Financial Statements
June 30, 2022

Santa Barbara Community College District

SANTA BARBARA CITY COLLEGE

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Santa Barbara Community College District (the District) as of and for the year ended June 30, 2022, 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 District, as of June 30, 2022, 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 Opinions

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 opinions.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2021, to restate beginning net position. Our opinions are 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 20 and other required supplementary schedules on pages 63 through 69 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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* (CFR) 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of content 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 9, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2022

INTRODUCTION

This introduction to the District-wide financial statements provides background information regarding the financial position and activities of the Santa Barbara Community College District (the District) for the years ended June 30, 2022 and 2021. We encourage readers to consider the information presented in this Management's Discussion and Analysis in conjunction with the financial statements and accompanying notes to the financial statements.

Overview of the District-Wide Basic Financial Statements

The focus of the Statement of Net Position is designed to be similar to the bottom-line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District. The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the District-wide financial statements.

This Annual Report

This annual report consists of the following sections:

- Management's Discussion and Analysis (MD&A) utilizing a current year/prior year format;
- District-Wide Basic Financial Statements, including required Notes to the Financial Statements; and
- Supplementary Information.

FINANCIAL HIGHLIGHTS

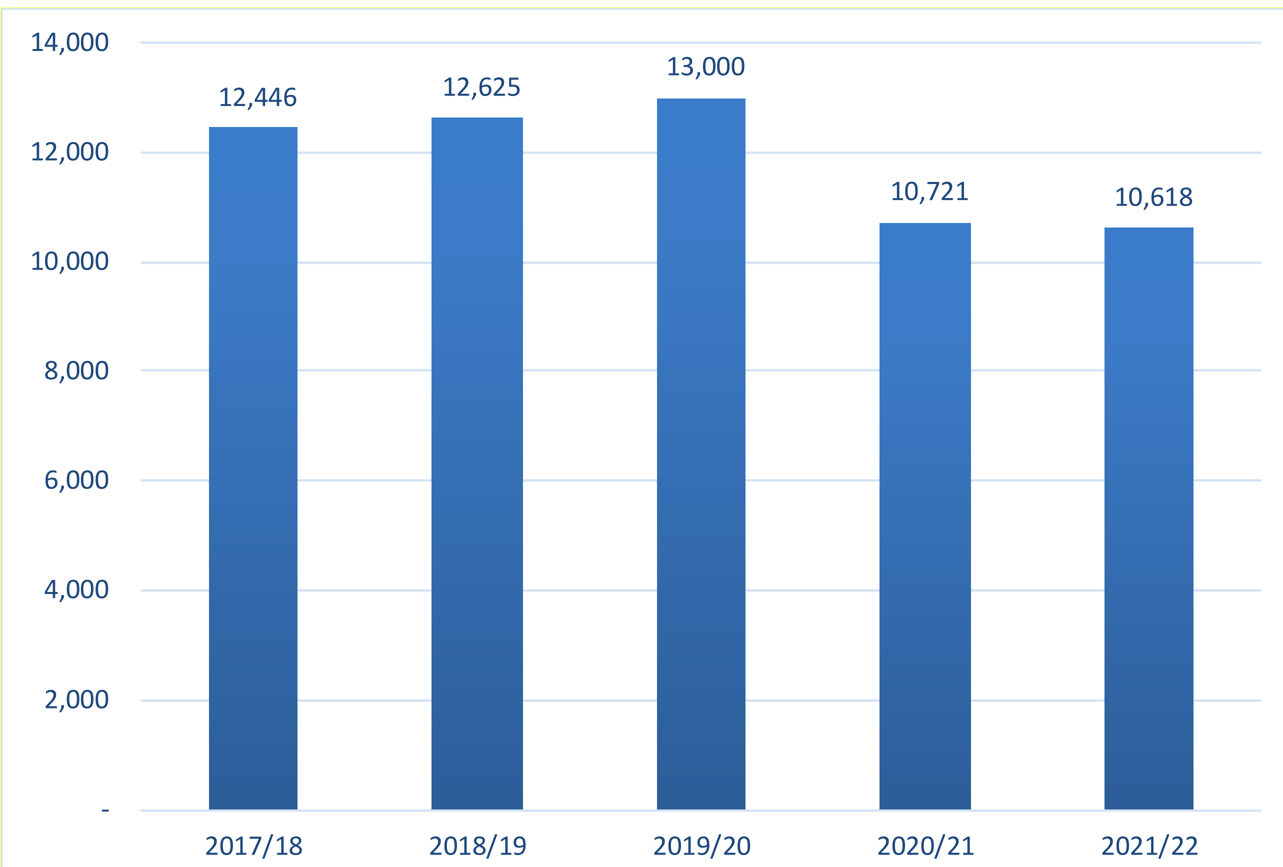
This section provides condensed information for each of the three basic financial statements, as well as illustrative charts, graphs, and tables.

- The District's primary funding is based upon an apportionment allocation made by the State of California, Community Colleges Chancellor's Office (Chancellor's Office). In 2018-19, a new funding formula was implemented by the Chancellor's Office which modified the funding formula from relying solely on Full Time Equivalent Students (FTES) to determine funding for a district. The new funding formula, now called the Student-Centered Funding Formula (SCFF), includes three factors: the Base Funding Allocation (70%), a Supplemental Allocation (20%), and a Student Success Allocation (10%). The rates are subject to change based on the District's success metrics. For 2021-22, the District was funded as detailed below:
  - The Base Funding factor (75.0%) continues to be based on the FTES generated by the District.
  - The Supplemental Allocation (13.0%) is calculated based on a count of the District's Pell Grant recipients, California College Promise Grant Recipients, and AB 540 Students.

- The Student Success Allocation (12.0%) is based on the number outcomes a district achieves in the following measures:

    - Associate degrees granted
    - Associate degrees for transfer granted
    - Baccalaureate degrees granted
    - Credit certificates (16 units or more)
    - Completion of transfer-level mathematics and English courses within first academic year of enrollment
    - Successful transfer to four-year university
    - Completion of nine or more CTE units
    - Attainment of a regional living wage

As noted above, the District's reported FTES remain the District's primary source of funding (70%) under the SCFF. During fiscal years 2021-2022 and 2020-2021, the District's total resident FTES were 10,618 and 10,721, respectively. The decline in FTES was incurred across various types of enrollment, including credit, noncredit, and dual enrollment programs. The graph below depicts the District's five-year trend for FTES:



After the Chancellor's Office calculates the District's base apportionment, it reduces the net amount to be distributed by the amount of property taxes, Education Protection Act funds, and enrollment fees expected to be paid directly to the District. The matrix below lists the four components and illustrates the net effect of the actual receipts for fiscal year 2021-2022 as compared to fiscal year 2020-2021:

	2022	2021	Difference
Property Tax	$ 37,573,375	$ 35,557,915	$ 2,015,460
Enrollment Fees	6,506,303	6,856,053	(349,750)
Apportionment	16,855,353	18,861,839	(2,006,486)
Education Protection Act	25,294,567	20,397,296	4,897,271
Total	$ 86,229,598	$ 81,673,103	$ 4,556,495

CONDENSED DISTRICT-WIDE FINANCIAL INFORMATION IS AS FOLLOWS:

Condensed Statement of Net Position as of June 30, 2022 and 2021:

	2022	2021, as restated	Change
Assets			
Cash and investments	$ 105,060,130	$ 72,599,425	$ 32,460,705
Receivables, net	18,628,055	30,476,230	(11,848,175)
Other current assets	5,531,282	4,786,973	744,309
Capital and right-of use leased assets, net	139,850,526	143,359,970	(3,509,444)
Total assets	269,069,993	251,222,598	17,847,395
Deferred Outflows of Resources	21,962,503	28,875,813	(6,913,310)
Liabilities			
Accounts payable and accrued liabilities	64,355,378	48,632,337	15,723,041
Current portion of long-term liabilities	3,239,956	3,650,811	(410,855)
Noncurrent portion of long-term liabilities	132,470,579	190,911,402	(58,440,823)
Total liabilities	200,065,913	243,194,550	(43,128,637)
Deferred Inflows of Resources	51,640,551	12,033,078	39,607,473
Net Position			
Net investment in capital assets	81,013,484	81,697,195	(683,711)
Restricted	26,007,745	18,363,064	7,644,681
Unrestricted deficit	(67,695,197)	(75,189,476)	7,494,279
Total net position	$ 39,326,032	$ 24,870,783	$ 14,455,249

The preceding schedule has been prepared from the District's Statement of Net Position (page 21) which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated. Cash and investments (above) consist primarily of funds held in the Santa Barbara County Treasury.

Current assets increased by $21.4 million while net capital assets decreased by $3.5 million. The increase in cash and investments is due primarily to the receipt of the State's 2020-2021 deferral of apportionment in July and August of 2021. Cash and investments additionally increased due to receipt of payments related to outstanding federal reimbursements for 2020-2021, COVID-related expenditures. Current liabilities increased by $15.3 million primarily due unearned revenues, related to categorical programs. Long-term liabilities decreased by $58.4 million due to the decrease in the net pension liability calculated as part of the GASB Statement No. 68 actuarial report.

The changes in the deferred inflows and outflows related to pensions and OPEB are calculated as part of the GASB Statement No. 68 and No. 74 implementations, and will continue to fluctuate from year to year based on the changes in actuarial valuations for the CalPERS and CalSTRS systems, as well as the District's OPEB plan.

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2022 and 2021:

	2022	2021	Change
Operating Revenues			
Tuition and fees, net	$ 17,518,668	$ 15,549,266	$ 1,969,402
Grants and contracts, noncapital	61,816,725	58,844,857	2,971,868
Auxiliary enterprise sales and charges	3,241,598	3,077,191	164,407
Total operating revenues	82,576,991	77,471,314	5,105,677
Operating Expenses			
Salaries and benefits	96,900,273	108,209,468	(11,309,195)
Supplies, services, equipment, and maintenance	45,151,493	41,164,415	3,987,078
Student financial aid	36,365,804	26,923,448	9,442,356
Depreciation and amortization	5,433,830	5,474,485	(40,655)
Total operating expenses	183,851,400	181,771,816	2,079,584
Operating loss	(101,274,409)	(104,300,502)	3,026,093
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	42,149,920	39,259,135	2,890,785
Property taxes	42,292,911	40,151,291	2,141,620
Student financial aid grants	18,412,914	19,930,368	(1,517,454)
State revenues	4,055,969	3,906,823	149,146
Net interest expense	(4,941,305)	(1,953,662)	(2,987,643)
Other nonoperating revenues	5,666,296	3,320,782	2,345,514
Total nonoperating revenue (expenses)	107,636,705	104,614,737	3,021,968
Other Revenues			
State and local capital income	8,092,953	48,453	8,044,500
Change in net position	$ 14,455,249	$ 362,688	$ 14,092,561

The schedule presented above has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position. State general apportionment, while budgeted for operations, is considered nonoperating revenue according to the Governmental Accounting Standards Board's (GASB) prescribed reporting format. Grant and contracts revenue includes student financial aid, as well as specific Federal and State grants received for programs serving the students of the District.

Overall, the District saw a net increase in revenues and tuition due largely to a 5.07% COLA adjustment to funding rates used in the calculation of the Student Centered Fund Formula (SCFF). Additionally, the District experienced a significant increase in international and out-of-state tuitions, net of the funding received from the Higher Education Emergency Relief Fund (see section title State Economy).

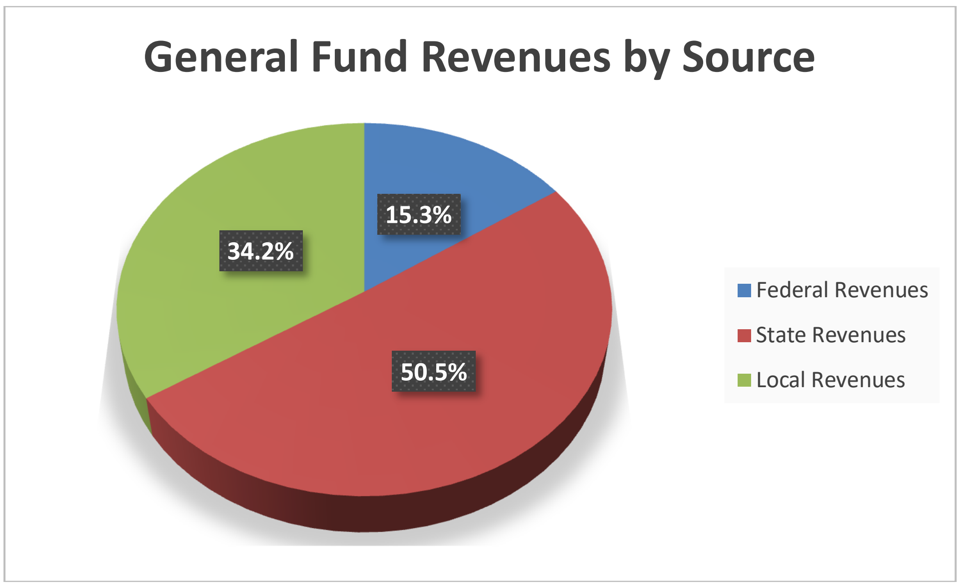
Operating expenses increased in 2021-2022 primarily due primarily to the District's return to normal operations. Throughout the pandemic these expenditures declined significantly.

General Fund

While this Management's Discussion and Analysis and the District-wide financial statements report the financial position and results of operations for the District as a whole, the following pie charts are intended to give the reader information specific to the General Fund.

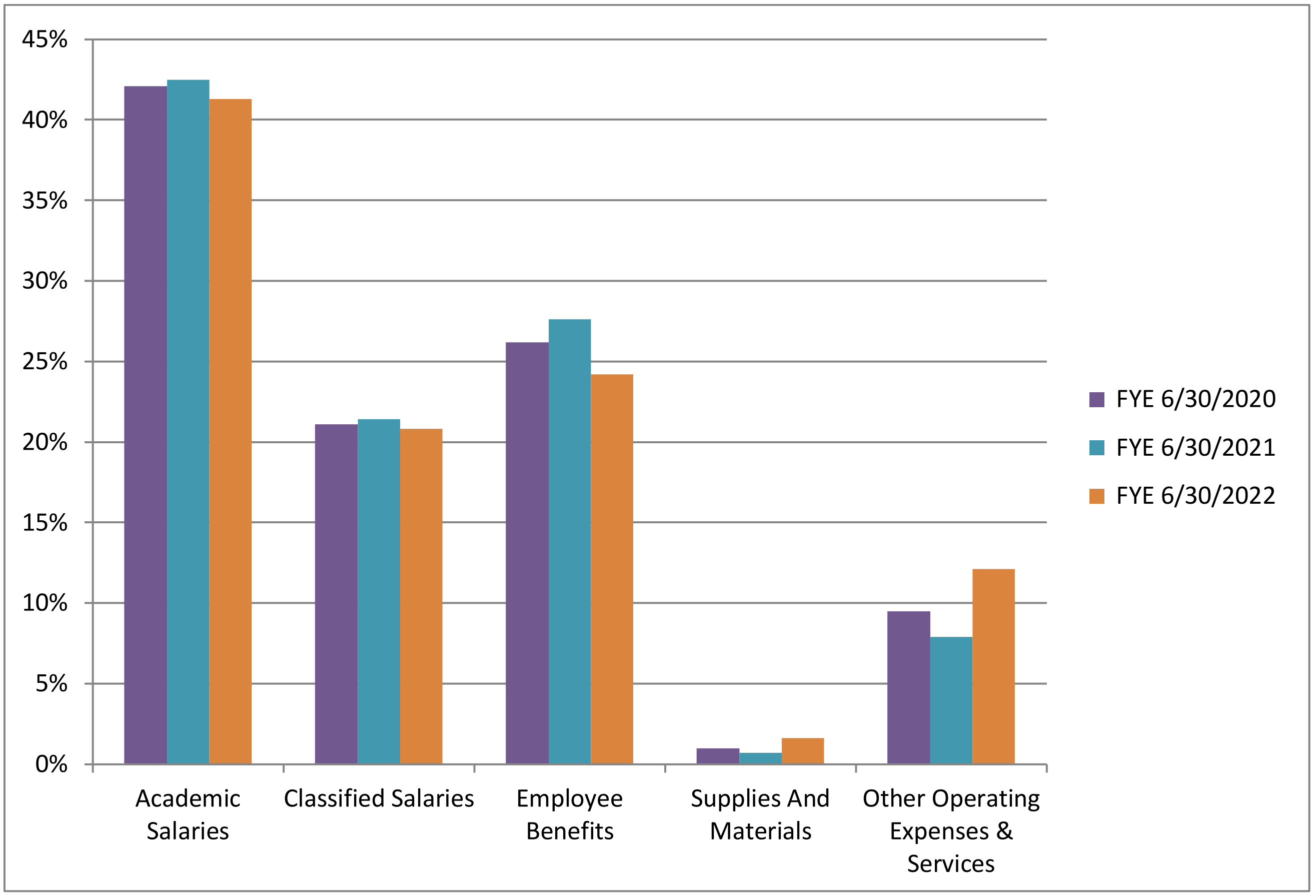
General Fund Revenues by Source

The chart below depicts the District's General Fund total revenues by source:



General Fund Expenditures by Type

The chart below depicts a three-year review of the District's Unrestricted General Fund expenditures by type as a percentage of total expenditures before transfers:



The District's 2021-2022 expenditures for employee salaries and benefits made up 89.4% of the total Unrestricted General Fund expenditures before transfers, compared to 91.5% in 2020-2021, and 89.4% in 2019-2020. All other 2021-2022 expenditure types made up 10.6% of total expenditures, which has increased from 2019-2020 and 2020-2021.

Employee benefits declined at a slightly higher rate than salaries due primarily to significant decrease in the net pension liability, which is offset by going increases in required CalPERS and CalSTRS contributions that are projected to continue increasing through 2026-2027. Supplies and materials and other operating expenses/services increased during 2022-2023, as the District returns to normal operations; these expenditures declined throughout the pandemic.

Expenditures by Activity

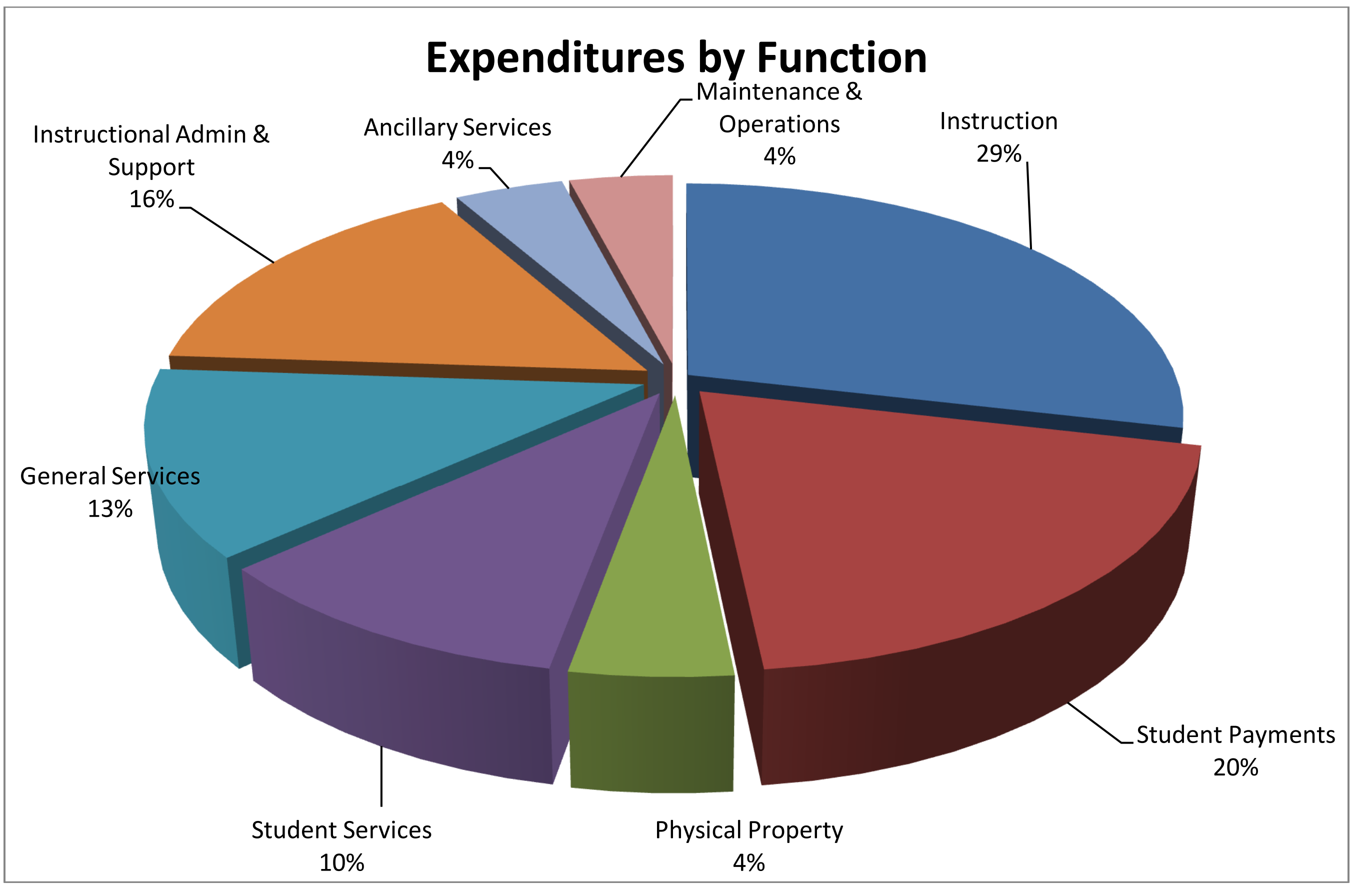
The following table summarizes the District's expenditures by activity for the year ended June 30, 2022:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 50,479,921	$ 1,878,756	$ -	$ 274,456	$ -	$ 52,633,133
Instructional administration	7,413,038	17,028,074	-	1,838,872	-	26,279,984
Instructional support services	2,099,235	51,610	-	325,291	-	2,476,136
Student services	14,518,030	4,518,016	-	120,167	-	19,156,213
Plant operations and maintenance	3,820,973	3,210,410	-	380,254	-	7,411,637
Planning, policymaking and coordinations	1,301,588	412,362	-	-	-	1,713,950
Instructional support services	12,873,898	7,759,718	-	403,164	-	21,036,780
Community services	765,511	40,996	-	214	-	806,721
Ancillary services and auxiliary operations	3,628,079	3,980,345	-	185,296	-	7,793,720
Physical property and related acquisitions		96,620	-	2,646,872	-	2,743,492
Student aid	-	-	36,365,804	-	-	36,365,804
Unallocated depreciation	-	-	-	-	5,433,830	5,433,830
Total	$ 96,900,273	$ 38,976,907	$ 36,365,804	$ 6,174,586	$ 5,433,830	$ 183,851,400

The following pie chart groups the District's expenditures by activity into major functional areas. The chart definitions below identify which activities are included in each major functional area.

Chart Definitions:

- Instruction: Consists of direct instructional expenses.
- Student Payments: Primarily consists of financial aid payments to students.
- Physical Property: Depreciation, Non-capitalized construction, and purchases of small equipment.
- Student Services: Includes admissions and records, counseling, and other student service-related expenses.
- General Services: Includes planning and policy making, general institutional services, and community services.
- Instructional Admin & Support: Includes administrative expenses related to instruction, the library, and the learning resource center.
- Ancillary Services: Includes expenses related to the child development center, food service, parking, and co-curricular related expenses.
- Maintenance & Operations: Includes building maintenance, grounds maintenance, and custodial services.



Condensed Statement of Cash Flows for the years ended June 30, 2022 and 2021:

	2022	2021	Change
Net Cash Flows from			
Operating activities	$ (82,052,814)	$ (109,372,209)	$ 27,319,395
Noncapital financing activities	112,225,436	105,770,683	6,454,753
Capital financing activities	5,146,938	(2,112,195)	7,259,133
Investing activities	(2,858,855)	210,509	(3,069,364)
Net Increase (Decrease) in Cash	32,460,705	(5,503,212)	37,963,917
Cash and cash equivalents, Beginning of Year	72,599,425	78,102,637	(5,503,212)
Cash and cash equivalents, End of Year	$ 105,060,130	$ 72,599,425	$ 32,460,705

The previous schedule has been prepared from the Statement of Cash Flows presented on pages 23 and 24. This statement provides information about cash receipts and cash payments during the fiscal year. It also helps users assess the District's ability to generate positive net cash flows and its ability to meet its obligations as they come due.

The primary operating activities contributing to cash flow are student tuition and fees and Federal, State, and local grants and contracts, while the primary operating activity using cash flow throughout the year is the payment of salaries and benefits.

Even though State apportionment and property taxes are the primary source of District revenue (and cash flow), GASB accounting standards require that these sources of revenue be shown as nonoperating revenue since they come from the general resources of the State and not from the primary users of the District's programs and services (students). Nevertheless, the District depends upon this funding as the primary source of funds to continue operations.

Capital and Right-to-use Leased Assets

As of June 30, 2022, the District had approximately $139.9 million invested in net capital and right-to-use leased assets. Total capital assets of $243.2 million consist of land, construction in progress, buildings and improvements, vehicles, other office equipment, and right-to-use leased assets. These assets have accumulated depreciation/amortization of $103.3 million. In fiscal year 2021-22, there were net capital and leased asset additions in the amount of $1.9 million and depreciation/amortization expense of $5.4 million.

Note 6 to the financial statements provides additional information on capital and right-to-use leased assets. A comparison of capital and right-to-use leased assets, net of depreciation and amortization, is summarized below:

	2022	2021, as restated	Net Change
Land and construction in progress	8,826,958	9,201,388	(374,430)
Buildings and improvements, net	128,344,537	131,290,656	(2,946,119)
Furniture and Equipment, net	2,206,462	2,421,686	(215,224)
Right-to-use leased assets, net	472,569	446,240	26,329
	139,850,526	143,359,970	(3,509,444)

Long-Term Liabilities including OPEB and Pensions

At the end of the 2021-2022 fiscal year, the District had $61,331,566 in General Obligation Bonds and loans payable outstanding. The bonds are repaid in annual installments, in accordance with the obligation requirements for each debt issuance, by way of property tax assessments on property within the District's boundaries.

The District is also obligated to employees of the District for compensated absences, load banking benefits, supplemental employee retirement plan, retiree health payments, leases, and pension liabilities.

Notes 7-9 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	2022	2021, as restated	Net Change
General obligation bonds	$ 60,968,469	$ 63,471,346	$ (2,502,877)
Loans payable	363,097	581,284	(218,187)
Leases	480,520	455,952	24,568
Aggregate net OPEB liability	6,329,530	8,635,045	(2,305,515)
Aggregate net pension liability	61,361,113	115,119,523	(53,758,410)
Other liabilities	6,207,806	6,299,063	(91,257)
Total long-term liabilities	$ 135,710,535	$ 194,562,213	$ (58,851,678)
Amount due within one year	$ 3,239,956	$ 3,650,811	$ (410,855)

Fund Balances

Fund balance is the difference between fund assets and fund liabilities in the District's funds.

Fund Type	Restated Ending Fund Balance 6/30/21	Ending Fund Balance 6/30/22	Change in Fund Balance
General Fund	$ 36,746,426	$ 38,358,330	$ 1,611,904
Bond Interest and Redemption Fund	3,809,842	4,158,103	348,261
Capital Projects Funds	13,157,360	19,817,603	6,660,243
Enterprise Funds	6,940,964	6,941,746	782
Special Revenue Funds	2,430,469	2,708,169	277,700
Internal Service	23,357	123,388	100,031
Student Financial Aid	449,697	480,356	30,659
Total	63,558,115	72,587,695	9,029,580

Total ending fund balances increased $9.0 million (14.2%) from $63.6 million to $72.6 million. The majority of changes is due to a return to normal operations, after the impact of the pandemic. This has led to increase in variable operating expenditures in the General Fund for the District.

In accordance with Board Policy 6305, the District's Board of Trustees has designated a portion of the Unrestricted General Fund balance as reserves. A reserve fund is an established prudent fiscal management tool, which buffers cash flow fluctuations and provides a resource for contingencies and reasonable yet unforeseen operational needs. The reserve includes 5% of annual projected Unrestricted General Fund expenditures, plus funds equivalent to any deferrals of the college's State apportionment or 15% of annual projected Unrestricted General Fund expenditures, whichever is greater. The Unrestricted General Fund reserve is $21.4 million, or approximately 20.3% of the annual projected Unrestricted General Fund expenditures for fiscal year 2022-2023.

FACTORS THAT MAY AFFECT THE FUTURE

Accreditation

- The District is accredited every seven years by the Accrediting Commission of Community and Junior Colleges (ACCJC), a branch of the Western Association of Schools and Colleges. Being an accredited college is of critical importance. This status allows the District to provide Federal financial aid to students, receive Federal funding, grant degrees to students with the certification of an accredited institution, and articulate courses with other colleges and universities. In January 2022, the ACCJC reaffirmed the District's accreditation status with an 18 month follow up report due March 1, 2023.

State Economy

- The economic position of the District is closely tied to that of the State of California. The District receives over half of its unrestricted general fund revenue through State apportionments, with the remainder of revenues coming primarily from local property taxes, and student enrollment fees. These three sources comprise the District's general apportionment, the main funding support for California community colleges. The 2022-2023 enacted budget will extend the hold harmless (minimum revenue) provision by one year, through 2024-2025, which will guarantee districts the 2017-2018 total computation revenue, adjusted by COLA each year, in years without base reductions.

- In May 2020, due to the ongoing COVID pandemic, the Governor determined that the State would defer apportionment payments to the California Community College system. Subsequently, in January 2021, the Governor announced that state revenues came in higher than initially projected. As a result, the enacted 2021-2022 budget eliminated the budgeted deferrals from 2020-2021, with 2020-2021 deferrals being completely paid back in July 2021 and August 2021. The State increased 2022-2023 overall funding by about $4.0 billion to the California Community College system over 2021-2022 levels, including a 6.56% Cost-of-living adjustment (COLA) for 2022-2023, and funding for deferred maintenance, student basic needs, and support for faculty.

- State Teachers' Retirement System (CalSTRS). The District and the employee each pay a percentage of the employee's salary into one of these systems. The State of California has contributed to these systems as well. The rates that are paid are set by the CalPERS Board for CalPERS and by the State legislature for CalSTRS. Over the years, the employee rates for both systems have not changed, but the CalPERS Board has decreased or increased the employer contribution rate as deemed necessary. At this time, both systems are underfunded in terms of their total liability. The CalPERS Board projected (subject to change) and the State legislature set (in law) rates that are projected to increase to just over 19% for CalSTRS and approximately 28% for CalPERS by fiscal year 2026-2027. The 2022-2023 State Budget included unspecified ongoing funds to assist in covering increases to CalSTRS and CalPERS. These contributions are expected to mitigate the negative impact of projected rate increases.

Employer Rates	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
CalSTRS	16.15%	16.92%	19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS	20.70%	22.91%	26.10%	27.10%	27.70%	27.80%	27.60%

- On December 27, 2020, a second Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, providing additional support for education under the Higher Education Emergency Relief Fund II (HEERF II). SBCC received $12.5 million from HEERF II. Of the $12.5 million, the district provided $3.1 million of emergency relief financial aid grants to students. The remainder of the funds were used to cover any costs associated with the following: significant changes to the delivery of instruction due to the coronavirus, defraying expenses associated with coronavirus (including recovery of lost revenues), student support activities that address needs related to coronavirus, and emergency relief financial aid grants to students.

- On March 11th, 2021, the American Rescue Plan (ARP) was signed into law and established Higher Education Emergency Relief Fund III (HEERF III). This new round of funding provided the District with $21.9 million. Of the $21.9 million, there is a requirement to spend at least $10.6 million on emergency relief financial aid grants to students. The remainder of the funds can be used to cover any costs associated with the following: significant changes to the delivery of instruction due to the coronavirus, defraying expenses associated with coronavirus (including recovery of lost revenues), student support activities that address needs related to coronavirus, and emergency relief financial aid grants to students.

- In total, the District has received $40.5 million of HEERF funding, which includes all funding adjustments. As of June 30, 2022, these funds have been expended in full.

District Budget

- In May 2020, the Governor initiated an apportionment deferral plan that resulted in $16 million of deferred apportionment payments to the District that were to continue through fiscal year 2021-2022. As state revenues came in higher than initially projected, legislation was passed that resulted in a complete paydown of 2020-2021 deferrals via the 2021-2022 fiscal enacted budget, with 2020-2021 deferrals completely paid back in July and August of 2021.

- In 2022-2023, the District expects to maintain its enrollment from the 2021-2022 level. As such, the District does not expect to benefit from full-time equivalent student (FTES) growth funding available within the Student Centered Funding Formula (SCFF).

- The District received approval to use the Emergency Condition's Allowance, provide by the California Community Colleges Chancellor's Office. This will allow the District to base its 2022-2023 full-time equivalent student (FTES) based apportionment on 2019-2020 FTES. As part of the approval process, the District has committed to implement measures that will provide for an increase in FTES.

- The Student Centered Funding Formula (SCFF) currently includes a Hold Harmless Provision, which guarantees apportionment funding of at least the 2017-18 Total Computational Revenue (TCR), including adjustments for COLA's, through 2024-25. The hold harmless TCR in 2021-22 is well below the projected 2021-2022 TCR and is therefore not expected to benefit SBCC

    - The District's TCR in 2021-2022 was $85.2 million.
    - The District's hold harmless TCR is $86.2 million for 2022-2023.

- There was a 5.07% COLA for 2021-2022, which included a 2.31% unfunded statutory COLA from 2020-2021 plus the statutory COLA from 2021-2022 of 1.70% along with an additional approximately 1% increase that was provided to K-12. For 2022-2023, the COLA is 6.56%. Additionally, the State's budget included other base adjustments, which are applied to the funding rates used in the calculation of the Student Centered Fund Formula (SCFF).

- In October of 2019, the District's Board of Trustees approved a Supplementary Retirement Plan (SRP) offering for fiscal year 2019-2020 and 2020-2021. The plan offered qualified employees an annuity of 70% of their annual salary. Employees opted for their resignation/retirement date as a part of the SRP to be within three windows, June 2020, December 2020 and June 2021. A total of 48 employees resigned/retired from the district as a part of the SRP across the three windows. Factoring in current SRP position vacancies, replacements, and SRP costs, the District is projecting a saving of approximately $4.2 million over six years (from 2020-2021 to 2025-2026) from the SRP.

- In 2021-2022, the District continued to experience declining enrollment. However, the TCR for 2021-2022 included an "emergency conditions allowance" of 2019-2020 FTES, which allowed the District to report a surplus. Additionally, the HEERF funding helped the District offset the adverse financial impact of COVID-19. The District continues to maintain sufficient reserves, which strengthens the District's fiscal position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Santa Barbara Community College District, 721 Cliff Drive, Santa Barbara, California 93109.

Assets	
Cash and cash equivalents	$ 15,384,831
Investments	89,675,299
Accounts receivable	17,756,026
Student receivables, net	872,029
Prepaid expenses	4,014,503
Inventories	1,130,753
Other assets	11,626
Lease receivables	374,400
Capital and right-to-use leased assets	
Nondepreciable capital assets	8,826,958
Depreciable capital assets, net of depreciation	130,550,999
Right-to-use leased assets, net of accumulated amortization	472,569
Total capital and right-to-use leased assets, net	139,850,526
Total assets	269,069,993
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	2,611,947
Deferred outflows of resources related to OPEB	427,021
Deferred outflows of resources related to pensions	18,923,535
Total deferred outflows of resources	21,962,503
Liabilities	
Accounts payable	19,401,212
Accrued interest payable	1,023,833
Unearned revenue	43,930,333
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	3,239,956
Long-term liabilities other than OPEB and pensions, due in more than one year	64,779,936
Aggregate net other postemployment benefits (OPEB) liability	6,329,530
Aggregate net pension liability	61,361,113
Total liabilities	200,065,913
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,318,751
Deferred inflows of resources related to pensions	47,954,202
Deferred inflows of resources related to leases	367,598
Total deferred inflows of resources	51,640,551
Net Position	
Net investment in capital assets	81,013,484
Restricted for	
Debt service	3,134,270
Capital projects	19,817,603
Educational programs	2,126,237
Other activities	929,635
Unrestricted deficit	(67,695,197)
Total net position	$ 39,326,032

Operating Revenues	
Tuition and fees	$ 22,787,645
Less: Scholarship discounts and allowances	(5,268,977)
Net tuition and fees	17,518,668
Grants and contracts, noncapital	
Federal	25,849,705
State	35,520,423
Local	446,597
Total grants and contracts, noncapital	61,816,725
Auxiliary enterprise sales and charges	
Bookstore	3,241,598
Total operating revenues	82,576,991
Operating Expenses	
Salaries	80,190,752
Employee benefits	16,709,521
Supplies, materials, and other operating expenses and services	38,976,907
Student financial aid	36,365,804
Equipment, maintenance, and repairs	6,174,586
Depreciation and amortization	5,433,830
Total operating expenses	183,851,400
Operating Loss	(101,274,409)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	42,149,920
Local property taxes, levied for general purposes	37,573,375
Taxes levied for other specific purposes	4,719,536
Federal and State financial aid grants	18,412,914
State taxes and other revenues	4,055,969
Investment income (loss)	(2,855,449)
Interest expense on capital related debt	(2,096,700)
Investment income on capital asset-related debt, net	10,844
Other nonoperating revenue	5,666,296
Total nonoperating revenues (expenses)	107,636,705
Income Before Other Revenues	6,362,296
Other Revenues	
State revenues, capital	8,092,953
Change In Net Position	14,455,249
Net Position, Beginning of Year, as Restated	24,870,783
Net Position, End of Year	$ 39,326,032

Cash Flows from Operating Activities	
Tuition and fees	$ 17,663,844
Federal, state, and local grants and contracts, noncapital	79,668,521
Auxiliary sales	3,241,598
Payments to or on behalf of employees	(104,870,333)
Payments to vendors for supplies and services	(41,390,640)
Payments to students for scholarships and grants	(36,365,804)
Net cash flows from operating activities	(82,052,814)
Cash Flows from Noncapital Financing Activities	
State apportionments	49,939,689
Federal and state financial aid grants	18,412,914
Property taxes - nondebt related	37,573,375
State taxes and other apportionments	4,167,120
Other nonoperating	2,132,338
Net cash flows from noncapital financing activities	112,225,436
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(3,079,392)
Proceeds from capital debt	223,086
State revenue, capital	8,092,953
Property taxes - related to capital debt	4,719,536
Principal paid on capital debt	(2,306,705)
Interest paid on capital debt	(2,513,384)
Interest received on capital asset-related debt	10,844
Net cash flows from capital financing activities	5,146,938
Cash Flows from Investing Activities	
Change in fair market value of cash in county treasury	(3,193,833)
Interest received from investments	334,978
Net cash flows from investing activities	(2,858,855)
Change In Cash and Cash Equivalents	32,460,705
Cash and Cash Equivalents, Beginning of Year	72,599,425
Cash and Cash Equivalents, End of Year	$ 105,060,130

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (101,274,409)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	5,433,830
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables, net	6,961,907
Inventories	(72,314)
Prepaid expenses and other assets	(297,595)
Lease receivables	148,312
Deferred outflows of resources related to OPEB	46,943
Deferred outflows of resources related to pensions	6,632,507
Accounts payable and accrued liabilities	5,881,921
Unearned revenue	11,033,793
Compensated absences	272,620
Load banking	166,641
Supplemental early retirement plan	(530,518)
Aggregate net OPEB liability	(2,305,515)
Aggregate net pension liability	(53,758,410)
Deferred inflows of resources related to leases	(147,040)
Deferred inflows of resources related to OPEB	2,406,239
Deferred inflows of resources related to pensions	37,348,274
Total adjustments	19,221,595
Net cash flows from operating activities	$ (82,052,814)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 15,384,831
Cash with local agency investment fund	27,998
Cash in county treasury	89,647,301
Total cash and cash equivalents	$ 105,060,130
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 233,860
Amortization of debt premiums	$ 612,877

Note 1 - Organization

Santa Barbara Community College District (the District) was established in 1964 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and two campuses/centers located within Santa Barbara County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 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 District identified no component units that met the criteria listed below.

The District has analyzed the financial and accountability relationship with the Foundation for Santa Barbara City College (the Foundation) in conjunction with the GASB Statement No. 61 criteria and it has been excluded from the District's reporting entity. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundation. The Board of Directors are elected by their own Board and independent of any District Board of Trustees appointments. The Board is responsible for approving its own budget, accounting, and finance related activities. Information on the Foundation may be requested through the Foundation for the Santa Barbara City College office.

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, Federal and State financial aid 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, low-income student counts, and student success metrics. Revenue from Federal and State grants and entitlements is 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 balances and local agency investment fund balances 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 and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $1,350,672 for the year ended June 30, 2022.

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.

Inventories

Inventories consist primarily of Campus Store merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the lower of cost or market or first-in, first-out (FIFO) method. The cost is recorded as an expense as the inventory is 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 and improvements, 50 years; portable buildings and building equipment, 15 years; land improvements, 10 years; equipment and vehicles, 8 years; technology equipment, 3 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, 2022.

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.

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 net OPEB liability, deferred outflows of resources and deferred 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 recognizes 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 total OPEB liability 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 bonds and loans payable, leases, compensated absences, load banking, supplemental employee retirement plan (SERP), aggregate net other postemployment benefits (OPEB) liability, and the 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, net of accumulated depreciation, 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 $26,007,745 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, and sales and services of auxiliary enterprises.

- **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 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. 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 Santa Barbara 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 2008 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 scholarship 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.

Federal 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 students in the form of cash is reported as operating expenses 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 (CFR) 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or 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 12 and the additional disclosures required by this standard is included in Notes 5, 6 and 7.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

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 - The District deposits substantially all receipts and collections of monies with their County Treasurer. 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.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in LAIF is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, 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, 2022, consist of the following:

	Primary Government
Cash on hand and in banks	$ 15,384,416
Cash in revolving	415
Investments	89,675,299
Total deposits and investments	$ 105,060,130

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 Santa Barbara County Investment Pool and the state investment pool LAIF.

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

Investment Type	Fair Value	Weighted Average Maturity in Days
Santa Barbara County investment pool	$ 89,647,301	664
State investment pool (LAIF)	27,998	311
Total	$ 89,675,299	

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 investments in the Santa Barbara County Investment Pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2022.

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 30,2022, the District's bank balance of approximately $12.3 million was exposed to custodial credit risk because it was uninsured and 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 as of June 30, 2022 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 7,170,349
State Government	
Categorical aid	4,082,644
Lottery	598,579
Other state sources	2,878,558
Local Sources	
Interest	6,778
Third party student receivables	1,473,728
Other local sources	1,545,390
Total	$ 17,756,026
Student receivables	$ 2,222,701
Less: allowance for bad debt	(1,350,672)
Student receivables, net	$ 872,029

Note 5 - Lease Receivables

The District has entered into a lease agreements with Kaplan, Inc. The lease receivable is summarized below:

Lease Receivables	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Kaplan, Inc. Facilities Lease	$ 522,712	$ -	$ (148,312)	$ 374,400

Kaplan, Inc. Facilities Lease

The District leases portable classroom facilities for English-language educational programs. The lease is for a period of 5 years, ending June 1, 2025. The agreements calls for weekly payments to the District of $50 per week, per enrolled student with minimum monthly payments of $13,000. During the fiscal year, the District recognized $148,312 in lease revenue and $7,689 in interest revenue related to these agreements. At June 30, 2022, the District recorded $374,400 in lease receivables and $367,598 for deferred inflows of resources related to this arrangement. The District used an interest rate of 1.69%, based on the 5-year Treasury Bond rate as of the date the lease went into effect.

Note 6 - Capital and Right-to-use Leased Assets

Capital and right-to-use leases asset activity for the District for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 5,336,616	$ -	$ -	$ 5,336,616
Construction in progress	3,864,772	1,261,040	(1,635,470)	3,490,342
Total capital assets not being depreciated	9,201,388	1,261,040	(1,635,470)	8,826,958
Capital Assets Being Depreciated				
Land improvements	657,403	-	-	657,403
Buildings and improvements	213,515,383	1,635,470	-	215,150,853
Furniture and equipment	17,125,529	440,260	-	17,565,789
Total capital assets being depreciated	231,298,315	2,075,730	-	233,374,045
Total capital assets	240,499,703	3,336,770	(1,635,470)	242,201,003
Less Accumulated Depreciation				
Land improvements	(657,403)	-	-	(657,403)
Buildings and improvements	(82,224,727)	(4,581,589)	-	(86,806,316)
Furniture and equipment	(14,703,843)	(655,484)	-	(15,359,327)
Total accumulated depreciation	(97,585,973)	(5,237,073)	-	(102,823,046)
Net capital assets	142,913,730	(1,900,303)	(1,635,470)	139,377,957
Right-to-use Leased Assets				
Equipment and vehicles	812,119	223,086		1,035,205
Less Accumulated Amortization				
Equipment and vehicles	(365,879)	(196,757)		(562,636)
Net right-to-use leased assets	446,240	26,329	-	472,569
Total capital and right-to-use leased assets, net	$ 143,359,970	$ (1,873,974)	$ (1,635,470)	$ 139,850,526

Note 7 - 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, 2022 consisted of the following:

	Balance, July 1, 2021 as restated	Additions	Deductions	Balance, June 30, 2022	Due in One Year
General obligation bonds	$ 55,325,000	$ -	$ (1,890,000)	$ 53,435,000	$ 2,080,000
Bond premium	8,146,346	-	(612,877)	7,533,469	-
Leases	455,952	223,086	(198,518)	480,520	190,299
Loans payable	581,284	-	(218,187)	363,097	179,251
Compensated absences	2,455,254	272,620	-	2,727,874	-
Load banking	1,282,910	166,641	-	1,449,551	170,568
Supplemental employee retirement plan	2,560,899	854,345	(1,384,863)	2,030,381	619,838
Total	$ 70,807,645	$ 1,516,692	$ (4,304,445)	$ 68,019,892	$ 3,239,956

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The loans payable will be paid by the Construction Fund. Payments for the lease liability will be made by the fund for which the equipment and vehicles was intended for. The compensated absences, load banking, and supplemental employee retirement plan will be paid by the fund for which the employee worked.

General Obligation Bonds

General obligation bonds were approved by a local election in June 2008. The total amount approved by the voters was $77,242,012. At June 30, 2022, $77,240,000 had been issued, and $53,435,000 was outstanding. Interest rates on the bonds are 1.25% to 5.00%.

2008 General Obligation Bonds, Series B

During April 2013, the District issued the 2008 General Obligation Bonds, Series 2008B in the amount of $15,000,000. The bonds mature beginning on August 1, 2009 through August 1, 2038, with interest rates ranging from 1.25% to 5.00%. At June 30, 2022, the principal outstanding was $10,005,000 and unamortized premium cost of $817,172. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2014.

2008 General Obligation Bonds, Series C

During January 2016, the District issued the 2008 General Obligation Bonds, Series 2008C in the amount of $15,240,000. The bonds mature beginning on August 1, 2017 through August 1, 2040, with interest rates ranging from 3.15% to 5.00%. At June 30, 2022, the principal outstanding was $11,165,000 and unamortized premium cost of $1,257,330. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016.

2016 General Obligation Refunding Bonds

During January 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of $36,275,000. The bonds have a final maturity to occur on August 1, 2033, with interest rates from 3.00% to 5.00%. The net proceeds of $44,935,468 (representing the principal amount of $36,275,000 plus premium on issuance of $8,660,468) from the issuance were used to advance refund a portion of the District's outstanding 2008 General Obligation Bonds, Series 2008A and pay the costs associated with the issuance of the refunding bonds. At June 30, 2022, the principal balance outstanding was $32,265,000. Unamortized premium received on issuance of the bonds amounted to $5,458,967 as of June 30, 2022. The issuance resulted in the recognition of deferred charges on refunding of $4,112,037, with a remaining unamortized balance of $2,611,947 as of June 30, 2022.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
4/18/2013	8/1/2038	1.25%-5.00%	$ 15,000,000	$ 10,415,000	$ -	$ (410,000)	$ 10,005,000
1/12/2016	8/1/2040	3.15%-5.00%	15,240,000	11,165,000		-	11,165,000
1/12/2016	8/1/2033	3.00%-5.00%	36,275,000	33,745,000	-	(1,480,000)	32,265,000
				$ 55,325,000	$ -	$ (1,890,000)	$ 53,435,000

Debt Service Requirement to Maturity

The bonds mature through 2041 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 2,080,000	$ 2,415,600	$ 4,495,600
2024	2,260,000	2,319,725	4,579,725
2025	2,475,000	2,205,900	4,680,900
2026	2,740,000	2,080,250	4,820,250
2027	2,970,000	1,942,400	4,912,400
2028-2032	17,720,000	7,338,750	25,058,750
2033-2037	14,295,000	3,254,250	17,549,250
2038-2041	8,895,000	710,125	9,605,125
Total	$ 53,435,000	$ 22,267,000	$ 75,702,000

Leases

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

Leases	Balance July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Equipment and vehicles	$ 455,952	$ 223,086	$ (198,518)	$ 480,520

The District entered into various agreements to lease equipment and vehicles, through the 2026-2027 fiscal year. Under the terms of the leases, the District makes monthly payments, which amounted to total principal and interest costs of $206,752 for the year ending June 30, 2022. At June 30, 2022, the District recognized right-to-use leased assets of $1,035,205 and lease liabilities of $480,520 related to these agreements. During the fiscal year, the District recorded $198,518 for principal expense and $8,234 in interest expense. The District used discount rates between 0.36% - 4.61% bases on the 5-year Treasury rate for financing over a similar time period.

The District’s liability on lease agreements is summarized below:

Fiscal Year	Principal	Interest	Total
2023	$ 190,299	$ 5,377	$ 195,676
2024	142,042	2,633	144,675
2025	80,176	1,222	81,398
2026	54,708	534	55,242
2027	13,295	63	13,358
Total	$ 480,520	$ 9,829	$ 490,349

Loans Payable

On June 21, 2007, the District signed a Promissory Note and Loan Agreement for $1,950,000 with the State of California, Energy Resources Conservation and Development Commission (the Commission), in order to finance energy efficiency projects. The principal and interest at 3.95% per annum on the unpaid principal is due and payable in semiannual installments beginning on December 22, 2012. Loan funds are disbursed to the District on a reimbursement basis based on invoices submitted by the District which totaled $1,950,000. At June 30, 2022, the outstanding principal balance on the loan payable was $363,097.

In February 2013, the District signed a Promissory Note and Loan Agreement for $750,000 with the Commission in order to finance energy efficiency projects. The District received the loan disbursement in October 2013. The principal and interest at 1.00% per annum on the unpaid principal is due and payable in semiannual installments beginning on December 22, 2013. At June 30, 2022, the outstanding principal balance on the loan payable was paid in full.

At June 30, 2022, future minimum payments were as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 179,251	$ 12,595	$ 191,846
2024	183,846	5,454	189,300
Total	$ 363,097	$ 18,049	$ 381,146

Supplemental Employee Retirement Plan (SERP)

The District entered into several agreements with Keenan & Associates and Public Agency Retirement Services (PARS) to provide early retirement incentives for qualifying employees. Each incentive is payable by the District over a five-year period. As of June 30, 2022, the outstanding balance was $2,030,381.

Year Ending June 30,	
2023	$ 619,838
2024	619,838
2025	619,838
2026	170,867
Total	$ 2,030,381

Note 8 - Aggregate Net Other Postemployment Benefit (OPEB) Liability

For the year ended June 30, 2022, 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	$ 5,946,200	$ 427,021	$ 3,318,751	$ 351,417
Medicare Premium Payment (MPP) Program	383,330	-	-	(103,750)
Total	$ 6,329,530	$ 427,021	$ 3,318,751	$ 247,667

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	18
Active employees	405
Total	423

Benefits Provided

The Plan provides medical and dental 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.

Contributions

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. For the measurement period of June 30, 2022, the District paid $179,010 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $5,946,200 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Discount rate	3.54 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, 2021	$ 8,147,965
Service cost	537,754
Interest	179,870
Differences between expected and actual experience	(2,148,704)
Changes of assumptions	(591,675)
Benefit payments	(179,010)
Net change in total OPEB liability	(2,201,765)
Balance, June 30, 2022	$ 5,946,200

There were no changes in benefit terms since the previous valuation.

Changes of assumptions reflect a change in the discount rate from 2.16% to 3.54% 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 (2.54%)	$ 6,371,610
Current discount rate (3.54%)	5,946,200
1% increase (4.54%)	5,541,289

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 costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	$ 5,290,513
Current healthcare cost trend rate (4.00%)	5,946,200
1% increase (5.00%)	6,710,762

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2022, 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	$ -	$ 2,779,905
Changes of assumptions	427,021	538,846
Total	$ 427,021	$ 3,318,751

The deferred outflows/(inflows) of resources related to 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 11.2 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (287,197)
2024	(287,197)
2025	(287,197)
2026	(287,197)
2027	(287,197)
Thereafter	(1,455,745)
Total	$ (2,891,730)

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, 2020 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 benefit payments. 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, 2022, the District reported a liability of $383,330 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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 period June 30, 2021 and June 30, 2020, was 0.0961%, and 0.1149%, respectively, resulting in a net decrease in the proportionate share of 0.0188%.

For the year ended June 30, 2022, the District recognized OPEB expense of ($103,750).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
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, 2020, 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 our 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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	$ 422,535
Current discount rate (2.16%)	383,330
1% increase (3.16%)	349,834

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 Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 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)	$ 348,594
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	383,330
1% increase (5.50% Part A and 6.40% Part B)	423,154

Note 9 - 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, 2022, 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	$ 29,095,805	$ 12,303,237	$ 32,489,503	$ 90,314
CalPERS	32,265,308	6,620,298	15,464,699	1,770,805
Total	$ 61,361,113	$ 18,923,535	$ 47,954,202	$ 1,861,119

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, 2020, 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, 2022, 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	16.92%	16.92%
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, 2022, are presented above, and the District's total contributions were $6,253,313.

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

At June 30, 2022, 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	$ 29,095,805
State's proportionate share of net pension liability associated with the District	14,639,881
Total	$ 43,735,686

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.0639% and 0.0660%, respectively, resulting in a net decrease in the proportionate share of 0.0021%.

For the year ended June 30, 2022, the District recognized pension expense of $90,314. In addition, the District recognized pension expense and revenue of $500,885 for support provided by the State. At June 30, 2022, 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	$ 6,253,313	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,854,470	6,377,572
Differences between projected and actual earnings on pension plan investments	-	23,015,531
Differences between expected and actual experience in the measurement of the total pension liability	72,887	3,096,400
Changes of assumptions	4,122,567	-
Total	$ 12,303,237	$ 32,489,503

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 earning 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
2023	$ (5,844,565)
2024	(5,345,868)
2025	(5,478,534)
2026	(6,346,564)
Total	$ (23,015,531)

The deferred outflows/(inflows) of resources related to the changes in proportion and differences between contributions made and Districts 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
2023	$ (531,146)
2024	37,855
2025	(902,232)
2026	(550,139)
2027	(845,128)
Thereafter	(633,258)
Total	$ (3,424,048)

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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, 2021, 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%)	$ 59,228,645
Current discount rate (7.10%)	29,095,805
1% increase (8.10%)	4,086,123

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, 2020, 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, 2022, 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%	7.00%
Required employer contribution rate	22.91%	22.91%

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, 2022, are presented above, and the total District contributions were $5,385,435.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $32,265,308. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.1587% and 0.1669%, respectively, resulting in a net decrease in the proportionate share of 0.0082%.

For the year ended June 30, 2022, the District recognized pension expense of $1,770,805. At June 30, 2022, 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	$ 5,385,435	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	271,661	3,006,171
Differences between projected and actual earnings on pension plan investments	-	12,382,465
Differences between expected and actual experience in the measurement of the total pension liability	963,202	76,063
Total	$ 6,620,298	$ 15,464,699

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
2023	$ (3,105,512)
2024	(2,855,796)
2025	(2,977,353)
2026	(3,443,804)
Total	$ (12,382,465)

The deferred outflows/(inflows) of resources related to the changes in proportion and differences between contributions made and the 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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (209,133)
2024	(918,612)
2025	(657,636)
2026	(61,990)
Total	$ (1,847,371)

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The 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 (6.15%)	$ 54,403,840
Current discount rate (7.15%)	32,265,308
1% increase (8.15%)	13,885,576

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 for the fiscal year ended June 30, 2022, which amounted to $4,111,856 (10.828%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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.

Note 10 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District participates in a joint powers agreement (JPA) with the Alliance of Schools for Cooperative Insurance Programs (ASCIP). ASCIP was established to provide services necessary and appropriate for the development, operation, and maintenance of a self-insurance system for primary general and automobile liability coverage protection for claims against the public educational agencies in California who make up the ASCIP membership.

The general and automobile liability coverage provides up to $5,000,000 in limits less the District's self-insured retention (SIR) of $25,000 per occurrence. The District has also purchased $1,000,000 of cyber liability coverage. Each member district is entitled to cast one vote to elect governing board representative(s) to represent the member district on ASCIP's governing board. The governing board is responsible for establishing premium rates and making budget and operational decisions for ASCIP independent of any influence by the District beyond their board member representation. Each member district shares surpluses and deficits proportionate to their participation in ASCIP.

The relationship between the District and ASCIP is such that ASCIP is not a component unit of the District for financial reporting purposes under the criteria of GASB.

Southern California Community College Districts Joint Powers Authority (SCCCD)

The District participates in an additional banking JPA for workers' compensation self-insurance coverage through the Southern California Community College Districts Joint Powers Authority (SCCCD). SCCCD provides workers' compensation coverage and a reserve to be used toward funding long-term retiree health insurance liabilities for its six member districts. Payments transferred to funds maintained under the JPA are expensed when made. Based upon an actuarial study, District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims; however, the reserve for retiree health insurance is not yet sufficient to cover future potential payments. The JPA participates in the Protected Insurance Programs for Schools (PIPS), a pooled risk JPA. The purpose of the program is to provide workers' compensation insurance coverage at competitive group rates.

The relationship between the District and the SCCCD is such that the SCCCD is not a component unit of the District for financial reporting purposes under the criteria of GASB.

Schools Excess Liability Fund (SELF)

The District participates in a joint venture under a JPA with the Schools Excess Liability Fund (SELF). SELF was established to provide excess general and automobile liability coverage. The excess liability limits are designed to follow the primary liability limits provided by ASCIP. Coverage under the current program provides for the payment of covered claims incurred by the District up to $20,000,000 per occurrence. The District absorbs the first $5,000,000 of liability (which is comprised of the District's SIR, ASCIP, and SELF limits). Each member district is assessed a premium in accordance with the joint powers agreement.

The relationship between the District and SELF is such that SELF is not a component unit of the District for financial reporting purposes under the criteria of GASB.

Note 11 - 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 is 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, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, the District had approximately $3.8 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of capital project apportionments from the California State Chancellor's Office and General Fund reserves.

Note 12 - Adoption of New Standard

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of this new standard, the opening balances of certain assets, liabilities and deferred inflows of resources were restated in addition to beginning net position was restated as follows:

Primary Government	
Net Position - Beginning	$ 24,872,421
Lease receivables	522,712
Right-to-use leased assets, net of amortization	446,240
Lease liabilities	(455,952)
Deferred inflows of resources related to leases	(514,638)
Net Position - Beginning, as Restated	$ 24,870,783

Required Supplementary Information
June 30, 2022

Santa Barbara Community College District

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 537,754	$ 520,044	$ 626,179	$ 582,246	$ 566,663
Interest	179,870	170,796	274,758	248,670	248,749
Difference between expected and actual experience	(2,148,704)	-	(1,091,436)	-	-
Changes of assumptions	(591,675)	26,257	375,795	177,632	-
Benefit payments	(179,010)	(145,166)	(292,804)	(277,491)	(266,818)
Net change in total OPEB liability	(2,201,765)	571,931	(107,508)	731,057	548,594
Total OPEB Liability - Beginning	8,147,965	7,576,034	7,683,542	6,952,485	6,403,891
Total OPEB Liability - Ending	$ 5,946,200	$ 8,147,965	$ 7,576,034	$ 7,683,542	$ 6,952,485
Covered Payroll	N/A[1]	N/A[1]	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]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	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.

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0961%	0.1149%	0.1206%	0.1165%	0.1230%
Proportionate share of the net OPEB liability	$ 383,330	$ 487,080	$ 449,290	$ 446,031	$ 517,617
Covered payroll	N/A[1]	N/A[1]	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]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	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.

	2022	2021	2020	2019	2018
CalSTRS					
Proportion of the net pension liability	0.0639%	0.0660%	0.0682%	0.0649%	0.0680%
Proportionate share of the net pension liability	$ 29,095,805	$ 63,922,901	$ 61,596,241	$ 59,667,530	$ 62,848,497
State's proportionate share of the net pension liability associated with the District	14,639,881	32,952,263	33,604,862	34,162,451	37,180,640
Total	$ 43,735,686	$ 96,875,164	$ 95,201,103	$ 93,829,981	$ 100,029,137
Covered payroll	$ 37,508,700	$ 39,925,684	$ 40,032,181	$ 37,347,256	$ 38,566,280
Proportionate share of the net pension liability as a percentage of its covered payroll	77.57%	160.10%	153.87%	159.76%	162.96%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS					
Proportion of the net pension liability	0.1587%	0.1669%	0.1694%	0.1652%	0.1804%
Proportionate share of the net pension liability	$ 32,265,308	$ 51,196,622	$ 49,362,899	$ 44,046,185	$ 43,067,307
Covered payroll	$ 22,203,633	$ 23,501,978	$ 23,967,506	$ 21,791,147	$ 22,024,726
Proportionate share of the net pension liability as a percentage of its covered payroll	145.32%	217.84%	205.96%	202.13%	195.54%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.0764%	0.0808%	0.0798%
Proportionate share of the net pension liability	$ 61,801,366	$ 54,372,346	$ 46,749,600
State's proportionate share of the net pension liability associated with the District	35,182,415	28,756,977	28,161,175
Total	$ 96,983,781	$ 83,129,323	$ 74,910,775
Covered payroll	$ 39,287,661	$ 37,716,059	$ 35,546,073
Proportionate share of the net pension liability as a percentage of its covered payroll	157.30%	144.16%	131.52%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.1949%	0.1976%	0.2053%
Proportionate share of the net pension liability	$ 38,489,418	$ 29,127,988	$ 23,306,549
Covered payroll	$ 23,383,017	$ 21,319,599	$ 21,497,297
Proportionate share of the net pension liability as a percentage of its covered payroll	164.60%	136.63%	108.42%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018
CalSTRS					
Contractually required contribution	$ 6,253,313	$ 6,057,655	$ 6,827,292	$ 6,517,239	$ 5,389,209
Contributions in relation to the contractually required contribution	(6,253,313)	(6,057,655)	(6,827,292)	(6,517,239)	(5,389,209)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 36,958,115	$ 37,508,700	$ 39,925,684	$ 40,032,181	$ 37,347,256
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%
CalPERS					
Contractually required contribution	$ 5,385,435	$ 4,596,152	$ 4,634,825	$ 4,329,011	$ 3,384,383
Contributions in relation to the contractually required contribution	(5,385,435)	(4,596,152)	(4,634,825)	(4,329,011)	(3,384,383)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 23,506,918	$ 22,203,633	$ 23,501,978	$ 23,967,506	$ 21,791,147
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%

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

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 4,851,638	$ 4,215,566	$ 3,349,186
Contributions in relation to the contractually required contribution	(4,851,638)	(4,215,566)	(3,349,186)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 38,566,280	$ 39,287,661	$ 37,716,059
Contributions as a percentage of covered payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 3,058,794	$ 2,770,186	$ 2,509,530
Contributions in relation to the contractually required contribution	(3,058,794)	(2,770,186)	(2,509,530)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 22,024,726	$ 23,383,017	$ 21,319,599
Contributions as a percentage of covered payroll	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. As of June 30, 2022, the District had no assets accumulated in a trust that meets the criteria outlined in paragraph 4 of GASB Statement No. 75 to related OPEB benefits. 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* - Changes of assumptions reflect a change in the discount rate from 2.16% to 3.54% 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 2.21% to 2.16% 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 either CalSTRS or CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

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, 2022

Santa Barbara Community College District

Santa Barbara Community College District was established in 1964. 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, 2022

Member	Office	Term Expires
Ms. Kate Parker	President	2022
Mr. Jonathan Abboud	Vice President	2022
Ms. Marsha S. Croninger	Member	2022
Dr. Anna Everett	Member	2024
Ms. Veronica Gallardo	Member	2024
Dr. Peter O. Hasland	Member	2022
Mr. Robert K. Miller	Member	2024

Administration as of June 30, 2022

Dr. Kindred Murillo	Interim Superintendent/President
Ms. María Villagómez	Vice President, Academic Affairs
Ms. Lyndsay Maas	Vice President, Business Services
Ms. Paloma Arnold	Vice President, Student Affairs
Mr. Michael Shanahan, Esq.	Vice President, Human Resources
Ms. Joyce Coleman	Vice President- Special Assistant to the President/Superintendent
Ms. Carola Smith	Acting Vice President, School of Extended Learning
Dr. Dean Nevins	Executive Director of Information Technology
Ms. Martha Swanson	Executive Director of Public Affairs and Communications

Auxiliary Organizations in Good Standing

The Foundation for Santa Barbara City College, established 1976
Master agreement revised June 2022
Geoff Green, Chief Executive Officer

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 9,903,777
Federal Direct Student Loans	84.268		4,900,580
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		709,161
Federal Work-Study Program	84.033		138,598
Subtotal Student Financial Assistance Cluster			15,652,116
Title III - STEM	84.031C		584,777
Title V - Hispanic Serving Institutions	84.031S		833,518
Subtotal			1,418,295
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		10,389,784
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		11,231,116
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		672,309
Subtotal			22,293,209
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	21-C01-650	729,769
Perkins, Title I, Part B Regional Consortium	84.048	21-150-005	105,243
Subtotal			835,012
Passed through California Department of Education (CDE)			
Adult Basic Education and ELA	84.002A	14508	159,943
Adult Secondary Education	84.002A	13978	31,662
English Literacy and Civics Education - Local Grant	84.002A	14109	99,484
Subtotal			291,089
Total U.S. Department of Education			40,489,721
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]	917,500
Total U.S. Department of the Treasury			917,500

[1] Pass-Through Entity Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Research and Development Cluster			
National Science Foundation			
Passed through the Regents of the University of California, Santa Barbara			
ESTEEM -Enhancing Success in Transfer Education for Engineering Majors	47.076	KK1729	$ 132,196
Collaboration for Opportunities in and Advancement of STEM Teaching and Learning	47.076	KK2018	6,103
A California Central-Coast Partnership for Industry-focused Micro/nanotechnology Education	47.076	KK2018	4,955
Computer and Information Science Engineering	47.070	KK2042	18,839
Subtotal Research and Development Cluster			162,093
U.S. Department of Agriculture			
Passed through CDE			
Child and Adult Care Food Program	10.558	04381-CACFP-42-CC-IC	13,012
Total U.S. Department of Agriculture			13,012
U.S. Department of Defense			
Passed through the Regents of the University of California, Santa Barbara			
SciTrek Biotech	12.006	K2222	1,676
Total U.S. Department of Defense			1,676
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	146
Foster and Kinship Care Education	93.658	[1]	15,577
Total U.S. Department of Health and Human Services			15,723
Total Federal Financial Assistance			$ 41,599,725

[1] Pass-Through Entity Identifying Number not available.

Program	Program Revenues: Cash Received	Prior Year Deferral	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
ADP - Adult Education Program	$ -	$ 352,767	$ -	$ -	$ 352,767	$ 352,767
Adult Education Block Grant	866,359	832,637	-	1,513,761	185,235	185,235
Basic Needs Center	254,435	-	-	254,435	-	-
C.A.R.E.	147,718	75,795	-	159,680	63,833	63,833
CAL GRANT	1,467,319	-	-	-	1,467,319	1,467,319
CALFRESH OUTREACH SB85	-	36,980	-	32,565	4,415	4,415
California College Promise	1,121,307	604,024	-	983,819	741,512	741,512
CALWORKs	194,297	55,290	-	110,455	139,132	139,132
Child Development Program	114,021	-	-	-	114,021	114,021
Child Development Training	-	916	-	916	-	-
CTE Data Unlock Sub Award	-	50,000	-	50,000	-	-
Culturally Competent Faculty PD	50,435	-	-	50,435	-	-
Disabled Students Programs	1,623,735	322,260	-	514,205	1,431,790	1,431,790
Disaster Relief Emergency Student	-	4,231	-	251	3,980	3,980
E.O.P.S.	1,542,265	372,154	-	440,937	1,473,482	1,473,482
Equal Employment Opportunity	50,000	109,466	-	147,489	11,977	11,977
Faculty and Staff Development	-	40,848	-	40,848	-	-
Financial Aid Media Campaign (even year)	784,414	-	-	60	784,354	784,354
Financial Aid Media Campaign (odd year)	-	-	2,967,273	-	2,967,273	2,967,273
Financial Aid Technology	53,998	43,770	-	97,768	-	-
Foster Parent Grant (80%)	86,331	-	-	-	86,331	86,331
Guided Pathways	137,060	486,606	-	269,591	354,075	354,075
Hunger Free Campus Support Year 2	-	21,722	-	425	21,297	21,297
Incarcerated Student ReEntry Prog	(7,008)	41,297	-	-	34,289	34,289
K-12 Strong Workforce	11,091,705	-	-	6,262,417	4,829,288	4,829,288
K12 SWP TAP - PC One-Time Unspent	239,428	-	-	239,428	-	-
Library Services Platform	13,269	-	-	13,269	-	-

Program	Program Revenues: Cash Received	Prior Year Deferral	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Mathematics, Engineering, Science Achievement	$ 71,545	$ -	$ -	$ 23,615	$ 47,930	$ 47,930
Mental Health Services	281,973	5,900	-	287,873	-	-
MESA Program (even year)	82,562	-	-	82,562	-	-
MESA Program (odd year)	13,090	-	-	-	13,090	13,090
Nursing Education	211,278	-	-	-	211,278	211,278
Regional Data Unlock Sub Award	-	6,025	-	6,025	-	-
Regional Director for Employer Engagement	50,000	84,927	-	-	134,927	134,927
Regional Employer Engagement Grant	445,040	-	111,261	-	556,301	556,301
Retention and Enrollment Outreach	1,027,311	213,519	-	1,063,567	177,263	177,263
State COVID Block Grant	-	514,242	-	408,470	105,772	105,772
Strong Workforce Program	9,482,966	20,870,899	-	18,013,775	12,340,090	12,340,090
Student Equity Achievement Odd Yr	-	718,462	1,004,110	414,923	1,307,649	1,307,649
Student Equity and Achievement	4,439,408	-	-	1,524,691	2,914,717	2,914,717
Student Financial Aid Administration – Board Financial Assistance Program	469,129	731	-	-	469,860	469,860
Student Food and Housing Support	255,418	-	-	255,418	-	-
Student Success Completion	1,432,194	-	-	-	1,432,194	1,306,484
Textbook Affordability Program	-	21,585	-	21,585	-	-
Umoja Community Ed Foundation	-	10,167	-	2,338	7,829	7,829
Undocumented Resources Liaisons	116,236	58,623	-	174,859	-	-
Veterans Resource Center	61,874	184,700	-	215,431	31,143	31,143
Vision For Success Guided Pathways	6,000	-	-	-	6,000	6,000
Total state programs	$ 38,277,112	$ 26,140,543	$ 4,082,644	$ 33,677,886	$ 34,822,413	$ 34,696,703

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit**	213.87	-	213.87
2. Credit	1,236.88	-	1,236.88
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit**	8.71	-	8.71
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,078.08	-	2,078.08
(b) Daily Census Contact Hours	245.98	-	245.98
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	808.74	-	808.74
(b) Credit	939.05	-	939.05
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	4,145.27	-	4,145.27
(b) Daily Census Procedure Courses	896.03	-	896.03
(c) Noncredit Independent Study/Distance Education Courses	45.47	-	45.47
D. Total FTES	10,618.08	-	10,618.08
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit**	247.83	-	247.83
2. Credit	73.41	-	73.41
CCFS-320 Addendum			
CDCP Noncredit FTES	414.59	-	414.59
Centers FTES			
1. Noncredit**	829.51	-	829.51
2. Credit	859.75	-	859.75

*Annual report revised as of November 2, 2022
**Including Career Development and College Preparation (CDCP) FTES.

		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
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	$ 18,928,755	$ -	$ 18,928,755	$ 18,928,755	$ -	$ 18,928,755
Other	1300	17,625,704	-	17,625,704	17,625,704	-	17,625,704
Total Instructional Salaries		36,554,459	-	36,554,459	36,554,459	-	36,554,459
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	5,210,281	-	5,210,281
Other	1400	-	-	-	1,738,261	-	1,738,261
Total Noninstructional Salaries		-	-	-	6,948,542	-	6,948,542
Total Academic Salaries		36,554,459	-	36,554,459	43,503,001	-	43,503,001
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	18,129,362	-	18,129,362
Other	2300	-	-	-	656,983	-	656,983
Total Noninstructional Salaries		-	-	-	18,786,345	-	18,786,345
Instructional Aides							
Regular Status	2200	2,033,127	-	2,033,127	2,033,127	-	2,033,127
Other	2400	730,253	-	730,253	730,253	-	730,253
Total Instructional Aides		2,763,380	-	2,763,380	2,763,380	-	2,763,380
Total Classified Salaries		2,763,380	-	2,763,380	21,549,725	-	21,549,725
Employee Benefits	3000	16,093,835	-	16,093,835	25,986,679	-	25,986,679
Supplies and Material	4000	-	-	-	1,340,321	-	1,340,321
Other Operating Expenses	5000	324,311	-	324,311	11,487,929	-	11,487,929
Equipment Replacement	6420	-	-	-	65,440	-	65,440
Total Expenditures Prior to Exclusions		55,735,985	-	55,735,985	103,933,095	-	103,933,095

		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	$ 220,677	$ -	$ 220,677	$ 220,677	$ -	$ 220,677
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	289,701	-	289,701
Objects to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures							-
Academic Salaries	1000	1,024,070	-	1,024,070	1,682,507	-	1,682,507
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	405,042	-	405,042	655,468	-	655,468
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		-	-	-	-	-	-

		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
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,649,789	-	1,649,789	2,848,353	-	2,848,353
Total for ECS 84362, 50% Law		$54,086,196	$ -	$54,086,196	$ 101,084,742	$ -	$ 101,084,742
% of CEE (Instructional Salary Cost/Total CEE)		53.51%		53.51%	100.00%		100.00%
50% of Current Expense of Education					$ 50,542,371		$ 50,542,371

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 25,294,567
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 25,294,567	$ -	$ -	$ 25,294,567
Total Expenditures for EPA		$ 25,294,567	$ -	$ -	$ 25,294,567
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 38,358,330	
Special Revenue Funds	3,188,525	
Capital Project Funds	19,817,603	
Debt Service Funds	4,158,103	
Proprietary Funds	6,941,746	
Internal Service Funds	123,388	
Total fund balance - all District funds		$ 72,587,695
The District's investment in the Santa Barbara County Treasurer's Investment Pool is reported at fair market value in the Statement of Net Position.		(3,193,833)
Lease receivables and deferred inflows of resources related to leases are reported in the Statement of Net Position, but were note reported on the District's CCFS-311 report		
Lease receivables	374,400	
Deferred inflows of resources related to leases	(367,598)	
Total		6,802
Capital and right-to-use leased 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	242,201,003	
Accumulated depreciation is	(102,823,046)	
The cost of right-to-use leased assets is	1,035,205	
Accumulated amortization is	(562,636)	
Less: fixed assets already recorded in proprietary funds	(4,243,437)	
Total capital and right-to-use leased assets, net		135,607,089
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	2,611,947	
Deferred outflows of resources related to OPEB	427,021	
Deferred outflows of resources related to pensions	18,923,535	
Total deferred outflows of resources		21,962,503
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.		(1,023,833)

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	$ (60,968,469)	
Leases	(480,520)	
Compensated absences	(2,727,874)	
Load banking	(1,449,551)	
Supplemental Employee Retirement Plan	(2,030,381)	
Aggregate net other postemployment benefits (OPEB) liability	(6,329,530)	
Aggregate net pension liability	(61,361,113)	
Total long-term liabilities		$ (135,347,438)
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	(3,318,751)	
Deferred inflows of resources related to pensions	(47,954,202)	
Total deferred inflows of resources		(51,272,953)
Total net position		$ 39,326,032

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 as of June 30, 2022.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. 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.

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
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 Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District’s internal fund financial statements, prepared on a modified accrual basis, to the 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, 2022

Santa Barbara Community College District

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*

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Santa Barbara Community College District (the District) as of and for the year ended June 30, 2022, 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 9, 2022.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2021, to restate beginning net position. Our opinions are 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.

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 have not been 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 9, 2022

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

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Barbara 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, 2022. 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, the 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, 2022.

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 9, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on State Compliance

We have audited Santa Barbara Community College District's (the District) compliance with the types of compliance requirements described in the 2021-2022 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, 2022.

Opinion
In our opinion, the 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, 2022.

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 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the 2021-2022 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 2021-2022 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 2021-2022 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 2021-2022 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	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 499	COVID-19 Response Block Grant Expenditures

The District reports no Apportionment for Activities Funded From Other Sources; therefore, the compliance tests within this section were not applicable.

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2021-2022 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 9, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Santa Barbara 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/ Federal CFDA Number
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027
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 Institutions	84.425L

Dollar threshold used to distinguish between type A and type B programs	$1,247,992
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.

Except as specified in previous sections of this report, 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

2021-001 Special Test and Provisions - Return to Title IV

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirements
34 CFR section 668.22(j)(2):
An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

34 CFR section 668.22(c):
If an institution is not required to take attendance, the withdrawal date is (1) the date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (2) the date, as determined by the institution, that the student otherwise provided official notification to the school, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence.

Condition
Significant Deficiency in Internal Control over Compliance – During testing over Return to Title IV requirements, the following deficiencies were noted:

- 9 of 40 Return to Title IV calculations were incorrectly calculated.
- 11 of 40 Return to Title IV calculations were performed outside of the allowable timeframe.

Questioned Costs
Questioned costs include $2,217 of funds that were not returned to U.S. (ED).

Context
The District did not perform R2T4 calculations for students under the Pell Grant and Direct Loan Programs timely or accurately.

Effect
Without proper monitoring of accuracy and student withdrawals, the District risks noncompliance with the above referenced criteria.

Cause
The District did not implement procedures to ensure that the return to Title IV funds were performed accurately and returned in a timely manner.

Repeat Finding (Yes or No)
No

Recommendation
The District should implement procedures to ensure that the student withdrawal calculations are performed accurately and returned within 30 days from the end of the academic period.

Current Status
Implemented.

2021-002 Special Tests and Provisions – Enrollment Reporting

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirements
OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institutions' Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information: "Campus Level" and "Program Level", both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition
Significant Deficiency in Internal Control over Compliance – During testing over the NSLDS reporting requirements, the following deficiencies were noted:

- 6 of 60 student effective dates were not accurately reported as NSLDS (dates of change do not agree to effective dates).
- 30 of 60 student enrollment statuses were not accurately reported on NSLDS (status per student accounts do not agree to status per NSLDS).
- 2 of 60 students did not have program enrollment information reported to NSLDS.

Questioned Costs
There are no questioned costs associated with the noncompliance.

Context
The District disbursed financial aid to approximately 3,299 students that required student enrollment and program enrollment reporting to NSLDS.

Effect
The District is not in compliance with the Federal enrollment reporting requirements described in the OMB Compliance Supplement.

Cause
The District did not report enrollment information for students under the Pell Grant and Direct Loan Programs via NSLDS timely or accurately.

Repeat Finding (Yes or No)
No

Recommendation
The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Current Status
Implemented.

2021-003 Reporting - Common Origination and Disbursement (COD)

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Numbers: 84.007, 84.033, 84.063 and 84.268
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirements
Common Origination and Disbursement (COD) System (OMB No. 1845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System.

Institutions submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition
Significant Deficiency in Internal Control over Compliance - The process dates reported in the COD files for student disbursements were more than 15 calendar days after the disbursement dates reported in the COD files and in the District's financial records for the Fall 2020 and Spring 2021 semesters. 6 of the 60 student disbursements tested were reported to COD in excess of 15 days after disbursement.

Questioned Costs
There are no questioned costs associated with the noncompliance.

Context
The District processed and reported approximately $11,493,796 in Pell grants during the year.

Effect
The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

Cause
The District did not report student files to COD in a timely manner to ensure compliance within the 15 calendar day timeframe required.

Repeat Finding (Yes or No)
No

Recommendation
The District should review their polices and control procedures in place over COD reporting to ensure timely reporting within the 15-calendar day requirement.

Current Status
Implemented.

2021-004 Reporting

Program Name: COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion
Federal Assistance Listing Number: 84.425E
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirement
Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Student Aid Portion award to publicly post certain information on their website no later than 10 days after each calendar quarter-end.

Condition
Significant Deficiency in Internal Control over Compliance - During our testing over reporting for the Student Aid Portion, we noted that the report required to be publicly each quarter did not contain all the required elements. The estimated number of students eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965 and thus eligible to receive Emergency Financial Aid Grants to Students under Section 18004(a)(1) of the CARES Act, was not disclosed and updated for each reporting quarter.

Questioned Costs
There are no questioned costs associated with the noncompliance.

Context
The District's quarterly reports did not contain all the required data elements.

Effect
The District is not in compliance with Federal reporting requirements described in the OMB Compliance Supplement.

Cause
The District did not review their website to ensure that all required reporting elements were present and updated each quarter.

Repeat Finding (Yes or No)
No

Recommendation
The District should ensure that reporting requirements and deadlines are clearly communicated to all staff, and procedures in place to ensure requirements and deadlines are met. The District should also ensure all documentation to support amounts reported is maintained in accordance with document retention guidelines.

Current Status
Implemented.

State Compliance Findings

2021-005 Section 412 - SCFF Supplemental Allocation Metrics

Criteria or Specific Requirement
Each district shall accurately report supplemental metrics data (headcount) to the Chancellor’s Office through MIS and the CCFS-320 online reporting system.

Auditors must extrapolate sample testing results to the entire population of each category tested. Alternatively, upon mutual agreement, the district and audit team may test one hundred percent of the population in each category and report actual results.

Condition
Significant Deficiency in Internal Control over Compliance - During the testing over SCFF Supplemental Allocation Metrics, the following deficiencies were noted:

- 1 out of 25 students reported as a Pell Grant recipient did not receive a Pell Grant in the 2019-2020 fiscal year.
- 1 out of 25 students reported as a Promise Grant recipient did not receive a Promise Grant in the 2019-2020 fiscal year.

Questioned Costs
The auditor extrapolated the error rate results to a category's total population to show any overage or shortage broken out by category as shown below:

SCFF Supplemental Allocation Metric	Reported Headcount	Audit Adjustment (Extrapolated from Sample Error Rate)	Audited Headcount
AB 540	676	0	676
Pell Grant Recipient	3,384	(136)	3,248
Promise Grant Recipient	9,679	(388)	9,291
Total	**13,739**	**(524)**	**13,215**

Context
The District claimed a total of 13,739 students under the Supplemental Allocation Metrics in Exhibit C of the 2020-2021 First Principal Apportionment. After extrapolating the error rate, the overstatement of 524 students constitutes a 3.8% overstatement.

Effect
The reported headcount on the Supplemental Allocation Metrics in Exhibit C of the 2020-2021 First Principal Apportionment was overstated by an extrapolated rate of 524 students.

Cause
The District inaccurately reported the headcount amount for the Supplemental Allocation Metrics in Exhibit C of the 2020-2021 First Principal Apportionment.

Repeat Finding (Yes or No)
No

Recommendation
The District should ensure that their system of calculating students to be reported on the First Principal Apportionment reflects the guidance provided by the Chancellor's Office and monitor the calculation to prevent future miscalculations.

Current Status
Implemented.