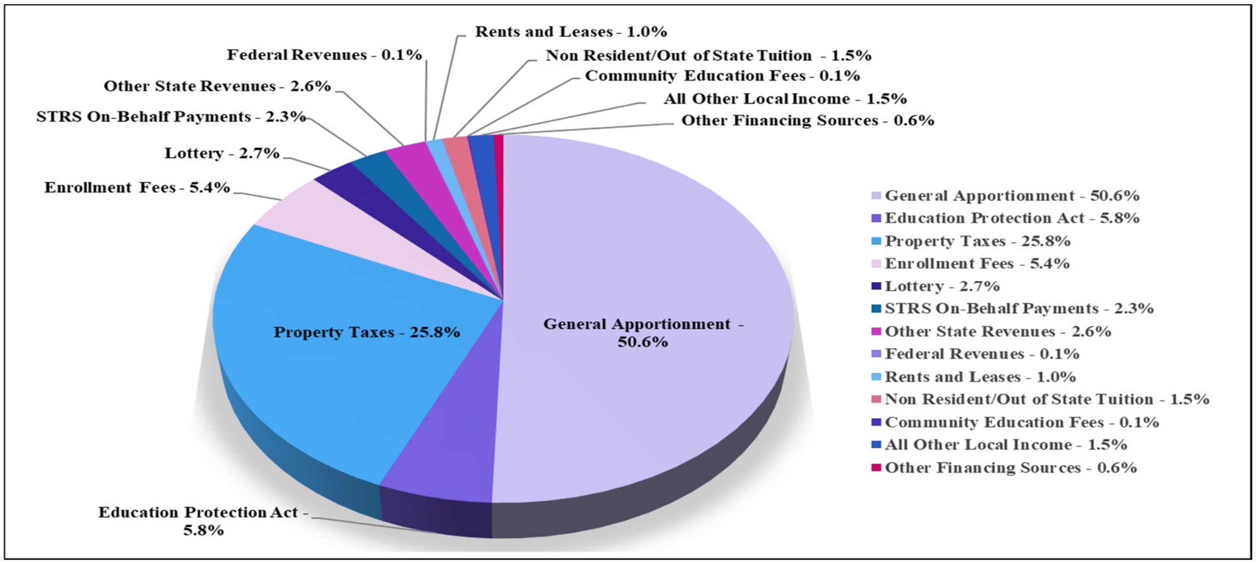
The following chart summarizes the Unrestricted General Fund revenues received by the District, and provides a comparison of the last three years.

Unrestricted General Fund Revenues by Major Category – 3 Year History

	2020-21		2021-22		2022-23	
General Apportionment (Includes Access and COLA funding from Prior Year)	$	35,910,320	$	38,451,018	$	70,486,574
Education Protection Act	$	27,207,721	$	33,308,460	$	8,137,404
Property Taxes	$	31,733,049	$	30,490,899	$	35,981,951
Enrollment Fees	$	7,037,860	$	6,700,250	$	7,536,015
Lottery	$	2,958,295	$	3,023,845	$	3,756,684
STRS On-Behalf Payments	$	3,275,146	$	3,878,804	$	3,182,498
Other State Revenues	$	1,996,045	$	3,574,829	$	3,616,072
Federal Revenues	$	89,982	$	99,963	$	85,776
Rents and Leases	$	839,945	$	1,059,487	$	1,373,148
Non Resident/Out of State Tuition	$	1,619,448	$	1,924,601	$	2,155,490
Community Education Fees	$	70,350	$	107,070	$	125,335
All Other Local Income	$	1,095,907	$	(613,482)	$	2,111,489
Other Financing Sources	$	1,974,732	$	5,843,774	$	825,521
Total Revenue	**$**	**115,808,800**	**$**	**127,849,518**	**$**	**139,373,957**
		1% Decrease		**10% Increase**		**9% Increase**

The below chart provides a visual summary of the sources of revenue received by major category in 2022-2023, and illustrates that State General Apportionment, Property Taxes, and Student Enrollment Fees accounted for 82% of the District's Unrestricted General Fund Revenues. The Education Protection Act, which is temporary funding expiring in 2030, represents 6% of the District's Unrestricted General Fund Revenues. The remaining 12% includes Lottery Revenues, STRS On –Behalf Payments, Other State Revenue, Federal Revenues, Rents and Leases, Non-Resident/Out of State Tuition, Community Education Fees, Other Local Income, and Other Financing Sources.

Unrestricted General Fund Revenues by Major Category – 2022-2023



Unrestricted General Fund Revenues for 2022-2023 as Compared to 2021-2022

Revenues and other financing sources in the Unrestricted General Fund totaled $139,373,957 in fiscal year 2022-2023. **This was an increase of $11,524,439 over the prior year's revenues or a 9.0% increase**. The reason for the increase over prior year is due mainly to increases in Total Computational Revenue for General Apportionment from the Student Centered Funding Formula, Property Taxes, and All Other Local Income. The increase is offset by larger decreases in the Education Protection Act, and Other Financing Sources as compared to 2021-2022.
The following factors make up this increase in unrestricted revenue:

- **Apportionment Funding from State General Apportionment, Education Protection Act, Property Taxes, and Enrollment Fees Increased by $13,191,317. The main factors contributing to this increase were:**
  - **$12,579,910 Revenue Increased in Total Computational Revenue for Apportionment**
    - The District received a Total Computational Revenue for Apportionment increase of $12,579,910 from the 2021-2022 Total Computational Revenue of $108 million. The increase is due to the Emergency Conditions Allowance holding our FTES inside the Student Centered Funding Formula at pre-pandemic levels, in turn holding revenue at a steady level and adding a 6.56% COLA. Further adjustments to state general fund payments will be made at Recalc.
  - **$611,407 Revenue Increased in Prior Year Apportionment Adjustments**
    - Each February, State funding for the past fiscal year is finalized and prior year apportionment and Education Protection Act (EPA) funding adjustments are made based on Recalc submitted during the previous November. In 2022-2023 the Prior Year Apportionment Adjustment was higher than 2021-2022.

- **Unrestricted Lottery Revenues Increased by $732,839:**
  - The funding rate increased in 2022-2023 providing more lottery funding.
    - For unrestricted Non-Prop 20 revenue, the rate increased from $176.94 in 2021-2022 to $204.11 in 2022-2023.
    - For restricted Prop 20 revenue, the rate increased from $81.94 in 2021-2022 to $99.91 in 2022-2023.

- **STRS On-Behalf Revenue and Payments Decreased by ($696,306):**
  - Revenue decreased in STRS On-Behalf Payments made by State of CA.
  - Beginning in 2015-2016, the District was required by the State Chancellor's Office to include an entry for the State of California's STRS On-Behalf payments. The District is now required to include a revenue entry and an equal expense entry to show the amount the State of California contributed to STRS on behalf of District Faculty and Educational Administrators.

- **Other State Revenues Increased by $41,243:**
  - **$31,399 Revenue Increased in Part-Time Faculty Allocation**
    - It is important to note that this allocation only partially funded increases to adjunct faculty salaries to provide salary parity, and the District identified other funding sources for most of the increases.

- **$29,769 Revenue Increased in On-Going Mandated Cost Block Grant**
  - In 2022-2023 the District participated (for the eleventh year) in the State Mandate Cost Block Grant program which provides the proportional rate of $32.68 per FTES (compared to $30.67 last year) in funding in lieu of filing mandate claims. The District's allocation increased from $517,181 to $546,950.
- **($3,205) Revenue Decreased in BOG Fee Waivers Administration**
  - Board of Governor (BOG) waivers for enrollment fees are available to students who meet certain income thresholds.
  - The State provides Districts with a 2% revenue adjustment for enrollment fees waived for BOG students. The allocation decreased slightly in 2022-2023 due to the decreased number of students approved for the waivers.
- **($16,720) Revenue Decreased in Part-Time Faculty Office Hours**
  - The District receives an allocation from the State based on the number of claimed Part-Time Faculty Office Hours claimed by all Community College Districts in the State. In 2022-2023, the District claimed $366,694 in Part-Time Faculty Office Hours paid and received $187,071, which is about 50% of the claim.

- **Federal Revenues Decreased by ($14,187):**
  - **($5,296)** Revenue Decreased in Veterans' Education
  - **($4,916)** Revenue Decreased in Forest People Revenues
  - **($3,975)** Allowances Decreased in Financial Aid Administrative Allowances

- **Rents and Leases Revenue Increased by $313,661:**
  - **$370,416 Revenue Increased in Facility Use Fees**
    - Facility Use revenue increased as compared to a year ago due to increased activity. Whenever feasible, the District accepts opportunities to earn rental income from outside users as required by the Civic Center Act and recoup costs through user fees.
  - **($56,755) Revenue Decreased in Bookstore Rental Income**
    - Bookstore sales commissions decreased due to more students enrolled in courses offered through a variety of formats (online, on-ground, hybrid, short-term, full-term, etc.) and at alternate physical locations.

- **Non-Resident/Out of State Tuition Increased by $230,889:**
  - **$176,111 Revenue Increased in International Students**
    - International Students income increased due to more enrollment as the International Services Program continued to expand recruiting efforts.
  - **$54,778 Revenue Increased in Out of State Students**
    - This revenue stream fluctuates from year to year based on the number of students that fall into this fee category until they establish California residency.

- **Community Education Revenue Increased by $18,265:**
  - Community Education revenue is established on a fee for service basis for the types of programs offered.

- **All Other Local Revenue Increased by $2,724,971:**
  - **$2,724,971 Revenue Increased in All Other Local Revenues**
    The District's miscellaneous revenues increased from the previous year as noted below:
    - **$948,251 Increase in Enrollment (Debt Forgiveness)** – In 2021-2022, the District had cleared nearly $950,000 in student debt through the Coronavirus Aid, Relief and Economic Security (CARES) Act. This was a one-time initiative to remove financial debt as a barrier to higher education and did not occur in fiscal year 2022-2023, therefore local revenue reflected an increase as compared to 2021-2022.

    - **$617,439 Increase in FMV Unrealized Losses** – The Unrestricted General Fund cash balance increased due to the fair market value adjustment on cash held at LACOE in investment pools. Beginning in 2020-2021, new accounting standard GASB 31 requires annual year end entries to adjust the cash value with a reversal on July 1st of the following year.
    - **$873,587 Increase in Interest Earned** - Interest earned on the Unrestricted General Fund cash balance increased as the County Treasury paid a higher yield.
    - **$45,144 Increase in COC Foundation Support** - Support from the COC Foundation increased from the previous year as more faculty and staff drew funds from Foundation resources.
    - **$240,550 Increase in Miscellaneous Revenues** - Locally derived revenues increased in unclaimed student refunds, student records/fees, culinary arts meal service, parking, PAC Box Office, reimbursement from Associated Student Government for staff expenses, and Civic Center revenue.

- **Other Financing Sources Decreased by ($5,018,253):**
  - **($5,018,253) Revenue Decreased in Other Financing Sources**
    - Other Financing Sources represent transfers from other District funds into the Unrestricted General Fund. This revenue source decreased in 2022-2023 mainly due to the transfer in of $4.2 million in HEERF III funds in 2021-2022 to offset lost revenue and indirect support that was not done in 2022-2023. Transfers from other categories of restricted funds total $0.8 million.

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EXPENDITURES

HISTORY OF UNRESTRICTED GENERAL FUND EXPENDITURES

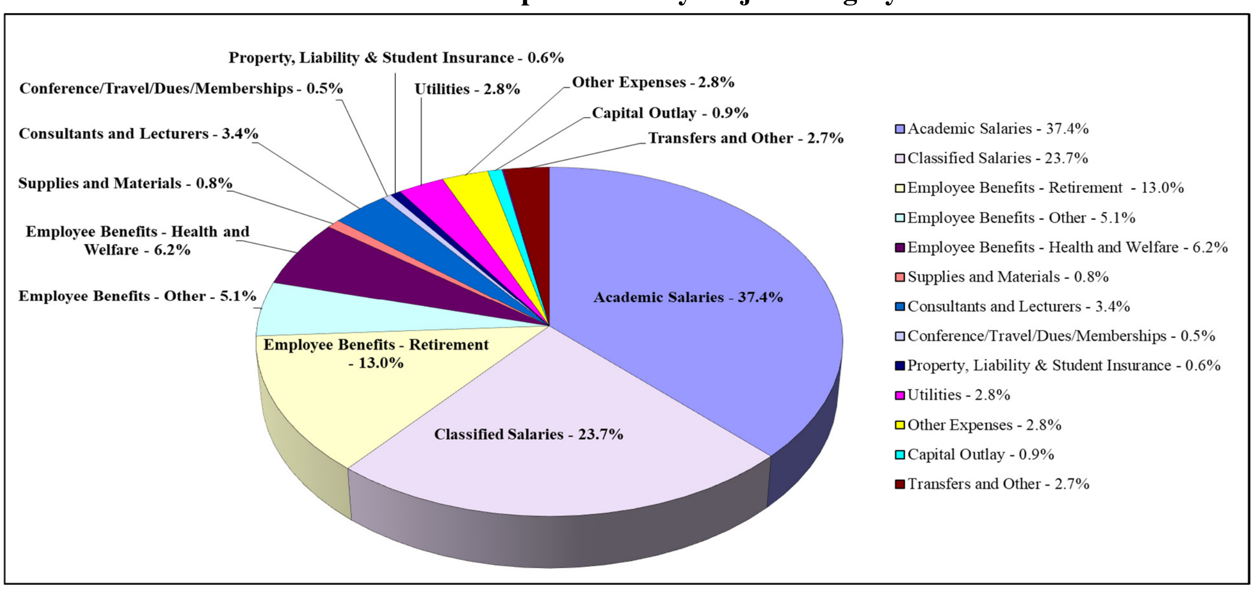
Expenditures associated with the instructional operations and related supporting activities of the District are recorded in the Unrestricted General Fund. In addition, expenditures resulting from Unrestricted General Fund resources being moved to other funds through interfund transfers are recorded here. The following chart summarizes the Unrestricted General Fund expenses by major category and provides a comparison of the last three years. It illustrates how the District's expenditures increased in 2022-2023 as compared to 2021-2022 with the State provided additional on-going and one-time funding.

Unrestricted General Fund Expenditures by Major Category - 3 Year History

	2020-21	2021-22	2022-23
Academic Salaries	$ 46,186,421	$ 46,670,312	$ 50,706,087
Classified Salaries	$ 27,675,823	$ 29,431,106	$ 32,076,601
Employee Benefits - Retirement	$ 13,796,082	$ 15,761,093	$ 17,578,058
Employee Benefits - UE, WC, SUI, etc.	$ 6,006,887	$ 6,661,921	$ 6,892,899
Employee Benefits - Health and Welfare	$ 7,491,331	$ 7,727,978	$ 8,355,368
Supplies and Materials	$ 553,869	$ 877,347	$ 1,111,011
Consultants and Lecturers	$ 3,040,610	$ 3,843,860	$ 4,627,015
Conference/Travel/Dues/Memberships	$ 260,492	$ 466,753	$ 723,374
Property, Liability & Student Insurance	$ 782,026	$ 795,014	$ 858,328
Utilities	$ 2,312,080	$ 3,431,116	$ 3,770,856
Operating Expenses	$ 3,049,785	$ 3,860,313	$ 3,777,618
Capital Outlay	$ 1,151,471	$ 1,386,231	$ 1,163,570
Transfers and Other	$ 3,077,598	$ 5,460,946	$ 3,688,185
Total Expenses	**$ 115,384,475**	**$ 126,373,990**	**$ 135,476,132**
	(1.6%) Decrease	**9.5% Increase**	**7.2% Increase**

The following chart provides a visual summary of the expenditures by type made in 2022-2023, and shows that salaries and fringe benefits totaled 85% of all Unrestricted General Fund expenditures, which is at the Statewide recommended average of 85%.

Unrestricted General Fund Expenditures by Major Category – 2022-2023



Unrestricted General Fund Expenditures for 2022-2023 as Compared to 2021-2022

Expenditures and other financing uses in the Unrestricted General Fund totaled **$135,476,132** in fiscal year 2022-2023. This is an **increase** of $9,102,142 over the prior year's expenditures. The following factors make up the increase in unrestricted expenditures:

- **Employee Salaries Increased by $6,681,270:**
  - The number of employee positions in 2022-2023 were similar in number between retirements and replacements/new hires. Expenses in employee salaries increased due to several factors:
    - **Full Time Faculty and Staff** expenses increased due to increased negotiated rate for Full-Time Faculty Overload/Summer/Winter.
    - **Contractually obligated step and column increases** for faculty and staff.

- **Employee Fringe Benefits Increased by $2,675,333:**
  - Employee fringe benefit costs increased due to several factors:
    - District contribution rates for PERS retirement plans increased from **22.91% in 2021-2021 to 25.37% in 2022-2023**. STRS retirement plans rates increased from **16.92% in 2021-2021 to 19.10% in 2022-2023**.
    - Increased salary costs associated with new positions, steps/columns, and negotiated increases led to increases in associated fringe benefit expenses.

- **Supplies/Materials and Operating Expenses Increased by $1,593,799:**
  - **$233,664 Expense Increased in Supplies and Materials**
    - In 2022-2022 the expenses increased mainly in non-instructional supplies and supply inventories.
  - **$783,155 Expense Increased in Consultants, Lecturers, and Instructional Contracts**
    Contracted services expenses increased mainly due to costs related to the District's Instructional Service Agreement (ISA) Public Safety classes.
  - **$256,621 Expense Increased in Conference/Travel/Dues/Memberships**
    Conference, Field Trip, and Membership expenses increased due to more activity as the State continued to lessen COVID-19 related restrictions in travel. This led to increases in attendance at conferences and trainings, students field trips, athletic team dues and new professional memberships.
  - **$63,314 Expense Increased in Property, Liability, and Student Insurance**
    Insurance premiums increased for property and liability insurance coverage.
  - **$339,740 Expense Increased in Utilities**
    Utility costs increased as the District experienced higher costs for natural gas and electricity.
  - **($82,695) Expense Decreased in Other Operating Expenses**
    Other expenses decreased in categories such as maintenance/repairs of buildings and equipment and interest expense. One main factor of the decrease was that the District did not have to any interest expense related to Tax and Revenue Anticipation Notes (TRANS) as was done in prior year. In 2021-2022, the District paid out the interest cost on the repayment of the $17.0 million TRANS that was issued February 2021.

- **Capital Outlay Decrease of ($222,661):**
  - Capital outlay expenses decreased in 2022-2023 mainly due to less equipment and software purchased for the various departments.

- **Transfers and Other Disbursements Decrease of ($1,772,761):**
  - Interfund transfers are processed annually to move Unrestricted General Fund dollars to other designated funds for specific uses. Interfund transfers decreased in 2022-2023 from 2021-2022 due to the following factors:
    - ($2,400,000) decrease in the transfer to the Retiree Benefit Fund for future OPEB liability based on the actuarial study.
    - ($659,651) decrease in the transfer to the Capital Outlay Fund for forced cost expenses and future capital outlay expenses identified through Program Review budget requests.
    - ($62,590) decrease in the transfers to Institutional Development and SEOG Financial Aid Program.
    - $1,349,480 increase in the transfer to Parking.

OTHER EXPENDITURES – SELECTED FUNDS

In addition to Unrestricted General Fund expenditures, significant expenditures occurred in other District funds for Grant/Categorical Programs (Fund 12), Student Financial Aid (Fund 74), and Capital Outlay (Fund 45).

Federal Grant Program Expenditures

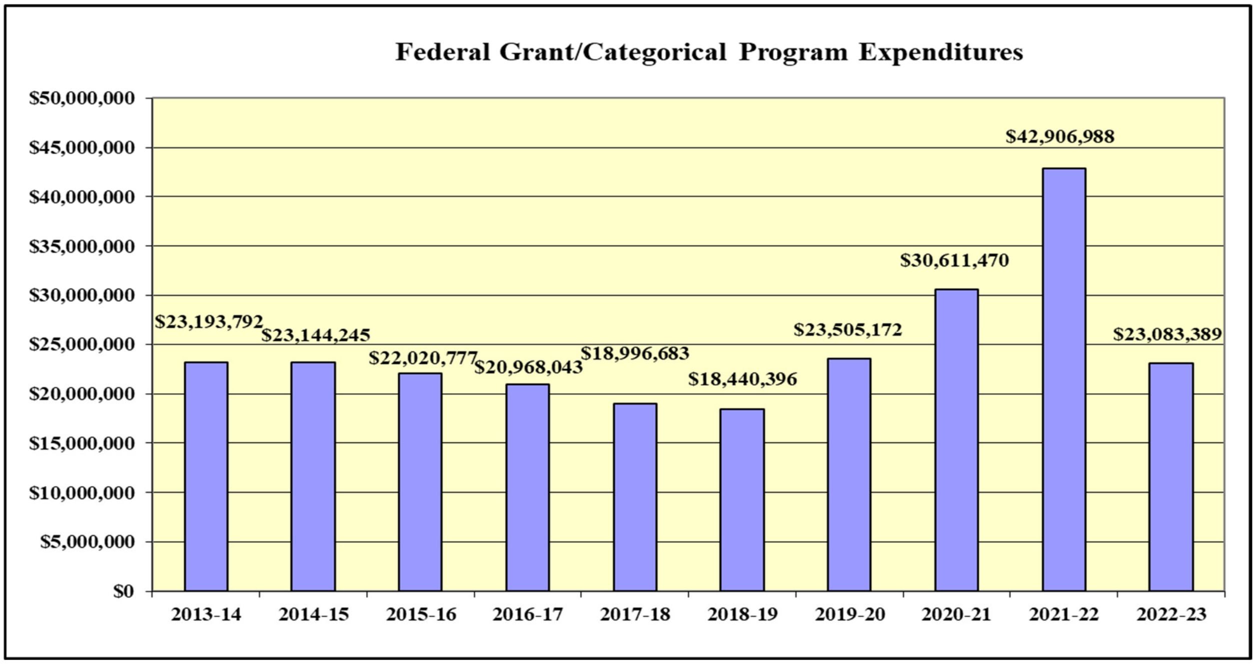
Federal funds provide substantial additional resources for the District and its students. Over the last ten years, Federal grant expenditures have slightly decreased (0.5%) with the exception of fiscal years 2020-2021 and 2021-2022. Significant increases had occurred due to additional aid provided through the US Department of Education and HEERF in response to the COVID-19 pandemic.

Federal grant program expenditures for fiscal year 2022-2023 totaled $23,083,389. Compared to Federal grant/categorical expenditures for fiscal year 2021-2022, this represents a **decrease of ($19,823,599)**, which is (46%), over prior year.

In 2022-2023, ***Federal grants*** provided diverse support to many significant initiatives:

- **Higher Education Emergency Relief Fund - $4,057,853** in funding from the American Rescue Plan authorizing institutions of higher education to use the funds to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus (COVID-19).
- **CalFresh – $22,**308 in continued funding provided to enhance access to food assistance to potentially eligible students, by providing CalFresh outreach and application assistance.
- **Child Care Access Means Parents in School (CCAMPIS) - $343,223** in funding from the U.S. Department of Education to enhance Early Childhood Education Services for children and parents.
- **Career and Technical Education – $610,520** in Perkins funding to provide support to CTE programs.
- **Perkins V Reserve - $300,000** in Perkins funding to provide support to CTE programs.
- **Fresh Success – $48,933** in State Supplemental Nutrition Assistance Program (SNAP) Employment & Training Plan funds to support employability through classes/training programs, supportive services including counseling; interview training; job search, placement, and retention services; educational plans; academic monitoring; tutoring; and to reduce financial barriers to program participation.

- **National Science Foundation – $305,812** National Center for Energy to produce a skilled technical workforce to implement the transformation that is currently re-shaping the world's energy industries.
- **National Science Foundation – $52,754** Next Generation Manufacturing second year of three years of funding to support professional development for educators in welding and fabrication.
- **National Science Foundation – $279,365** Scholarships in Science Technology, Engineering, and Mathematics second year of five years of funding to support low-income, academically-talented students complete their associate's degrees and navigate workforce pathways or baccalaureate degree programs.



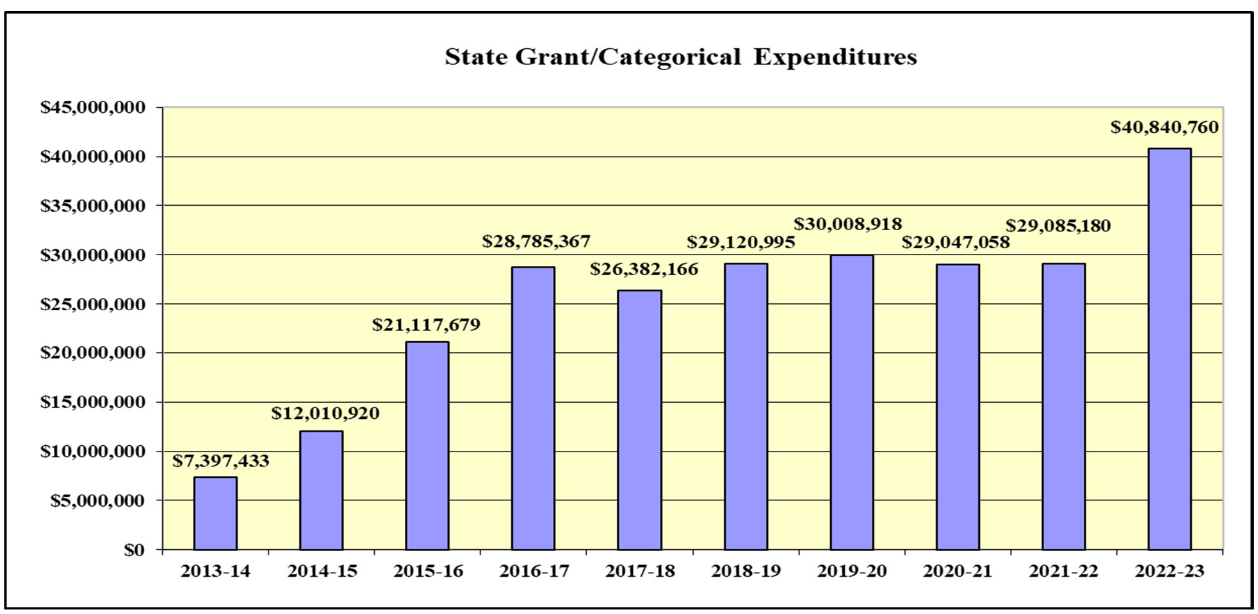
State Grant/Categorical Expenditures

The State of California provides grant and categorical funding to the District. Over the last ten years, State grant/categorical revenues and expenditures increased 452.1%. The chart below illustrates how the availability of State grant/categorical funding fluctuated widely over the last ten years in response to State Budget conditions.

In 2022-2023, State Grant/Categorical expenditures totaled $40,840,760. Compared to State Grant/Categorical expenditures for fiscal year 2021-2022, this represents an **increase of $11,755,580**, or **40.4%**. Noteworthy State funding included the following grant and categorical initiatives:

- **Basic Needs – $763,721** in funding providing support to provide holistic, comprehensive basic needs services and resources to students to support their successful matriculation through college and beyond and to address student food insecurity, and student housing insecurity.
- **California Adult Education Plan AB 104 – $431,138** in funding providing support to expand and improve adult education through linkages between high schools and community colleges.
- **California College Promise AB19 – $1,686,644** in funding from the State Chancellor's Office, which provides a free year of college and extensive academic support services to new full-time students enrolled for the 2022-2023 academic year.

- **COVID-19 Recovery Block Grant - $9,738,904** in one-time funding for districts to address issues related to the COVID-19 pandemic to support activities that will mitigate learning losses, support professional development, technology infrastructure, open educational resources, and mental health and wellness.
- **The Institutional Effectiveness and Technical Assistance – $10,000,000** in grant funding under the leadership of our District, provides Statewide Technical Assistance Teams and Institutional Effectiveness grant awards to assist Districts with concerns such as accreditation or audit issues.
- **Strong Workforce Local Share and Strong Workforce Regional Share – $3,167,388** in categorical funding increases the number of students enrolled in programs leading to high-demand, high wage jobs. The Strong Workforce programs are grouped into seven areas targeting student success, career pathways, workforce data and outcomes, curriculum, CTE faculty, regional coordination and funding.
- **Student Equity and Achievement Plan – $5,838,638** in categorical resources fund increased access, promote and sustain the efforts of credit students to be successful in their educational endeavors, ensure that all students complete their college courses, persist to the next academic term, and achieve their educational objectives through the assistance of student-direct components student equity and achievement process: admissions, orientation, assessment and testing, and counseling.
- **Student Retention and Outreach Immediate Action - $2,286,007** in funding from the State Chancellor's Office to engage former community college students that may have withdrawn from college due to the impacts of COVID-19, as well as with current community college students that may be hesitant to remain in college and prospective students that may be hesitant to enroll in a community college due to COVID-19.
- **Veterans Resource Center – $125,451** in categorical resources provides funding for veteran specific tutoring, peer to peer mentoring, textbook loan program, mental health services and bridge to external service.
- **Zero Textbook Cost Program Technical Assistance Provider - $1,564,157** in funding to administer community college district wide development and implementation of zero-textbook-cost degrees and development of open educational resources for courses to reduce the overall cost of education for students and decrease the time it takes students to complete degree programs.
- **Additional noteworthy funding – $1,480,734** in funding providing support to provide support for Dreamer Resource Liaison, Mental Health, LGBTQ+, Native American Student Success and Support Program and Zero Textbook Cost Programs.

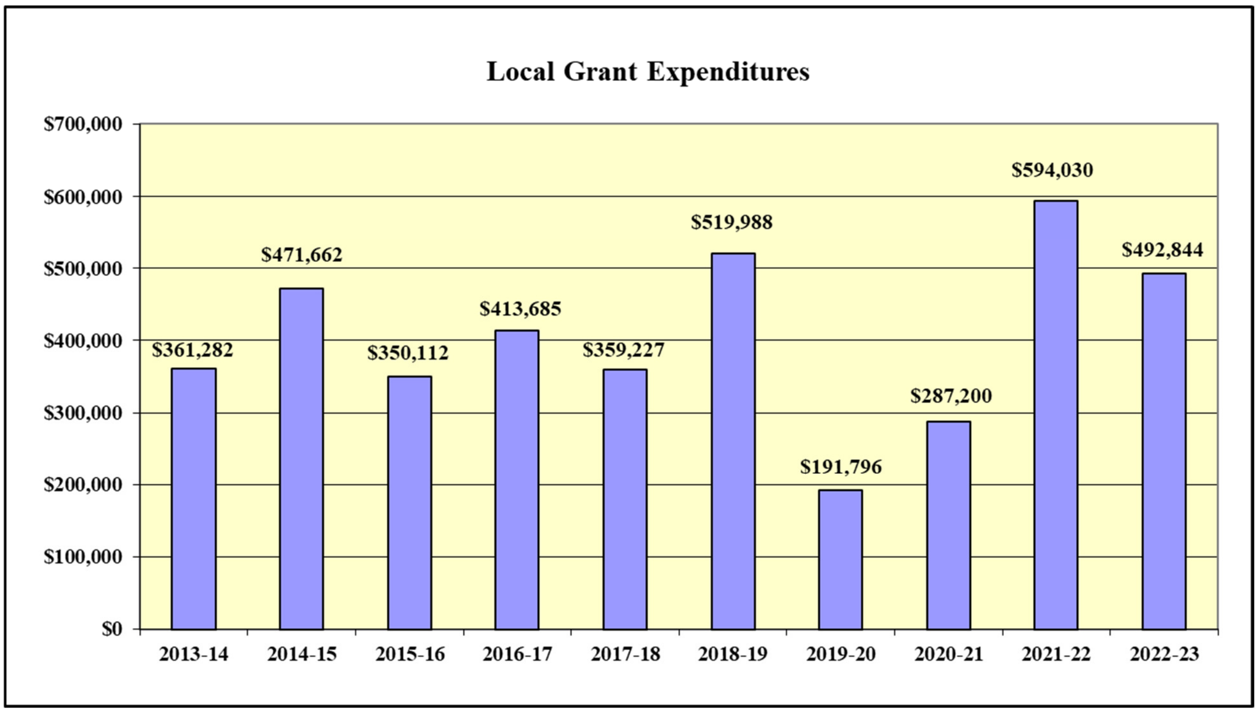


Local Grant Revenues and Expenditures
Grants received from sources other than Federal or State funding are referred to as Local Grants. Local Grants come from private foundations, cities, and for-profit companies, and have been an important way to augment Federal and State Grant/Categorical funding.

The chart below illustrates how local grant funding varies from year to year. These variations were caused by large awards received in certain years. For example, a large grant from the Bill and Melinda Gates Foundation for the Early College High School initiative was received in 2009-2010 and large grants from the Henry Mayo Foundation to renovate the Medical Laboratory Technician classroom and from the Mark Taper Forum for EOPS textbook grants were received in 2014-2015.

In 2022-2023, local grant expenditures totaled $492,844, a **decrease of ($101,186)** or **(17%)** over 2021-2022. The decrease is mainly due to no expenses for the Kaiser Mental Health award and less expenses for Deputy Sector Navigator, AACU Bring Theory to Practice, and Trustee Fellowship awards in 2022-2023.

Local grant dollars received in 2022-2023 benefited CA College Pathways, Campus as a Living Lab, Information Communication Technology Deputy Sector Navigator program, LA Care Calfresh Outreach, Open Education Global, Pritzker Foster, REACH and USC Children's Hospital.



Student Financial Aid Expenditures

In 2022-2023, the District offered student financial aid in the form of PELL Grants, Cal Grants, Full Time Student Success Grants, SEOG Grants and Higher Education Emergency Relief Funds totaling **$16,323,244**, which is a decrease of ($13,041,674) from fiscal year 2021-2022. The main reason for the decrease is due to the ending of Federal student aid in one-time HEERF funds provided in 2021-2022. Note that Financial Aid expenditures are also included in the Federal and State expenditures charts on the previous pages.

The PELL, Cal Grant, Full Time Student Success Grants, and Higher Education Emergency Relief Funds were funded **100%** from Federal and State allocations, and SEOG grants were funded 75% from Federal funds and 25% from a District match.

The District also disbursed Direct Student Loans to qualifying students based on legislation and provided paid Federal Work Study opportunities. The responsibility for disbursing Direct Student Loans was transferred from commercial banks to the District in 2010-2011. Direct Student Loans were funded 100% from Federal funds, and Work Study was funded 75% from Federal funds and 25% from a District match. Students received **$1,280,847** in Direct Loans and earned **$413,510** in Federal Work Study wages from on- campus jobs. Providing students with opportunities to work on-campus improves student retention and success.

STUDENT FINANCIAL AID EXPENDITURES

	2019-20	2020-21	2021-22	2022-23
Federal Pell Grants *	$ 13,983,344	$ 12,363,641	$ 12,977,414	$ 12,967,924
Cal Grants *	$ 1,701,268	$ 1,664,528	$ 2,431,312	$ 2,113,131
Federal SEOG Grants **	$ 663,466	$ 825,197	$ 718,354	$ 582,286
Federal Higher Ed Emergency Relief Funds *	$ 2,885,025	$ 3,859,083	$ 13,237,838	$ 659,903
Subtotal - Grants	**$ 19,233,103**	**$ 18,712,449**	**$ 29,364,918**	**$ 16,323,244**
Direct Student Loans ***	$ 1,911,295	$ 1,315,345	$ 1,100,378	$ 1,280,847
Federal Work Study Wages **	$ 451,592	$ 262,511	$ 352,150	$ 413,510
Total Grants and Work Study	**$ 21,595,990**	**$ 20,290,305**	**$ 30,817,446**	**$ 18,017,601**
	24.0% Increase	**(6.0%) Decrease**	**51.9% Increase**	**(41.5%) Decrease**

* Pell Grants, Cal Grants, Full Time Student Success Grants, and Higher Ed Emergency Relief Funds are 100% funded from Federal and State sources.
** SEOG Grants and Federal Work Study Wages were funded 75% from Federal sources and require a 25% District match contribution.
*** Direct Student Loans were issued by Commercial Banks until Fall 2010, when the responsibility was transferred to community colleges.

Capital Outlay Expenditures

The District continued to plan, construct, and upgrade facilities in fiscal year 2022-2023, through a combination of the funding sources highlighted below:

- **Measure E Funding for Capital Projects**
  Measure E General Obligation Bonds were authorized in an election held on June 7, 2016. The election approved the issuance of $230 million of general obligation bonds. Measure E passed with 58.46% voter approval. Measure E funds were approved to for addition and renovation of facilities at the Valencia and Canyon Country Campus.
  - The first issuance of Measure E bonds occurred in May 2017 in the amount of $50 million.
  - The second issuance occurred in August 2019 in the amount of $85 million.
  - The third issuance occurred in November 2022 in the amount of $70 million.
  - There is $25 million available for future issuances as needed.

  - **As of June 30, 2023, Measure E proceeds in the amount of $124,260,295 were expended on the following approved projects and expenditures:**
    - ADA Doors and Hardware
    - ATC Building
    - Boykin 105 Remodel
    - Boykin Hall Modernization Phase 2
    - Canyon Country Central Plant
    - Canyon Country Campus Quad HVAC & Modular Modernization
    - Canyon Country Campus Arts & Lecture Facility
    - Canyon Country Campus Modernization
    - Canyon Country Campus Science Building and Classroom Structure
    - Canyon Country Campus Student Services and Learning Resource Center
    - Canyons Hall – Counseling Office
    - CTE Building
    - Inter-Cultural Center
    - PE West Modernization
    - Repairs and Modernization
    - Site Upgrades
    - Student Business Office Secondary Effects
    - Student Center Modernization
    - Technology/Technology Infrastructure
    - Valencia Campus Modernization
    - Valencia Campus Parking Structure

  - **Measure E funding will continue to fund the following projects in progress:**
    - ADA Doors and Hardware
    - ATC Building
    - Boykin Hall Modernization Phase 2
    - Canyon Country Campus Modernization
    - Canyon Country Campus Science Building and Classroom Structure
    - Canyon Country Campus Student Services and Learning Resource Center
    - Canyons Hall – Counseling
    - Inter-Cultural Center
    - Site Upgrades

- Student Center Modernization
- Technology/Technology Infrastructure
- Valencia Campus Modernization
- Warehouse

- **Local Funding for Capital Projects**
  - The District used local funding to supplement State, Measure M and Measure E capital funding. Securing local dollars for capital construction provides one more revenue source for construction and maintenance projects on the two campuses in the District (Valencia and Canyon Country). State, Measure M and Measure E dollars go further towards completing the projects in the District's Educational and Facilities Master Plan when augmented by local funding.
  - Local funding includes transfers from the Unrestricted General Fund, Capital Campaign donations from the COC Foundation, Certificate of Participation funding from issuing debt, energy incentive funding, facilities fees paid by international students, money collected from joint use partnerships with the local high school district, and charges from the use of District facilities.
  - **In 2022-2023, local funding totaling $961,125 was expended on projects such as:**
    - Equipment for Various Instructional and Non-Instructional Departments
    - Capital Improvement Projects
    - Custodial/Maintenance
    - Del Valle ISA
    - East PE project
    - Scheduled Maintenance/Repair projects
    - Tick Canyon Fire Clean Up

FUND BALANCE AND FUND BALANCE CLASSIFICATIONS

Unrestricted General Fund Ending Fund Balance

	2018-19	2019-20	2020-21	2021-22	2022-23
Reserved/Assigned	$ 1,736,591	$ 1,244,882	$ 1,985,807	$ 1,417,154	$ 2,361,683
Unassigned	9,497,190	10,142,128	9,825,527	11,869,709	14,823,004
Ending Fund Balance	**$ 11,233,781**	**$ 11,387,010**	**$ 11,811,334**	**$ 13,286,863**	**$ 17,184,687**
Percentage of Unrestricted Expenses	**10.0%**	**9.7%**	**10.2%**	**10.5%**	**12.7%**

Ending Fund Balance Details

- The District's Unrestricted General Fund ending fund balance consistently meets the State Chancellor's Office guidelines for reserves of at least 5% of Unrestricted General Fund expenditures.
  - **The average ending fund balance over the last five years was 10.63% each year.**
- The ending fund balance for the Unrestricted General Fund as of June 30, 2023 was $17,184,687, which was 12.7% of Unrestricted General Fund expenditures.
  - The District **avoided deficit spending in 2022-2023** and did not spend down reserves.
- The 2022-2023 ending balance was further analyzed to determine if any of these funds were "reserved/assigned" due to a commitment made by the District's Governing Board prior to June 30, 2023.
  - The reserved portion of the ending fund balance was $2,361,683 and consists of two components:
    - The $149,000 Revolving Cash Account, which holds funds, which are reserved by Board action/approval for the purpose of emergency cash disbursements.
    - Board authorized pre-paid expenses totaling $2,212,683. These expenses will be deducted from 2023-2024 budget funds.

SUMMARY

This Annual Financial Report for the Period Ending June 30, 2023, affirms the District's commitment to fiscal responsibility. The Financial Statements were found to be materially correct, with no audit findings or adjustments. For the fiscal year 2021-2022, the District again received unmodified opinions on the Financial Statements, Federal Awards and State Awards, which is the best possible opinion an auditor can issue. There were no findings for the General Obligation Bond audit or for the COC Foundation audit, for which the District also has oversight. These opinions will position the District in a positive way in the future with the Accrediting Commission and Bond Rating Agencies.

In the past 22 years, **in 92 audits**, the District has **only had 11 audit findings** (District, General Obligation Bonds and Foundation). These exceptional audits reflect the dedication of the District to providing fiscal oversight for daily operations and compliance with District policies and procedures as well as the regulations that govern community colleges. With the focus of audits moving from financial information to compliance with Federal and State regulations, it is commendable that hundreds of departments, programs and grant funded activities reflect such a high level of fiscal integrity. These positive audit results are the outcome of strong fiscal management which incorporates regular financial oversight and compliance on the part of Business Services in collaboration with the rest of the campus. This is a testimony to the tone set at the top by the District Chancellor and Administrators who have ultimate responsibility for positive fiscal outcomes.

In 2022-2023, the District provided oversight for the expenditure of over $258 million for all funds, including $135.5 million in Operating Funds and $68.1 million in highly regulated Federal and State Financial Aid, State Competitive Grants and State Categorical Program funds. The District received $40.6 million in grant and categorical funding for over 100 programs that augment and complement District instructional programs. The Community College System received unprecedented amounts of federal stimulus funding through HEERF, the Higher Education Emergency Relief Fund when Congress approved over $2 trillion in HEERF Funding in three rounds between March 2020 and March 2021. The District received $48.9 million in federal stimulus funds that were required to be expended fully by June 2023. Of that amount, $25.4 million was distributed to provide Student Financial Aid Grants for COVID Emergency Costs; housing, food, mental health, transportation, childcare and other basic needs for students. The balance of $23.5 million in funding was allocated for institutional costs; to defray expenses and lost revenue due to COVID and well as to fund Student Support Activities Related to COVID. This included millions in stipends for faculty and staff to provide on-ground support during COVID and/or to transition to remote instruction and operations; technology such as laptops and other hardware and software for students, faculty and staff; support of daily cleaning of facilities; upgrading HVAC systems for better air circulation; legal and consulting fees paid to assist with the development and update of the County mandated COVID plan for Higher Education. As operations returned to campus, we were required to staff multiple "check-in" tables where students, employees and visitors were required to provide proof of vaccination or weekly testing. All of these expenditures were monitored and tracked with supporting documentation that successfully passed the scrutiny of a Federal audit.

In addition to operational expenditures, there were expenditures in Capital Outlay funds of $28.6 million to continue the modernization of the Valencia and Canyon Country campuses. In fiscal year 2022-2023, the District completed the Science and Lecture building, Central Plant, and Student Services Learning Resources building at the Canyon Country campus. The District is always looking for ways to save the taxpayers money with its GO Bond funds, over the past nine years the district has successfully completed four separate refundings of GO Bonds which have saved local taxpayers over $50 million.

College of the Canyons has a long history of pursuing funding through grants in order to do more innovative things that set our District apart from other community college districts. In the last 20 years, our grant funding has increased from $5 million to nearly $50 million, a 900% increase. One of the largest grants is IEPI – Institutional Effectiveness Partnership Initiative, that assists community colleges with assessment and improvement. We have served as fiscal agent for over 10 years and provide leadership in partnership with the State Chancellor's Office. Other major grants include funding for the Allied Health Simulation, Early Childhood Education, Advanced Technology Center, Strong Workforce, NSF-Stem, NSF Create, OER (Open Educational Resources), ZTC (Zero Textbook Cost Program), and many more. In addition, we have been successful in receiving federal grant funding for equipment for our Fire Academy training program and the Advanced Technology program.

The District is fiscally stable and operationally sound, with a solid foundation and potential for continued growth. Strong and consistent leadership is the basis for the long-term success of College of the Canyons. The District has thrived under the leadership of Dr. Dianne Van Hook for the last 35 1/2 years, with key Vice President positions occupied by the same individuals for 20 to 25 years and three of the five Board members with 3 to 30+ years of experience serving the district.

Dr. Van Hook is the longest seated Chancellor in the same District in the history of the Community College System. At the time she was hired, she was the youngest District level CEO and one of only five women of 70 District level CEOs. Her visionary leadership has made the Santa Clarita Community College District one of the leading, most innovative, and widely respected community colleges in the nation. Through the establishment of local and regional collaborative and professional development, she has won the respect of her peers and created a framework to achieve success through synergies that come from shared knowledge and experience. <u>This past summer, Dr. Van Hook was recognized as an influential leader on the San Fernando Valley Business Journal's Valley 200 list. According to SFVBJ publisher and editor, Charles Crumpley, the Valley 200 list consists of people who are the most influential in the San Fernando, Conejo, Santa Clarita, Simi Valley and Antelope Valley areas. They are the leaders whose work improves communities and make the local economy sturdier.</u>

Additionally, Dr. Van Hook has served with distinction on more than 38 state boards and has been presented with and received over 30 state, federal, and local awards for her leadership and innovation. Dr. Van Hook is resourceful and a strong and consistent advocate for community colleges at the state and national levels. She has served as president of the Community College League of California (CCLC) Board of Directors; President of the Chief Executive Officers of the California Community Colleges (CEOCCC); and President of the Association of California Community College Administrators (ACCCA). Her leadership has garnered wide recognition, including the Five Star Leader Award from the Community College League of California; the Harry Buttimer Distinguished Administrator Award from the Association of California Community Colleges Administrators; the Presidential Leadership Award from the Network of California Community College Foundations; and The North American Council for Staff, Program and Organizational Development (NCSPOD) President's Award; Boy Scouts of America – Leaders of Character Honoree; the Betty Ferguson Foundation Woman of Honor; the Fifth Supervisorial District Los Angeles County Woman of the Year; a national leadership award from Phi Theta Kappa, the community college honor society; and Newsmaker of the Year Award by the Santa Clarita Valley Press Club; the No. 1 Most Influential Person in the Santa Clarita Valley's Top 51 by The Signal; the SCV Business Journal's Women in Business Lifetime Achievement Award; Single Mothers Outreach Empowering Hearts Iconic Woman Honoree; the SCVi Vision in Education Award; and the SCV Chamber of Commerce's Lifetime Achievement Award.

Dr. Van Hook has a clear vision, unparalleled leadership skills, strong technical knowledge regarding college finances, an astute ability to assess risk, the courage and ability to act and develop opportunities to further pursue our efforts, and establish lasting and impactful relationships with local, State and Federal Officials that will allow College of the Canyons to continue to pursue innovative solutions that meet the needs of our students, community and business partners in the achievement of excellence.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the District at: Santa Clarita Community College District, 26455 Rockwell Canyon Road, Santa Clarita, California 91355.

Assets	
Cash and cash equivalents	$ 1,886,956
Investments	246,048,183
Accounts receivable	29,697,960
Student receivables	6,175,810
Prepaid expenses	2,460,837
Lease receivables	615,878
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	
Nondepreciable capital assets	70,460,001
Depreciable capital assets, net of accumulated depreciation	289,530,557
Right-to-use leased assets, net of accumulated amortization	428,489
Right-to-use subscription IT assets, net of accumulated amortization	441,557
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	360,860,604
Total assets	647,746,228
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	10,705,945
Deferred outflows of resources related to OPEB	2,366,685
Deferred outflows of resources related to pensions	39,067,453
Total deferred outflows of resources	52,140,083
Liabilities	
Accounts payable	102,864,084
Accrued interest payable	5,837,080
Unearned revenue	26,091,713
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	14,989,450
Long-term liabilities other than OPEB and pensions, due in more than one year	419,506,919
Aggregate net other postemployment benefits (OPEB) liability	17,763,132
Aggregate net pension liability	123,339,519
Total liabilities	710,391,897
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	594,002
Deferred inflows of resources related to OPEB	4,885,939
Deferred inflows of resources related to pensions	12,376,777
Total deferred inflows of resources	17,856,718
Net Position	
Net investment in capital assets	54,425,528
Restricted for	
Debt service	17,349,961
Capital projects	8,248,049
Educational programs	6,204,880
Other activities	3,020,027
Unrestricted deficit	(117,610,749)
Total net position (deficit)	$ (28,362,304)

Operating Revenues	
Tuition and fees	$ 19,318,410
Less: Scholarship discounts and allowances	(7,276,232)
Net tuition and fees	12,042,178
Grants and contracts, noncapital	
Federal	6,088,016
State	31,736,931
Local	1,353,987
Total grants and contracts, noncapital	39,178,934
Total operating revenues	51,221,112
Operating Expenses	
Salaries	99,181,027
Employee benefits	34,347,735
Supplies, materials, and other operating expenses and services	31,525,576
Student financial aid	24,757,778
Equipment, maintenance, and repairs	9,739,154
Depreciation and amortization	9,986,050
Total operating expenses	209,537,320
Operating Loss	(158,316,208)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	81,291,570
Local property taxes, levied for general purposes	36,005,319
Taxes levied for other specific purposes	22,224,295
Federal and State financial aid grants	22,101,724
State taxes and other revenues	6,372,487
Investment income, net	929,544
Interest expense on capital related debt	(12,644,983)
Investment loss on capital asset-related debt, net	(146,213)
Other nonoperating revenue	3,835,367
Total nonoperating revenues (expenses)	159,969,110
Income Before Other Revenues	1,652,902
Other Revenues	
State revenues, capital	10,121,060
Local revenues, capital	367,677
Total other revenues	10,488,737
Change In Net Position	12,141,639
Net Position (Deficit), Beginning of Year, as Restated	(40,503,943)
Net Position (Deficit), End of Year	$ (28,362,304)

Operating Activities	
Tuition and fees	$ 12,157,421
Federal, state, and local grants and contracts, noncapital	54,644,351
Payments to or on behalf of employees	(134,287,533)
Payments to vendors for supplies and services	(40,574,658)
Payments to students for scholarships and grants	(24,757,778)
Net cash flows from operating activities	(132,818,197)
Noncapital Financing Activities	
State apportionments	81,772,609
Federal and state financial aid grants	15,815,673
Property taxes - nondebt related	36,005,319
State taxes and other apportionments	5,298,565
Other nonoperating activities	485,733
Net cash flows from noncapital financing activities	139,377,899
Capital Financing Activities	
Purchase of capital assets	(23,906,093)
Proceeds from sales of capital debt	76,173,772
State revenue, capital	76,417,456
Local revenue, capital	367,677
Property taxes - related to capital debt	22,224,295
Principal paid on capital debt	(11,710,181)
Interest paid on capital debt	(11,399,260)
Interest received on capital asset-related debt	315,489
Net cash flows from capital financing activities	128,483,155
Investing Activities	
Change in fair value of cash in county treasury	(4,798,732)
Interest received from investments	3,304,656
Net cash flows from investing activities	(1,494,076)
Change In Cash and Cash Equivalents	133,548,781
Cash and Cash Equivalents, Beginning of Year	114,386,358
Cash and Cash Equivalents, End of Year	$ 247,935,139

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	$ (158,316,208)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	9,986,050
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(7,217,401)
Student receivables	2,082,807
Prepaid expenses	(901,865)
Lease receivables	43,335
Deferred outflows of resources related to OPEB	448,875
Deferred outflows of resources related to pensions	(13,226,420)
Accounts payable	4,069,351
Unearned revenue	20,724,901
Compensated absences	728,970
Load banking	102,632
Early retirement plan	(513,608)
Aggregate net OPEB liability	498,997
Aggregate net pension liability	45,001,435
Deferred inflows of resources related to leases	(52,982)
Deferred inflows of resources related to OPEB	(490,818)
Deferred inflows of resources related to pensions	(35,786,248)
Total adjustments	25,498,011
Net cash flows from operating activities	$ (132,818,197)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 1,886,956
Cash in county treasury	246,048,183
Total cash and cash equivalents	$ 247,935,139
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 578,873
Amortization of debt premiums	$ 1,280,106
Accretion of interest on capital appreciation bonds	$ 1,255,251

Note 1 - Organization

The Santa Clarita Community College District (the District) was established in 1967 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one community college and one center located in Santa Clarita, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government (the District), and the following component units:

The following entity met the criterion for inclusion as a “blended” component unit and is consolidated within the financial statements of the District:

- **Public Property Financing Corporation**

  The Public Property Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been “blended” or consolidated within the financial statements as the District as if the activity was the District’s. Within the other supplementary information section of the report, the activity is included as the Capital Outlay Projects Fund and the Other Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities of the District. Individually-prepared financial statements are not prepared for the Public Property Financing Corporation. Condensed component unit information for the Corporation, the District’s blended component unit, for the year ended June 30, 2023, is as follows:

Condensed Statement of Net Position

Assets	
Investments	$ 987,348
Accounts receivable	1,202
Total assets	$ 988,550
Net Position	
Restricted for	
Debt Service	$ 988,550

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Nonoperating Income/(Expenses)	
Principal expense on capital related debt	$ (805,000)
Interest expense on capital related debt	(270,006)
Other income	1,983
Total nonoperating income/(expenses)	(1,073,023)
Loss Before transfers	(1,073,023)
Transfers in	1,660,635
Change in Net Position	587,612
Net Position, Beginning of Year	400,938
Net Position, End of Year	$ 988,550

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury for purposes of the statement of cash flows.

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District's investment in the County Treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. Management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, building and land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed.

The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 25 years; equipment, 3 to 15 years; vehicles, 5 to 10 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

Right-to-use Leased Assets and Amortization

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

Right-to-use Subscription IT Assets and Amortization

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Compensated Absences and Load Banking

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for leases, OPEB and pension related items.

Leases

The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the right-to-use leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from two to four years.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees’ Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the aggregate net OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, certificates of participation, leases, subscription-based IT arrangements, compensated absences, load banking, early retirement plan, aggregate net OPEB liability, and aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, right-to-used leased assets, right-to-use subscription IT assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $34,822,917 of restricted net position.

Operating and Nonoperating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB. Classifications are as follows:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts.

- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in November 2001, November 2006, and June 2016 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government has been eliminated in the consolidation process of the basic financial statements.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government has been eliminated in the consolidation process of the basic financial statements.

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91*, Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard are included in Notes 6 and 8.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District deposits substantially all receipts and collections of monies with their County Treasurer. 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 accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, consist of the following:

	Primary Government
Cash on hand and in banks	$ 1,736,956
Cash in revolving	150,000
Investments	246,048,183
Total deposits and investments	$ 247,935,139

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment pool evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment pool is not required to be rated, nor has it been rated as of June 30, 2023.

Information about the sensitivity of the fair values of the District's investments to interest rate risk and credit risk is provided by the following schedule that shows the distribution of the District's investment by maturity and credit rating:

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Los Angeles County Investment pool	$ 246,048,183	753	Not Rated

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance was insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 4 - Accounts Receivable

Accounts receivable at June 30, 2023, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 1,927,345
State Government	
Apportionment	9,400,829
Categorical aid	8,075,507
Lottery	1,073,922
Other state sources	2,842,388
Local Sources	
Interest	2,193,604
Other local sources	4,184,365
Total	$ 29,697,960
Student receivables	$ 6,175,810

Note 5 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Building Lease	$ 423,161	$ -	$ (8,508)	$ 414,653
Cell Tower Leases	236,052	-	(34,827)	201,225
Total	$ 659,213	$ -	$ (43,335)	$ 615,878

Cellular Tower Antenna Sites

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are noncancelable for a period of five years, with three additional renewal periods of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3% to 10% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $45,143 in lease revenue and $10,316 in interest revenue related to these agreements. At June 30, 2023, the District recorded $201,225 in lease receivables and $193,497 in deferred inflows of resources for these arrangements. The District used an interest rate of 4%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Building Lease

The District leases a portion of its facilities for the middle college. This agreement is for a period of 40 years. During the fiscal year, the District recognized $27,000 in lease revenue and $18,492 in interest revenue related to these agreements. At June 30, 2023, the District recorded $414,653 in lease receivables and $400,505 in deferred inflows of resources for these arrangements. The District used an interest rate of 4%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 6 - Capital Assets, Right-to-use Leased Assets, and Right-to-use Subscription IT Assets

Capital asset, right-to-use leased asset, and right-to-use subscription IT asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 14,309,904	$ -	$ -	$ 14,309,904
Construction in progress	82,084,566	23,006,969	(48,941,438)	56,150,097
Total capital assets not being depreciated	96,394,470	23,006,969	(48,941,438)	70,460,001
Capital Assets Being Depreciated				
Land improvements	24,038,634	-	-	24,038,634
Buildings and improvements	326,262,101	48,941,438	-	375,203,539
Furniture and equipment	20,914,346	3,344,354	(678,854)	23,579,846
Total capital assets being depreciated	371,215,081	52,285,792	(678,854)	422,822,019
Total capital assets	467,609,551	75,292,761	(49,620,292)	493,282,020
Less Accumulated Depreciation				
Land improvements	(16,669,922)	(882,960)	-	(17,552,882)
Buildings and improvements	(92,670,917)	(7,536,171)	-	(100,207,088)
Furniture and equipment	(15,038,863)	(1,093,778)	601,149	(15,531,492)
Total accumulated depreciation	(124,379,702)	(9,512,909)	601,149	(133,291,462)
Net capital assets	343,229,849	65,779,852	(49,019,143)	359,990,558
Right-to-use Leased Assets Being Amortized				
Buildings and improvements	701,497	-	-	701,497
Furniture and equipment	273,923	-	-	273,923
Total right-to-use leased assets being amortized	975,420	-	-	975,420
Less Accumulated Amortization				
Buildings and improvements	(97,430)	(233,832)	-	(331,262)
Furniture and equipment	(107,834)	(107,835)	-	(215,669)
Total accumulated amortization	(205,264)	(341,667)	-	(546,931)
Net right-to-use leased assets	770,156	(341,667)	-	428,489
Right-to-use Subscription IT Assets				
Right-to-use subscription IT assets	573,031	-	-	573,031
Accumulated amortization	-	(131,474)	-	(131,474)
Net right-to-use subscription IT assets	573,031	(131,474)	-	441,557
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 344,573,036	$ 65,306,711	$ (49,019,143)	$ 360,860,604

Note 7 - Prepaid Expenses

Prepaid expenses at June 30, 2023, consisted of the following:

Software and Technology	$ 719,309
Health and Welfare	40,432
ISA - Fire	410,756
Retirement Planning	951,268
Other prepaid expenses	339,072
Total	$ 2,460,837

Note 8 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2023, consisted of the following:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 333,710,619	$ 71,255,251	$ (10,465,000)	$ 394,500,870	$ 11,405,000
Bond premium	16,900,137	6,173,772	(1,204,854)	21,869,055	-
Certificates of participation (COP)	6,545,000	-	(805,000)	5,740,000	830,000
COP premium	683,555	-	(75,252)	608,303	-
Leases	779,673	-	(332,412)	447,261	295,760
Subscription-based IT arrangements	567,281	-	(107,769)	459,512	119,270
Compensated absences	5,218,788	728,970	-	5,947,758	899,047
Load banking	305,648	102,632	-	408,280	-
Early retirement plan	5,028,938	737,986	(1,251,594)	4,515,330	1,440,373
Total	$ 369,739,639	$ 78,998,611	$ (14,241,881)	$ 434,496,369	$ 14,989,450

Description of Long-Term Liabilities

Payments of the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. Payments of the certificates of participation (COPs) are made by the Other Debt service Fund. The payments of the leases are made by the General Fund. The payments of the subscription-based IT arrangements are made by the unrestricted and restricted General Fund and the Employee Training Institute Fund. The compensated absences, load banking, and early retirement plan will be paid by the fund for which the employee worked.

General Obligation Bonds

In November 2001, voters authorized a total of $82,110,000 in general obligation bonds. In July 2003, the District issued Election of 2001 Series 2003 General Obligation Bonds in the amount of $17,498,982. The bonds were issued as capital appreciation bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 1.05 to 5.60%. At June 30, 2023, the principal balance outstanding was $11,465,893.

In October 2005, the District issued Election of 2001 Series 2005 General Obligation Bonds in the amount of $42,981,087. The bonds were issued as current interest bonds in the aggregate principal amount of $39,310,000 and as capital appreciation bonds in the principal amount of $3,671,087. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 3.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $10,189,977.

In May 2012, the District issued Election of 2006 Series 2012 General Obligation Bonds in the amount of $35,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $1,360,000. Unamortized premium received on issuance of the bonds amounted to $60,086 as of June 30, 2023.

In February 2013, the District issued the $33,765,000 2013 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2028, with interest rates from 2.00 to 5.00%. The net proceeds of $39,057,475 (representing the principal amount of $33,765,000 plus premium on issuance of $5,292,475) from the issuance were used to advance refund the District's outstanding 2001 General Obligation Bonds, Series 2005 maturing on August 1, 2016 through and including August 1, 2028, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. At June 30, 2023, the principal balance outstanding was $3,570,000. Unamortized premium received on issuance of the bonds amounted to $56,918 as of June 30, 2023.

In September 2014, the District issued Election of 2006 Series 2014 General Obligation Bonds in the amount of $25,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $6,185,000. Unamortized premium received on issuance of the bonds amounted to $546,433 as of June 30, 2023.

In May 2016, the District issued the $94,050,000 2016 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2046, with interest rates from 2.00 to 5.00%. The net proceeds of $103,474,669 (representing the principal amount of $94,050,000 plus premium on issuance of $9,424,669) from the issuance were used to currently refund the District's outstanding 2005 General Obligation Refunding Bonds, maturing on August 1, 2016 through and including August 1, 2021, and to advance refund a portion of the District's outstanding General Obligation Bonds, Series 2007 maturing on August 1, 2016 and including August 1, 2018 through August 1, 2046, and to pay the cost of the issuance associated with the refunding bonds.

Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. At June 30, 2023, the principal balance outstanding was $84,180,000. Unamortized premium received on issuance of the bonds amounted to $7,211,694 as of June 30, 2023.

In November 2016, the District issued Election of 2006 Series 2016 General Obligation Bonds in the amount of $20,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities, to refund the 2009 certificates of participation, and to pay the cost of the issuance associated with the issuance of the bonds. The bonds bear interest rates of 3.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $19,285,000. Unamortized premium received on issuance of the bonds amounted to $1,219,135 as of June 30, 2023.

In June 2016, voters authorized a total of $230,000,000 in general obligation bonds. In April 2017, the District issued Election of 2016 Series 2017 General Obligation Bonds in the amount of $50,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $37,685,000. Unamortized premium received on issuance of the bonds amounted to $2,753,923 as of June 30, 2023.

In August 2019, the District issued Election of 2016 Series 2019 General Obligation Bonds in the amount of $85,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear interest rates of 3.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $78,360,000. Unamortized premium received on issuance of the bonds amounted to $4,005,396 as of June 30, 2023.

In November 2019, the District issued the $34,400,000 2019 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2039, with interest rates from 1.787 to 3.046%. The net proceeds of $34,400,000 from the issuance were used to advance refund a portion of the District's outstanding 2006 General Obligation Bonds, Series 2012 maturing on August 1, 2012 through and including August 1, 2042, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. At June 30, 2023, the principal balance outstanding was $32,325,000.

In May 2021, the District issued the $41,475,000 2021 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2038, with interest rates from 0.157 to 2.621%. The net proceeds of $41,475,000 from the issuance were used to advance refund a portion of the District's outstanding 2013 General Obligation Refunding Bonds and 2014 General Obligation Bonds, and to pay the cost of the issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. At June 30, 2023, the principal balance outstanding was $39,895,000.

In October 2022, the District issued Election of 2016 Series 2022 General Obligation Bonds in the amount of $70,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, modernization, and renovation of District facilities. The bonds bear an interest rate of 5.00%. At June 30, 2023, the principal balance outstanding was $70,000,000. Unamortized premium received on issuance of the bonds amounted to $6,015,470.

Debt Maturity

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Accreted Interest	Redeemed	Bonds Outstanding June 30, 2023
2003	08/01/28	1.05%-5.60%	$ 17,498,982	$ 12,525,615	$ -	$ 660,278	$ (1,720,000)	$ 11,465,893
2005	08/01/30	3.00%-5.00%	42,981,087	9,595,004	-	594,973	-	10,189,977
2012	08/01/42	2.00%-5.00%	35,000,000	1,645,000	-	-	(285,000)	1,360,000
2013	08/01/28	2.00%-5.00%	33,765,000	6,935,000	-	-	(3,365,000)	3,570,000
2014	08/01/39	2.00%-5.00%	25,000,000	6,530,000	-	-	(345,000)	6,185,000
2016	08/01/46	2.00%-5.00%	94,050,000	84,180,000	-	-	-	84,180,000
2016	08/01/46	3.00%-5.00%	20,000,000	19,315,000	-	-	(30,000)	19,285,000
2017	08/01/47	2.00%-5.00%	50,000,000	38,020,000	-	-	(335,000)	37,685,000
2019	08/01/49	3.00%-5.00%	85,000,000	81,195,000	-	-	(2,835,000)	78,360,000
2019	08/01/39	1.787%-3.046%	34,400,000	32,950,000	-	-	(625,000)	32,325,000
2021	08/01/38	0.157-2.621%	41,475,000	40,820,000	-	-	(925,000)	39,895,000
2022	08/01/48	5.00%	70,000,000	-	70,000,000	-	-	70,000,000
				$ 333,710,619	$ 70,000,000	$ 1,255,251	$ (10,465,000)	$ 394,500,870

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2050 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2024	$ 11,356,427	$ 48,573	$ 13,526,393	$ 24,931,393
2025	12,390,482	149,518	13,178,598	25,718,598
2026	10,013,768	256,232	12,979,967	23,249,967
2027	9,713,499	366,501	12,824,655	22,904,655
2028	10,210,726	639,274	12,653,600	23,503,600
2029-2033	53,190,968	6,274,032	59,622,551	119,087,551
2034-2038	67,360,000	-	77,135,753	144,495,753
2039-2043	85,800,000	-	36,216,203	122,016,203
2044-2048	109,815,000	-	16,252,900	126,067,900
2049-2050	24,650,000	-	702,300	25,352,300
Total	$ 394,500,870	$ 7,734,130	$ 255,092,920	$ 657,327,920

Certificates of Participation

In April 2017, the District issued the $9,580,000 2017 Refunding Certificates of Participation. The certificates have a final maturity to occur on August 1, 2031, with interest rates from 2.00 to 5.00%. The net proceeds of the certificates were used to currently refund the outstanding 2006 Certificates of Participation and to pay the cost of issuance associated with the refunding certificates. At June 30, 2023, the principal balance outstanding was $5,740,000. Unamortized premium received on issuance of the certificates amounted to $608,303 as of June 30, 2023.

The certificates mature through fiscal year 2032 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 830,000	$ 237,306	$ 1,067,306
2025	855,000	199,331	1,054,331
2026	660,000	161,456	821,456
2027	685,000	127,831	812,831
2028	710,000	92,956	802,956
2029-2032	2,000,000	97,923	2,097,923
Total	$ 5,740,000	$ 916,803	$ 6,656,803

Early Retirement Plan

The District has entered into two agreements to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a total of $4,515,330 on behalf of the retirees over the next five years in accordance with the following schedule:

Fiscal Year	
2024	$ 1,440,373
2025	1,366,418
2026	1,050,808
2027	510,134
2028	147,597
Total	$ 4,515,330

Leases

The District has entered into agreements to lease various facilities and equipment. The District's liability for lease agreements is summarized below:

Leases	Balance, July 01, 2022	Additions	Deductions	Balance, June 30, 2023
Copier Leases	$ 170,013	$ -	$ (108,923)	$ 61,090
Building Lease	609,660	-	(223,489)	386,171
Total	$ 779,673	$ -	$ (332,412)	$ 447,261

Copier Leases

The District entered an agreement to lease copiers for five years, beginning June 2018. Under the terms of the lease, the District binder paid the monthly payments of $9,557, which amounted to total principal and interest costs of $114,686. The annual interest rate charged on the lease is 4.84%. At June 30, 2023, the District has recognized a right to use asset of $58,254, net of accumulated amortization and a lease liability of $61,090 related to this agreement. During the fiscal year, the District recorded $107,835 in amortization expense and $5,764 in interest expense for the right to use of the copiers.

Building Lease

The District entered an agreement to lease building space for 36 of months, beginning February 2022. The lease terminates January 2025. Under the terms of the lease, the District pays a monthly base fee of $20,274, increasing 2.0% annually on the anniversary of the agreement. At June 30, 2023, the District has recognized a right to use asset of $370,235, net of accumulated amortization and a lease liability of $386,171 related to this agreement. During the fiscal year, the District recorded $233,832 in amortization expense and $22,232 in interest expense for the right to use the office space. The District used a discount rate of 4.37%, based on the agreement.

The District's liability on lease agreements with option to purchase is summarized below:

Fiscal Year	Principal	Interest	Total
2024	$ 295,760	$ 13,870	$ 309,630
2025	151,501	2,164	153,665
Total	$ 447,261	$ 16,034	$ 463,295

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into various SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of $441,557, net of accumulated amortization and a SBITA liability of $459,512 related to these agreements. During the fiscal year, the District recorded $131,474 in amortization expense. The District is required to make annual principal and interest payments of $107,770 through 2027. The subscription has an interest rate of 4.37%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 119,270	$ 20,081	$ 139,351
2025	117,360	14,868	132,228
2026	107,403	9,740	117,143
2027	115,479	5,047	120,526
Total	$ 459,512	$ 49,736	$ 509,248

Note 9 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2023, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 17,440,304	$ 2,366,685	$ 4,885,939	$ 547,524
Medicare Premium Payment (MPP) Program	322,828	-	-	(90,470)
Total	$ 17,763,132	$ 2,366,685	$ 4,885,939	$ 457,054

The details of each plan are as follows:

District Plan

Plan Administration

The District’s governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Management of the Plan is vested in the District management.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	210
Active employees	570
Total	780

Benefits Provided

The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District and the District's bargaining units. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District and the District's bargaining units. For measurement period of June 30, 2023, the District paid $629,147 in benefits, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $17,440,304 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent
Discount rate	3.65 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study as of June 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 16,850,837
Service cost	871,560
Interest	600,810
Changes of assumptions	(253,756)
Benefit payments	(629,147)
Net change in total OPEB liability	589,467
Balance, June 30, 2023	$ 17,440,304

There were no changes in the benefit terms since the previous valuation. Changes of assumptions and other inputs reflect a change in discount rate from 3.54% to 3.65% since the previous valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	$ 19,859,166
Current discount rate (3.65%)	17,440,304
1% increase (4.65%)	15,441,780

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare cost trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	$ 16,260,846
Current healthcare cost trend rate (4.00%)	17,440,304
1% increase (5.00%)	18,813,347

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 136,096	$ 1,195,716
Changes of assumptions	2,230,589	3,690,223
Total	$ 2,366,685	$ 4,885,939

The deferred outflows/inflows of resources related the differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 9.4 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (295,699)
2025	(295,699)
2026	(295,699)
2027	(295,699)
2028	(327,017)
Thereafter	(1,009,441)
Total	$ (2,519,254)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $322,828 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0980% and 0.1036%, respectively, resulting in a net decrease in the proportionate share of 0.0056%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(90,470).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, 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 members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP 2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 351,944
Current discount rate (3.54%)	322,828
1% increase (4.54%)	297,616

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using a Medicare costs trend rates that is one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 296,206
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	322,828
1% increase (5.50% Part A and 6.40% Part B)	353,004

Note 10 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property with coverages of $250,000,000, subject to various policy limits. The District also purchases commercial insurance for general liability claims with coverage up to $5,000,000 per occurrence, all subject to various deductibles.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2023, the District contracted with the Statewide Association of Community Colleges (SWACC)/Schools Association for Excess Risk (SAFER) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

Note 11 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of the aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 45,374,105	$ 14,049,426	$ 8,776,078	$ 4,004,305
CalPERS	77,965,414	25,018,027	3,600,699	10,150,993
Total	$ 123,339,519	$ 39,067,453	$ 12,376,777	$ 14,155,298

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2023, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $8,473,894.

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

At June 30, 2023, 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:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 45,374,105
State's proportionate share of net pension liability associated with the District	22,723,174
Total	$ 68,097,279

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0653% and 0.0689%, respectively, resulting in a net decrease in the proportionate share of 0.0036%.

For the year ended June 30, 2023, the District recognized pension expense of $4,004,305. In addition, the District recognized pension expense and revenue of $1,832,609 for support provided by the State. At June 30, 2023, 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
Pension contributions subsequent to measurement date	$ 8,473,894	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,288,085	3,155,086
Differences between projected and actual earnings on pension plan investments	-	2,218,881
Differences between expected and actual experience in the measurement of the total pension liability	37,221	3,402,111
Changes of assumptions	2,250,226	-
Total	$ 14,049,426	$ 8,776,078

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (1,629,933)
2025	(1,765,756)
2026	(2,652,526)
2027	3,829,334
Total	$ (2,218,881)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,432,037
2025	(179,604)
2026	(629,153)
2027	(439,718)
2028	(540,585)
Thereafter	(624,642)
Total	$ (981,665)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) 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 board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Private equity	13%	6.3%
Real estate	15%	3.6%
Inflation sensitive	6%	3.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Cash/liquidity	2%	(0.4%)

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 77,062,059
Current discount rate (7.10%)	45,374,105
1% increase (8.10%)	19,063,576

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2023, are summarized as follows:

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $9,692,637.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $77,965,414. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.2266% and 0.2310%, respectively, resulting in a net decrease in the proportionate share of 0.0044%.

For the year ended June 30, 2023, the District recognized pension expense of $10,150,993. At June 30, 2023, 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
Pension contributions subsequent to measurement date	$ 9,692,637	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,660,820
Differences between projected and actual earnings on pension plan investments	9,205,594	-
Differences between expected and actual experience in the measurement of the total pension liability	352,358	1,939,879
Changes of assumptions	5,767,438	-
Total	$ 25,018,027	$ 3,600,699

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,535,200
2025	1,361,616
2026	695,530
2027	5,613,248
Total	$ 9,205,594

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 928,570
2025	813,722
2026	866,321
2027	(89,516)
Total	$ 2,519,097

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(-5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 112,624,989
Current discount rate (6.90%)	77,965,414
1% increase (7.90%)	49,320,550

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $3,645,270 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Deferred Compensation

The District offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 403(b). The plans, available to all District employees with the exception of College Assistants, permit them to defer a portion of their salary until future years. Depending on the plan, the deferred compensation is not available to employees until termination, retirement, death, disability, hardship, or unforeseeable emergency.

All assets of the 457 plans are held in trusts for the exclusive benefit of participants. All assets of the 403(b) plan are individually owned by participants.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its plan for all employees, as well as the CalSTRS Cash Balance Benefit Program (an alternative plan) for adjunct faculty. Contributions made by the District and an employee vest immediately. The District contributes 6.20% of an employee's gross earnings (four percent for CalSTRS Cash Balance Benefit Program participants). An employee is required to contribute 6.20% of his or her gross earnings to the pension plan (four percent for CalSTRS Cash Benefit Program participants).

Note 12 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Protected Insurance Program for Schools (PIPS), the Statewide Association of Community College (SWACC)/Schools Association for Excess Risk (SAFER), Alameda County Schools Insurance Group/Educational Dental Group Enterprise (ACSIG/Edge), Self-Insured Schools of California (SISC), and Alameda County Schools Insurance Group (ACSIG) JPAs. The District pays premiums for its workers' compensation and property liability coverage, as well as monthly premiums for employee Delta Dental and Vision Service Plan coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of $2,284,643, $752,155, $162,610, $24,348, and $164,082 to PIPS, SWACC/SAFER, ACSIG/Edge, ACSIG, and SISC JPAs, respectively.

Note 13 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
CCC - Student Services Learning Resources	$ 122,073	November 30, 2023
CCC - Facilities Warehouse	225,000	December 31, 2024
CCC - Health and Natural Sciences	1,250,600	June 30, 2026
Student Housing	2,622,743	June 30, 2026
ATC - Valley Center	19,825,000	December 31, 2025
ADA Transition Plan - Phase 3	5,000	February 25, 2025
ATC - Diamond Place	413,592	November 30, 2023
Boykin Hall Modernization Phase 2	5,318,105	June 30, 2024
CCC - Signage Project	89,029	December 31, 2023
Counseling 2nd Floor Canyons Hall	58,122	May 31, 2024
Inter-Cultural Center	210,535	November 30, 2023
Valencia Student Center Remodel	593,156	December 31, 2026
ADA Transition Plan - Phase 2	2,215,967	November 30, 2023
CCC - Shade Structures	411,233	November 30, 2023
Valencia Shade Structures	61,576	October 31, 2023
Total	$ 33,421,731	

Note 14 - Related Party Transactions

During the year, office space is provided to the College of the Canyons Foundation (the Foundation) by the District. The donated office space was valued at $27,200 and was recognized by the Foundation as of June 30, 2023. Donated services are provided to the College of the Canyons Foundation per the master agreement. These services were valued at $1,125,767 and was recognized by the Foundation as of June 30, 2023.

Note 15 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Primary Government	
Net Position (Deficit) - Beginning	$ (40,509,693)
Right-to-use subscription IT assets, net of amortization	573,031
Subscription-based IT arrangements	(567,281)
Net Position (Deficit) - Beginning, as Restated	$ (40,503,943)

Required Supplementary Information
June 30, 2023

Santa Clarita
Community College District

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 871,560	$ 1,056,868	$ 872,725
Interest	600,810	405,066	421,223
Changes of benefit terms	-	2,294,686	-
Difference between expected and actual experience	-	(1,476,057)	209,005
Experience gains/losses	-	-	-
Changes of assumptions	(253,756)	(3,402,204)	(1,284,364)
Benefit payments	(629,147)	(504,245)	(424,617)
Net change in total OPEB liability	589,467	(1,625,886)	(206,028)
Total OPEB Liability - Beginning	16,850,837	18,476,723	18,682,751
Total OPEB Liability - Ending	$ 17,440,304	$ 16,850,837	$ 18,476,723
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 597,864	$ 436,238	$ 413,136
Interest	326,477	492,562	471,671
Changes of benefit terms	-	747,173	-
Difference between expected and actual experience	(20,174)	-	-
Experience gains/losses	-	(93,026)	-
Changes of assumptions	3,407,347	583,618	-
Benefit payments	(359,582)	(359,582)	(346,593)
Net change in total OPEB liability	3,951,932	1,806,983	538,214
Total OPEB Liability - Beginning	14,730,819	12,923,836	12,385,622
Total OPEB Liability - Ending	$ 18,682,751	$ 14,730,819	$ 12,923,836
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

	2023	2022	2021
Year ended June 30,			
Proportion of the net OPEB liability	0.0980%	0.1036%	0.1135%
Proportionate share of the net OPEB liability	$ 322,828	$ 413,298	$ 480,893
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

	2020	2019	2018
Year ended June 30,			
Proportion of the net OPEB liability	0.1146%	0.1115%	0.1049%
Proportionate share of the net OPEB liability	$ 426,830	$ 426,876	$ 441,354
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.0653%	0.0689%	0.0651%	0.0648%	0.0657%
Proportionate share of the net pension liability	$ 45,374,105	$ 31,370,447	$ 63,110,962	$ 58,517,112	$ 60,375,178
State's proportionate share of the net pension liability associated with the District	22,723,174	15,784,392	32,533,709	31,924,991	34,567,613
Total	$ 68,097,279	$ 47,154,839	$ 95,644,671	$ 90,442,103	$ 94,942,791
Covered payroll	$ 40,502,258	$ 40,361,901	$ 39,503,526	$ 38,629,263	$ 36,652,349
Proportionate share of the net pension liability as a percentage of its covered payroll	112.03%	77.72%	159.76%	151.48%	164.72%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.2266%	0.2310%	0.2346%	0.2297%	0.2153%
Proportionate share of the net pension liability	$ 77,965,414	$ 46,967,637	$ 71,990,579	$ 66,955,435	$ 57,407,934
Covered payroll	$ 34,775,740	$ 33,204,618	$ 33,798,403	$ 31,869,068	$ 29,121,280
Proportionate share of the net pension liability as a percentage of its covered payroll	224.19%	141.45%	213.00%	210.10%	197.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

Note: In the future, as data becomes available, ten years of information will be presented.

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0616%	0.0643%	0.0644%	0.0625%
Proportionate share of the net pension liability	$ 56,994,059	$ 52,007,869	$ 43,356,157	$ 36,549,359
State's proportionate share of the net pension liability associated with the District	33,717,204	29,607,152	22,930,627	22,070,189
Total	$ 90,711,263	$ 81,615,021	$ 66,286,784	$ 58,619,548
Covered payroll	$ 32,921,367	$ 31,151,911	$ 25,442,973	$ 27,811,867
Proportionate share of the net pension liability as a percentage of its covered payroll	173.12%	166.95%	170.41%	131.42%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.2153%	0.2101%	0.2102%	0.2058%
Proportionate share of the net pension liability	$ 51,396,096	$ 41,487,302	$ 30,976,787	$ 23,365,441
Covered payroll	$ 28,198,934	$ 24,896,193	$ 21,783,893	$ 21,565,373
Proportionate share of the net pension liability as a percentage of its covered payroll	182.26%	166.64%	142.20%	108.35%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data becomes available, ten years of information will be presented.

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 8,473,894	$ 6,852,982	$ 6,518,447	$ 6,755,103	$ 6,288,844
Contributions in relation to the contractually required contribution	(8,473,894)	(6,852,982)	(6,518,447)	(6,755,103)	(6,288,844)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 44,365,937	$ 40,502,258	$ 40,361,901	$ 39,503,526	$ 38,629,263
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 9,692,637	$ 7,967,122	$ 6,873,356	$ 6,665,383	$ 5,756,191
Contributions in relation to the contractually required contribution	(9,692,637)	(7,967,122)	(6,873,356)	(6,665,383)	(5,756,191)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 38,205,112	$ 34,775,740	$ 33,204,618	$ 33,798,403	$ 31,869,068
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

Note : In the future, as data becomes available, ten years of information will be presented.

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 5,288,934	$ 4,141,508	$ 3,342,600	$ 2,259,336
Contributions in relation to the contractually required contribution	(5,288,934)	(4,141,508)	(3,342,600)	(2,259,336)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 36,652,349	$ 32,921,367	$ 31,151,911	$ 25,442,973
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 4,522,826	$ 3,916,268	$ 2,949,452	$ 2,564,182
Contributions in relation to the contractually required contribution	(4,522,826)	(3,916,268)	(2,949,452)	(2,564,182)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 29,121,280	$ 28,198,934	$ 24,896,193	$ 21,783,893
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate changed from 3.54% to 3.65% since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of District Contributions for Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2023

Santa Clarita Community College District

The Santa Clarita Community College District is a single college district established in November 1967 with two campuses: Valencia and Canyon Country. The Valencia Campus is comprised of an area of approximately 153 acres, and the Canyon Country Campus is comprised of an area of approximately 70 acres. Both campuses are located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

Board of Trustees as of June 30, 2023

Member	Office	Term Expires
Edel Alonso	President	2024
Sebastian Cazares	Vice President	2024
Joan W. MacGregor	Clerk	2026
Charles L. Lyon	Member	2026
Jerry K. Danielsen	Member	2024

Administration as of June 30, 2023

Dianne G. Van Hook, Ed.D.	Chancellor/Secretary/Parliamentarian to the Governing Board
Jasmine Ruys	Assistant Superintendent/Vice President, Student Services
Omar Torres	Assistant Superintendent/Vice President, Instruction
Sharlene L. Coleal	Assistant Superintendent/Vice President, Business Services
Diane Fiero, Ed.D.	Deputy Chancellor/Chief Diversity, Equity, Inclusion Officer
Rian Medlin	Assistant Superintendent/Vice President, Human Resources
Erin Tague	Interim Assistant Superintendent/Vice President, Facilities Planning, Operations, and Construction
Eric Harnish	Vice President, Public Information, Advocacy, and External Relations
Jason Hinkle	Associate Vice President, Business Services

Auxiliary Organizations in Good Standing

College of the Canyons Foundation, established in 1987
Master Agreement entered into July 2019
Jerry De Felice, Foundation Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
U.S. Department of Agriculture				
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	04362-CACFP-19-CC-CS	$ 18,919	$ -
Passed through Los Angeles County Office of Education				
Forest Service Schools and Roads Cluster				
Forest Reserve	10.665	[1]	17,366	-
Subtotal Forest Service Schools and Roads Cluster			17,366	-
Supplemental Nutrition Assistance Program (SNAP) Cluster				
Passed through Chico State Enterprises				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A-22-0055-S038	8,566	-
Passed through Foundation for California Community Colleges				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00005173	25,493	-
Subtotal SNAP Cluster			34,059	-
Total U.S. Department of Agriculture			70,344	-
Research and Development Cluster				
National Science Foundation				
Passed through Madison Area Technical College				
CREATE: Resource Center Project	47.076	2000714	67,200	-
CREATE: Energy National Center	47.076	2201631	216,790	-
Passed through from Forsyth Technical Community College				
Skills for Biomedical Emerging Technology Applications	47.076	1800909	9,717	-
Passed through from Lorain County Community College				
Enhancing Welding Technician Education through the Continuation of the National Center of Welding Education as a Resource Center	47.076	2000539	8,276	-
Passed through Tunxis Community College				
Advanced Technology Education Grant for the National Center for Next generations Manufacturing	47.076	COT-JB2359-2	31,989	-
Welding Education Smart Technology Program	47.076		133,136	-
RCN-UBE Incubator: The Campus as a Living Lab	47.074		25,284	2,605
Improving Educational Outcomes at Two-year Colleges through Mentorships, Support Services, and Equitable Classroom Practices	47.076		183,963	-
Subtotal Research and Development Cluster			676,355	2,605
Total National Science Foundation			676,355	2,605

[1] Pass-Through Entity Identifying Number is unavailable.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
Small Business Administration				
Passed through Long Beach City Community College District				
Small Business Development Centers	59.037	CN 99824.1	$ 46,959	$ -
Small Business Development Centers	59.037	CN 99806.9	168,901	-
Economic Opportunity Grant	59.037	CN 99820.7	232,985	-
Subtotal			448,845	-
Total Small Business Administration			448,845	-
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		12,967,924	-
Federal Pell Grant Program Administrative Allowance	84.063		18,620	-
Federal Direct Student Loans	84.268		1,280,847	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		436,715	-
Federal Work-Study Program	84.033		310,133	-
Federal Work-Study Program Administrative Allowance	84.033		49,790	-
Subtotal Student Financial Assistance Cluster			15,064,029	-
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		659,903	-
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		3,366,997	-
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institution Portion	84.425L		30,953	-
Subtotal			4,057,853	-
Child Care Access Means Parents in School (CCAMPIS)	84.335A		117,449	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	[1]	610,520	-
Perkins V Reserve Innovation Grant	84.048	[1]	73,243	-
Subtotal			683,763	
Passed through West Hills Community College District				
Open Textbooks Program	84.116T	P116T20017	115,057	-
Total U.S. Department of Education			20,038,151	-

[1] Pass-Through Entity Identifying Number is unavailable.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
U.S. Department of the Treasury				
Passed through California Community Colleges Chancellor's Office				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	$ 1,650,006	$ -
Total U.S. Department of the Treasury			1,650,006	-
U.S. Department of Health and Human Services				
Passed through California Community Colleges Chancellor's Office				
Foster and Kinship Care Education	93.658	[1]	26,870	-
Child Care and Development Fund (CCDF) Cluster				
Passed through Yosemite Community College District				
Child Development Training Consortium	93.575	22-23-2888COC	16,141	-
Passed through California Department of Education				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	3,606	-
Child Care and Development Block Grant	93.575	15136, 14551, 15557	1,697	-
Passed through California Department of Social Services				
COVID-19: CA State Preschool Program One Time Stipend	93.575	[1]	32,708	-
Subtotal Child Care and Development Fund (CCDF) Cluster			54,152	-
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families (TANF)	93.558	[1]	56,954	-
Passed through Los Angeles County Department of Social Services				
Temporary Assistance for Needy Families (TANF)	93.558	CCCP21011	47,612	-
Subtotal			104,566	-
Total U.S. Department of Health and Human Services			185,588	-
U.S. Department of Labor				
Passed through West Los Angeles College				
Growing Advanced Manufacturing Apprentices Across America (GAMAAA)	17.268	4500280538	14,100	-
Total U.S. Department of Labor			14,100	-
Total Federal Financial Assistance			$ 23,083,389	$ 2,605

[1] Pass-Through Entity Identifying Number is unavailable.

Program	Program Revenues					
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
AANHPI Student Achievement Program	$ 150,697	$ -	$ -	$ 150,697	$ -	$ -
ADN Enrollment Growth	110,107	-	-	-	110,107	110,107
Basic Needs Center	-	-	-	-	-	201,330
Basic Needs Center #2	450,565	-	-	-	450,565	25,467
California Adult Education Plan (CAEP) 21-22	365,207	-	-	-	365,207	365,207
California Adult Education Plan (CAEP) 22-23	447,849	-	-	272,815	175,034	175,034
Advanced Technology Center	102,732	267,450	-	-	370,182	370,182
Board Financial Assistance Program (BFAP)	641,626	-	-	-	641,626	616,168
Board Financial Assistance Program (BFAP) 2021-22	-	-	-	-	-	31,616
CACT	6,452	-	-	-	6,452	6,452
CA Apprenticeship Initiative	-	138,462	-	-	138,462	138,462
CA College Promise AB19 22-23	1,686,644	-	-	-	1,686,644	1,169,887
CA College Promise AB19 21-22	-	-	-	-	-	482,725
CA Work Opportunities and Responsibilities	348,960	-	-	-	348,960	266,686
CA Work Opportunities and Responsibilities CF	-	-	-	-	-	83,040
Cal Chaffee Grant	7,500	-	-	-	7,500	7,500
Cal Grant	2,094,381	18,750	-	-	2,113,131	2,113,131
Student Success Completion Grant	3,983,142	-	-	1,040,509	2,942,633	2,942,633
CCAP Instructional Materials	22,915	-	-	-	22,915	22,915
CCC eTranscript Mini Grant	1,244	-	-	1,244	-	-
CSAC-Learning-Aligned Education Program	2,608,531	-	-	2,607,992	539	539
Career Tech Educ- Data Unlocked	22,845	-	-	21,278	1,567	1,567
Child Development - Child Nutrition	552	-	-	-	552	552
Child Development - Foster Parent	52,663	-	-	-	52,663	52,663
Child Development - General Childcare & Dev Programs	122,493	-	98,290	-	24,203	24,203
Child Development - State Preschool Contract	285,790	75,004	-	-	360,794	360,794

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Closed Caption Grant - Distance Ed - Butte	$ 119,853	$ -	$ -	$ 119,853	$ -	$ -
Closed Caption Grant - Distance Ed	722,984	-	188,701	-	534,283	534,283
COVID-19 Recovery Block Grant	9,738,904	-	-	7,730,531	2,008,373	2,008,373
Currently & Formerly Incarcerated Student Reentry Program	4,108	-	-	4,108	-	-
Cooperative Agency Res for Education (CARE)	180,440	-	-	-	180,440	18,583
Cooperative Agency Res for Education (CARE) FY21-22	-	-	-	-	-	88,636
Disabled Student Programs and Services	1,635,947	-	-	-	1,635,947	416,659
Disabled Student Programs and Services CF	-	-	-	-	-	629,627
Dreamer Resource Liaison 21-22	-	-	-	-	-	128,364
Dreamer Resources Liaison 22-23	135,866	-	-	-	135,866	1,216
EEO Best Practices	-	-	-	-	-	74,284
Emergency Financial Assistance Supplemental	167,881	-	-	124,816	43,065	43,065
Employer Engagement	172,178	40,702	-	-	212,880	212,880
Extended Opportunity Program and Services FY 22-23	873,996	-	-	-	873,996	504,873
Extended Opportunity Program and Services FY 21-22	-	-	-	-	-	235,434
Financial Aid Technology 22-23	64,152	-	-	-	64,152	64,152
Guided Pathways	529,660	-	-	231,808	297,852	297,852
Guided Pathways (Year 5 of 5)	66,402	-	-	-	66,402	66,401
Information Technology & Security	50,000	-	-	34,861	15,139	15,139
Information Technology & Security #2	397,000	-		368,639	28,361	28,361
Institutional Support Services	475,050	-	-	-	475,050	475,050
Institutional Support Services	10,031	-	-	-	10,031	10,031
Institutional Effectiveness and Technical Assistance (Year 9)	-	2,545,354	-	-	2,545,354	2,545,354
Institutional Effectiveness and Technical Assistance (Year 8)	-	2,904,566	-	-	2,904,566	2,904,566
Institutional Effectiveness and Technical Assistance (Year 7)	-	1,850,790	-	-	1,850,790	1,850,790

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Institutional Equipment Support (Block Grant)	$ -	$ -	$ -	$ -	$ -	$ 4,484,968
Institutional Equipment Support (Block Grant)	2,081,133			2,081,133	-	-
Invention Inclusion Innovation (i3)	77,749	14,999	-	-	92,748	92,749
K-14 TAP Yr 3	89,743	-	355	-	89,388	89,388
K-14 TAP Yr 4	157,500	-	-	46,405	111,095	111,095
LGI Carry Forward (Year 6)	-	-	-	-	-	9,848
Library Services Platform	17,861	-	-	17,861	-	-
Mental Health Services Program #19-036-012	53,195	-	-	-	53,195	53,195
Mental Health Support	315,858	-	-	-	315,858	315,858
Mental Health Support #2	392,361	-	-	392,306	55	55
Native American Student Success and Support Program	600,000	-	-	600,000	-	-
NextUp Program	300,319	-	-	-	300,319	34,928
OER Textbook Affordability AB798 #2	37,194	-	-	33,916	3,278	3,278
Quality Start (QRIS) Preschool	12,000	-	-	-	12,000	12,000
Quality Start (QRIS) Infant Toddler #2	600			-	600	600
Rising Scholars	124,000	-	-	80,276	43,724	43,724
SBDC - GO Biz (CN 99803.2)	-	14,147	-	-	14,147	14,147
SBDC - GO Biz (CN 99815.6)	168,830	107,678	-	-	276,508	276,508
SBDC - GO Biz (CN 99816.3)	40,756	36,219	-	-	76,975	76,975
SBDC - GO Biz (CN 99802.2)	-	31,116	-	-	31,116	31,116
Song Brown Capitation	20,000	20,000	-	-	40,000	40,000
Staff Development	-	-	-	-	-	3,920
Staff Diversity	138,888	-	-	-	138,888	32,985
Staff Diversity Carry Forward	-	-	-	-	-	13,089
Strong Workforce Local Share	2,071,932	-	-	611,692	1,460,240	1,460,240
Strong Workforce Carry Forward	874,557	-	-	-	874,557	874,557

Program	Program Revenues: Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Strong Workforce Regional Share Round 7 & 4	$ 479,127	$ -	$ -	$ 293,233	$ 185,894	$ 185,894
Strong Workforce Regional Share Rounds 5	891,065	-	-	222,851	668,214	668,214
Strong Workforce Regional Share Round 6	1,168,716	-	-	584,848	583,868	583,868
Student Equity and Achievement Plan 2022-23	5,838,638	-	-	-	5,838,638	4,841,238
Student Equity and Achievement Plan 2021-22	-	-	-	-	-	1,559,927
Student Food and Housing Support	-	-	-	-	-	293,172
Student Food and Housing Support #2	313,156	-	-	-	313,156	7,500
Student Retention and Outreach 21-22	1,142,968	-	-	-	1,142,968	1,142,968
Student Retention and Outreach 23-24	2,286,007	-	90,712	2,161,383	33,912	33,912
Student Success - Mesa Grant	252,000	-	-	98,305	153,695	153,695
Student Success - Mesa Grant CR	210,794	-	-	-	210,794	210,795
Student Success - Middle College HS (AOC)	136,080	-	-	46,067	90,013	90,013
Student Success - Middle College HS (AOC) CF	72,999	-	-	-	72,999	72,999
Veterans' Resource Center (FY 21-22)	-	-	-	-	-	125,758
Veterans' Resource Center (FY22-23)	125,451	-	-	-	125,451	49,262
Veteran's Resource Program	50,989	-	-	37,782	13,207	13,207
Zero Textbook Cost Program	20,000	-	-	19,988	12	12
Zero Textbook Cost Program #2	180,000	-	-	180,000	-	-
Zero Textbook Cost Program Technical Assistance Provider	-	10,270	-	-	10,270	10,270
Total state programs	$ 49,599,813	$ 8,075,507	$ 378,058	$ 20,217,197	$ 37,080,065	$ 40,840,760

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit*	92.47	-	92.47
2. Credit	1,411.64	-	1,411.64
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	19.13	-	19.13
2. Credit	51.44	-	51.44
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,728.73	-	3,728.73
(b) Daily Census Contact Hours	1,293.15	-	1,293.15
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	509.37	-	509.37
(b) Credit	580.90	-	580.90
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,631.42	-	2,631.42
(b) Daily Census Procedure Courses	2,426.09	-	2,426.09
(c) Noncredit Independent Study/Distance Education Courses	299.97	-	299.97
D. Total FTES	13,044.31	-	13,044.31
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	1,811.59	-	1,811.59
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	90.12	-	90.12
2. Credit	1.88	-	1.88
CCFS-320 Addendum			
CDCP Noncredit FTES	170.83	-	170.83
Centers FTES			
1. Noncredit*	7.40	-	7.40
2. Credit	1,059.49	-	1,059.49

*Including Career Development and College Preparation (CDCP) FTES.

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 20,771,691	$ -	$ 20,771,691	$ 20,919,370	$ -	$ 20,919,370
Other	1300	18,285,439	-	18,285,439	18,291,948	-	18,291,948
Total Instructional Salaries		39,057,130	-	39,057,130	39,211,318	-	39,211,318
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,654,489	-	7,654,489
Other	1400	-	-	-	1,792,634	-	1,792,634
Total Noninstructional Salaries		-	-	-	9,447,123	-	9,447,123
Total Academic Salaries		39,057,130	-	39,057,130	48,658,441	-	48,658,441
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	19,953,088	-	19,953,088
Other	2300	-	-	-	1,151,307	-	1,151,307
Total Noninstructional Salaries		-	-	-	21,104,395	-	21,104,395
Instructional Aides							
Regular Status	2200	2,037,673	-	2,037,673	2,037,799	-	2,037,799
Other	2400	1,050,258	-	1,050,258	1,050,258	-	1,050,258
Total Instructional Aides		3,087,931	-	3,087,931	3,088,057	-	3,088,057
Total Classified Salaries		3,087,931	-	3,087,931	24,192,452	-	24,192,452
Employee Benefits	3000	14,609,123	-	14,609,123	28,350,568	-	28,350,568
Supplies and Material	4000	-	-	-	934,603	-	934,603
Other Operating Expenses	5000	1,855,906	-	1,855,906	12,810,839	-	12,810,839
Equipment Replacement	6420	-	-	-	1,121,005	-	1,121,005
Total Expenditures Prior to Exclusions		58,610,090	-	58,610,090	116,067,908	-	116,067,908

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 678,947	$ -	$ 678,947	$ 678,947	$ -	$ 678,947
Student Health Services Above Amount Collected	6441	-	-	-	12,896	-	12,896
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	570,969	-	570,969
Objects to Exclude							
Rents and Leases	5060	-	-	-	225,633	-	225,633
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		-	-	-	-	-	-

See Note to Supplementary Information

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 3,756,652	$ -	$ 3,756,652
Capital Outlay	6000						
Library Books	6300	-	-	-	25,187	-	25,187
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	1,071,131	-	1,071,131
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	1,071,131	-	1,096,318
Total Capital Outlay					1,096,318		
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		678,947	-	678,947	6,341,415	-	6,341,415
Total for ECS 84362, 50 % Law		$ 57,931,143	$ -	$ 57,931,143	$ 109,726,493	$ -	$109,726,493
% of CEE (Instructional Salary Cost/Total CEE)		52.80%		52.80%	100.00%		100.00%
50% of Current Expense of Education					$ 54,863,247		$ 54,863,247

Activity Classification	Object Code			Unrestricted
EPA Revenues:	8630			$ 8,137,404
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 8,137,404	$ -	$ -	$ 8,137,404
Total Expenditures for EPA		$ 8,137,404	$ -	$ -	$ 8,137,404
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 23,389,566	
Special Revenue Funds	9,549,313	
Capital Project Funds	94,319,292	
Debt Service Funds	23,187,041	
Internal Service Funds	5,969,690	
Total fund balance - all District funds		$ 156,414,902
Lease receivables and deferred inflows of resources related to leases are reported in the Statement of Net Position, but were not reported in District's CCFS-311 report.		
Lease receivables	615,878	
Deferred inflows of resources related to leases	(594,002)	
		21,876
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	493,282,020	
Accumulated depreciation is	(133,291,462)	
The cost of right-to-use leased assets is	975,420	
Accumulated amortization is	(546,931)	
The cost of right-to-use subscription IT assets is	573,031	
Accumulated amortization is	(131,474)	
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net		360,860,604
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	10,705,945	
Deferred outflows of resources related to OPEB	2,366,685	
Deferred outflows of resources related to pensions	39,067,453	
Total deferred outflows of resources		52,140,083
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(5,837,080)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (402,305,491)	
Certificates of participation	(6,348,303)	
Leases	(447,261)	
Subscription-based IT arrangements	(459,512)	
Compensated absences (less amount already included in funds)	(5,048,711)	
Load banking	(408,280)	
Early retirement plan	(4,515,330)	
Aggregate net other postemployment benefits (OPEB) liability	(17,763,132)	
Aggregate net pension liability	(123,339,519)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(14,064,434)	
Total long-term liabilities		$ (574,699,973)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(4,885,939)	
Deferred inflows of resources related to pensions	(12,376,777)	
Total deferred inflows of resources		(17,262,716)
Total net position (deficit)		$ (28,362,304)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing.

Schedule of Expenditures of Federal Awards (SEFA)

<u>Basis of Presentation</u>
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information 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 the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

<u>Summary of Significant Accounting Policies</u>
Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

<u>Indirect Cost Rate</u>
The District has not elected to use the 10% de minimis cost rate.

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Governmental Funds to the Statements of Net Position

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

Independent Auditor's Reports
June 30, 2023

Santa Clarita Community College District

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Santa Clarita Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 19, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Clarita Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Clarita Community College District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Eide Bailly LLP

Rancho Cucamonga, California
December 19, 2023

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Trustees
Santa Clarita Community College District
Santa Clarita, California

Report on State Compliance

We have audited Santa Clarita Community College District's (the District) compliance with the types of compliance requirements described in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2023.

Opinion

In our opinion, Santa Clarita Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table below that were audited for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Compliance Requirements Tested

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

Section 411	SCFF Data Management Control Environment
Section 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation

Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Propositions 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
Section 499	COVID-19 Response Block Grant Expenditures

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore, the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 19, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Santa Clarita Community College District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institution Portion	84.425L
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268

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

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

Summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.