Financial Statements
June 30, 2023

# Citrus Community College District

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CPAs & BUSINESS ADVISORS

**Independent Auditor's Report**

To the Board of Trustees
Citrus Community College District
Glendora, California

**Report on the Audit of the Financial Statements**

***Opinions***

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

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

***Basis for 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 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing the standard, there was no effect on the District's business-type activities beginning net position as of July 1, 2022. 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 16 and other required supplementary schedules on pages 63 through 73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming 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* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the governmental funds, proprietary funds, and fiduciary fund financial statements, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 7, 2023

CITRUS COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES

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**Dr. Greg Schulz**, *Superintendent/President*

**Introduction**

The following discussion and analysis provides an overview of the financial position and activities of the Citrus Community College District (the District) for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34 and 35 using the Business Type Activity (BTA) model. The California Community Colleges Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommends that all community college districts use the reporting standards prescribed by the BTA model.

The District is a public two-year community college located in Glendora, California in the Foothills of the San Gabriel Mountains. The District, which serves the communities of Azusa, Claremont, Duarte, Glendora, Monrovia and other surrounding communities, was founded in 1915. During 2022-23, the District served an unduplicated headcount of students of approximately 16,400.

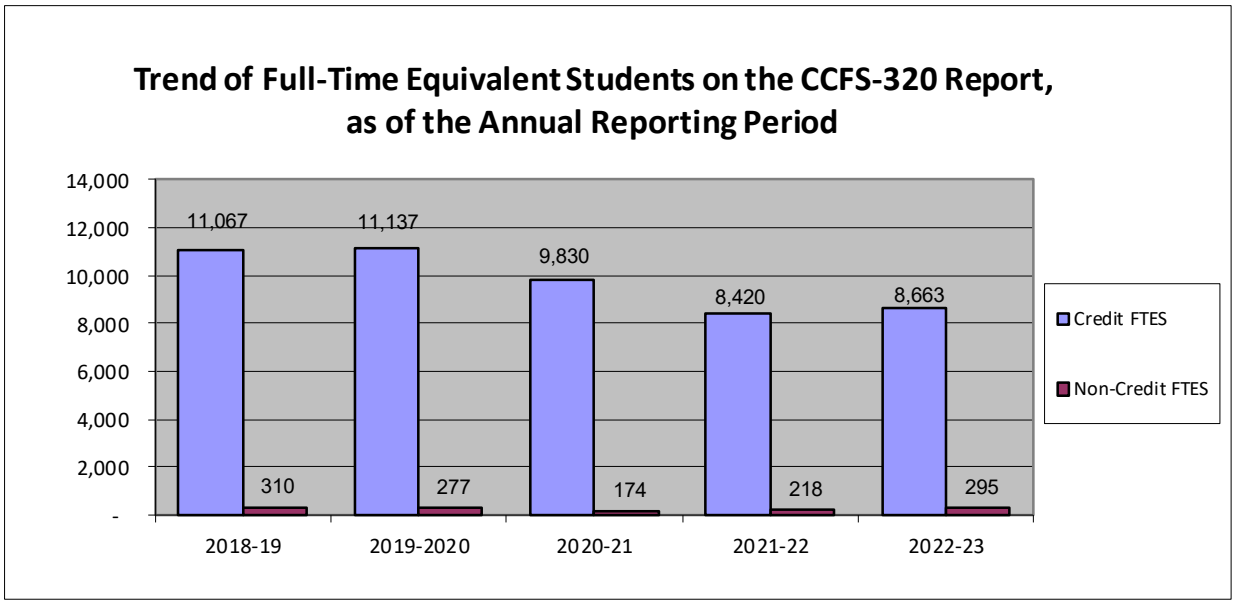
Citrus College provides innovative educational opportunities and student support services that lead to the successful completion of degrees, transfer, career/technical education and basic skills proficiency. The college fosters personal and professional success through the development of critical thinking, effective communication, creativity, and cultural awareness in a safe, accessible and affordable learning community. In meeting the needs of a demographically diverse student population, Citrus College embraces equity and accountability through measurable learning outcomes, ethical data-driven decisions and student achievement.

**Selected Highlights**

- The District's primary funding source is "apportionment" received from the State of California through the California Community Colleges Chancellor's Office. This funding is one component of the overall funding formula for California community colleges. The other components include the Education Protection Account, local property taxes, and student enrollment fees. For the year ended June 30, 2023, the student enrollment fee assessed to resident students remained unchanged, at $46 per credit unit. The primary basis of this apportionment funding is the calculation of Full-Time Equivalent Students (FTES). The College's total apportionment-eligible credit and non-credit FTES reported for the 2022-23 fiscal year, as of the annual reporting period, was 8,663 and 295, respectively. This represents an overall increase in reported FTES of 3.70% over the 2021-22 fiscal year. This increase in enrollments reflects a statewide trend amongst institutions of higher education and is believed to be a result of students returning to campuses after the COVID-19 pandemic.



1000 W. Foothill Blvd., Glendora, CA 91741 | 626-963-0323 | citruscollege.edu




- During 2022-23, the District made substantial progress toward completion of the Educational Development (ED) Center modernization project. The completed project will provide for enhanced educational support facilities, updated testing and writing centers to support students, and state-of-the-art science laboratories.

- On November 3, 2020, the District's voters approved a $298,000,000 general obligation bond measure (Measure Y) for the construction, reconstruction, rehabilitation, refinancing and replacement of facilities within the District, including the furnishing or equipping of college facilities, or the acquisition or lease of real property for college facilities, as set forth more fully in the official Measure Y ballot proposition. Measure Y was passed by a voter margin greater than the required 55% of the votes cast in favor of the bond measure, per the provisions established with the passage of Proposition 39, in November 2000. The District continues its focus on Measure Y planning efforts, to ensure a successful capital construction program.

**FINANCIAL HIGHLIGHTS**

The purpose of this section is to provide an overview of the District's financial activities. A comparative analysis is included using prior year financial information. For comparative purposes, certain prior year amounts have been reclassified for presentation purposes, to follow current year classifications.

**Financial Statement Presentation and Basis of Accounting**

The District's financial report includes three financial statements: The Statement of Net Position, the Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted previously are prepared in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, providing a government-wide perspective of the District's financial position. Therefore, the financial data presented in these financial statements is a combined total of all District funds, including Student Financial Aid Programs, Associated Students Fund, Departmental Trust Fund, and the Student Representation Fee Fund. The Associated Students Fund is used to account for funds held in trust by the District for the organized student body association (ASCC), including campus clubs. The Departmental Trust Fund is used to account for funds held in trust by the District on behalf of students, clubs, donors and departments for student scholarships and departmental fundraising activities. The Student Representation Fee Fund is used to account for $1.00 of the student representation fees assessed to students, plus an additional optional $1.00, used for student advocacy activities on behalf of the California community college system.

Also, in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between individual fund balances reported on the June 30, 2023, Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting, is shown in the supplementary information section of the audit report.

**Statement of Net Position**

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

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

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

The Net Position balance is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net position. This net position is available for expenditure by the District, but must be spent for purposes as determined by external entities or donors that have placed time or purpose restrictions on the use of these funds. The final category, unrestricted net position, represents the remaining net position balance. In accordance with GASB Statement No. 68, the District records its proportionate share of the CalSTRS and CalPERS aggregate net pension liability and related adjustments. Accordingly, as of June 30, 2023, the District's aggregate net pension liability, for GASB purposes, totaled $83.3 million. As a result, the District's total net position, for reporting purposes, amounts to $84.5 million.

The Statement of Net Position as of June 30, 2023 and 2022, is summarized below:

| | 2023 | 2022 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash, cash equivalents, and investments | $ 190,232,742 | $ 163,610,143 |
| Receivables, net | 10,199,516 | 16,950,021 |
| Inventory and other current assets | - | 843,884 |
| Total current assets | 200,432,258 | 181,404,048 |
| Noncurrent assets | | |
| Capital and right-to-use subscription IT assets, net | 124,724,878 | 126,573,075 |
| Total noncurrent assets | 124,724,878 | 126,573,075 |
| Total assets | 325,157,136 | 307,977,123 |
| Deferred Outflows of Resources | 39,130,647 | 34,443,979 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 15,217,491 | 11,795,221 |
| Unearned revenue | 17,873,368 | 9,264,883 |
| Current portion of long-term liabilities | 15,855,449 | 14,883,849 |
| Total current liabilities | 48,946,308 | 35,943,953 |
| Noncurrent liabilities | | |
| Noncurrent portion of long-term liabilities | 217,534,043 | 206,204,477 |
| Total liabilities | 266,480,351 | 242,148,430 |
| Deferred Inflows of Resources | 13,260,661 | 37,107,459 |
| Net Position | | |
| Net investment in capital assets | 45,503,256 | 32,749,022 |
| Restricted | 79,183,028 | 75,350,970 |
| Unrestricted deficit | (40,139,513) | (44,934,779) |
| Total net position | $ 84,546,771 | $ 63,165,213 |

- Approximately 96% of the cash, cash equivalents, and investments balance is comprised of cash deposited with the Los Angeles County Treasurer's Educational Investment Pool. The overall balance in this account, as of June 30, 2023, is $182.9 million. The increase in the account is primarily due to the receipt of funding of the COVID-19 Recovery Block Grant and HEERF funding.

- The decrease in receivables, net is primarily due to the receipt of HEERF funding from a 2021-22 fiscal year receivable related to HEERF expenditures that were incurred during the prior fiscal year.

- The increase in accounts payable and accrued liabilities is primarily due to the state's take-back of a portion of deferred maintenance funding that was previously received in the 2021-22 fiscal year.

- The increase in unearned revenue is due to a deferral of the remaining, unspent funds as of June 30, 2023, from the COVID-19 Recovery Block Grant.

- The change in Deferred Inflows of Resources is due to the District's proportional share of net pension liabilities. Note 10 of the financial statements provides additional information related to Employee Retirement Systems.

**Statement of Revenues, Expenses, and Change in Net Position**

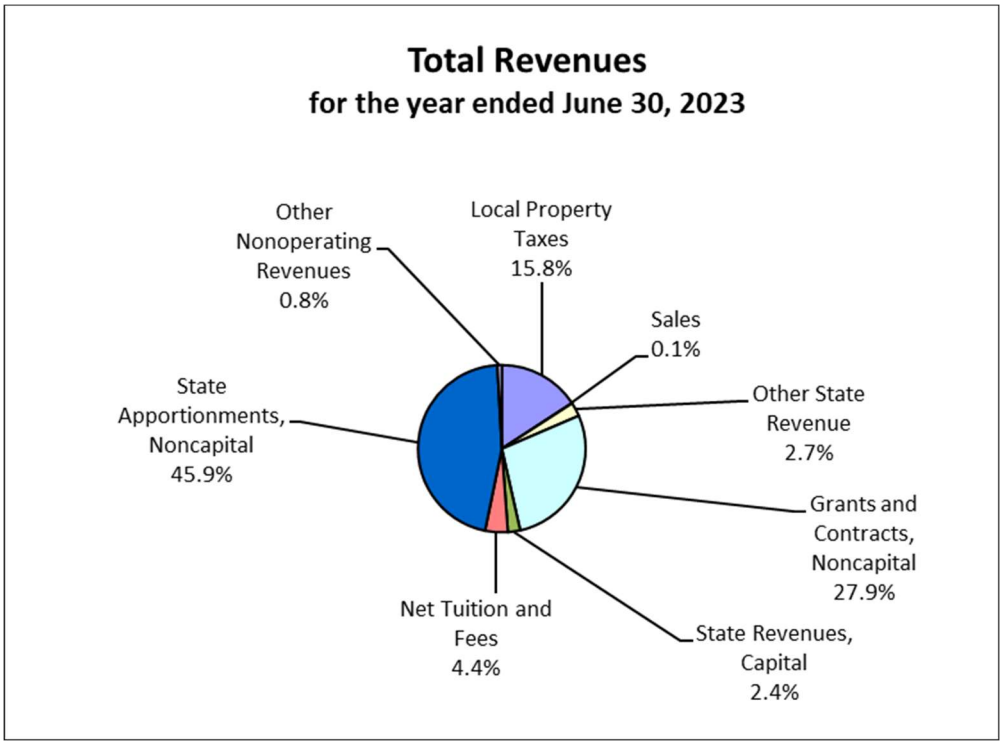
Change in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Change in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not by the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

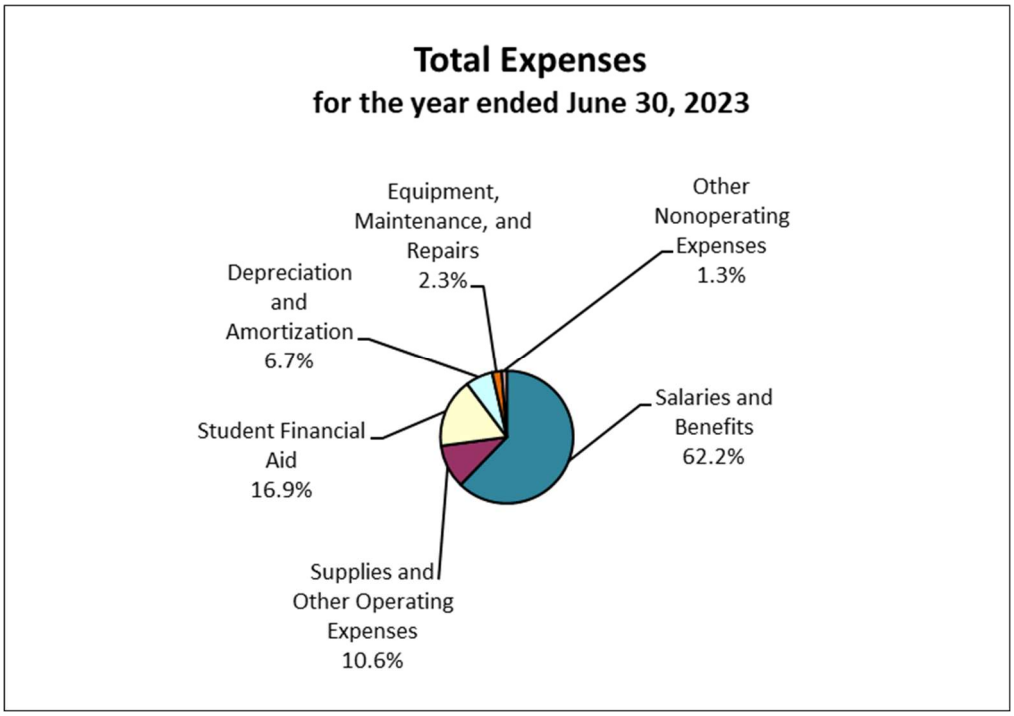
Generally, operating revenues are earned for providing goods and services to the various customers and constituents of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided. For example, State appropriations are nonoperating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

The Statement of Revenues, Expenses, and Change in Net Position for the years ended June 30, 2023 and 2022, is summarized below:

| | 2023 | 2022 |
|---|---|---|
| Operating Revenues | | |
| Tuition and fees, net | $ 7,022,389 | $ 6,045,515 |
| Grants and contracts, noncapital | 22,990,381 | 36,231,643 |
| Auxiliary sales and charges | 132,572 | 659,491 |
| Total operating revenues | 30,145,342 | 42,936,649 |
| Operating Expenses | 137,323,946 | 130,310,846 |
| Operating loss | (107,178,604) | (87,374,197) |
| Nonoperating Revenues (Expenses) | | |
| State apportionments | 73,697,329 | 69,402,266 |
| Property taxes | 25,331,899 | 23,321,619 |
| Student financial aid grants | 21,796,763 | 32,320,399 |
| State revenues | 4,294,248 | 3,529,687 |
| Net interest expense | (1,729,036) | (9,995,885) |
| Other nonoperating revenues | 1,357,259 | 1,486,405 |
| Total nonoperating revenue (expenses) | 124,748,462 | 120,064,491 |
| Other Revenues | | |
| State capital income | 3,811,700 | 4,186,500 |
| Change in net position | $ 21,381,558 | $ 36,876,794 |

- Net tuition and fees increased by approximately 16%, due to an increase in enrollments.
- The decrease in grants and contracts, noncapital, is primarily attributed to the phasing out of HEERF funding received from the U.S. Department of Education due to the COVID-19 pandemic. The majority of HEERF funding was provided in fiscal years 2019-20 through 2021-22.
- The decrease in student financial aid grants is due to the disbursement of over $14 million in HEERF grants to students in previous years, to provide relief from the COVID-19 pandemic. By June 30, 2022, the District had exhausted most of its emergency financial aid funding.
- The increase in state revenues is primarily due to an increase in state general apportionment funding.
- The increase in net interest expense is due to the fair market value of the District's cash in county investment fund through the Los Angeles County Educational Investment Pool, resulting from fluctuating market rates.


Total Revenues
for the year ended June 30, 2023
Other Nonoperating Revenues 0.8%
Local Property Taxes 15.8%
Sales 0.1%
Other State Revenue 2.7%
Grants and Contracts, Noncapital 27.9%
State Revenues, Capital 2.4%
Net Tuition and Fees 4.4%
State Apportionments, Noncapital 45.9%


Total Expenses
for the year ended June 30, 2023
Equipment, Maintenance, and Repairs 2.3%
Other Nonoperating Expenses 1.3%
Depreciation and Amortization 6.7%
Salaries and Benefits 62.2%
Student Financial Aid 16.9%
Supplies and Other Operating Expenses 10.6%

The District's operating expenses by functional classification for the fiscal year ended June 30, 2023, were:

| | Salaries and Employee Benefits | Supplies, Material, and Other Expenses and Services | Student Financial Aid | Equipment, Maintenance, and Repairs | Depreciation and Amortization | Total |
|---|---|---|---|---|---|---|
| Instructional activities | $ 42,664,920 | $ 1,042,702 | $ - | $ 720,053 | $ - | $ 44,427,675 |
| Academic support | 3,492,705 | 300,656 | - | 42,463 | - | 3,835,824 |
| Student services | 15,527,736 | 1,524,605 | - | 75,908 | - | 17,128,249 |
| Plant operations and maintenance | 4,775,209 | 3,336,445 | - | 98,249 | - | 8,209,903 |
| Instructional support services | 12,821,899 | 5,564,807 | - | 742,862 | - | 19,129,568 |
| Community services and economic development | 1,159,199 | 52,907 | - | 1,786 | - | 1,213,892 |
| Ancillary services and auxiliary operations | 4,944,431 | 2,159,718 | - | 76,101 | - | 7,180,250 |
| Student aid | - | - | 23,535,520 | - | - | 23,535,520 |
| Physical property and related acquisitions | 1,147,136 | 813,282 | - | 1,465,912 | - | 3,426,330 |
| Unallocated depreciation and amortization | - | - | - | - | 9,236,735 | 9,236,735 |
| Total | $ 86,533,235 | $ 14,795,122 | $ 23,535,520 | $ 3,223,334 | $ 9,236,735 | $ 137,323,946 |

**Statement of Cash Flows**

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

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

A summarized Statement of Cash Flows for the years ended June 30, 2023 and 2022, is summarized below:

| | 2023 | 2022 |
|---|---|---|
| Net Cash Flows from | | |
| Operating activities | $ (83,019,455) | $ (93,835,065) |
| Noncapital financing activities | 109,027,997 | 121,070,400 |
| Capital financing activities | (178,935) | 53,404,553 |
| Investing activities | 539,684 | (5,624,477) |
| Change in Cash and Cash Equivalents | 26,369,291 | 75,015,411 |
| Cash and Cash Equivalents, Beginning of Year | 159,058,927 | 84,043,516 |
| Cash and Cash Equivalents, End of Year | $ 185,428,218 | $ 159,058,927 |

- Net cash from noncapital financing activities decreased due to a reduction of $10.1 million in payments to students for scholarships and grants, an increase in federal, state, and local grants non capital by $3.6 million, a decrease in payments to or on behalf of employees totaling $5.5 million, and an increase in other operating activities of $1.2 million.

- The change in net cash from capital financing activities is due to the Measure Y bond and 2021 refunding bond issuances of $72.7 million in the prior year, and principal paid on capital debt of $13.7 million.

- Net cash from investing activities increased due to an increase in interest income.

**District's Fiduciary Responsibility**

The District is the trustee, or fiduciary, for certain amounts held in trust for retiree health benefits. These amounts are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Capital and Right-to-use Subscription IT Assets and Long-term Liabilities**

**Capital Assets**

As of June 30, 2023, the District had $124.7 million invested in net capital assets. Total capital assets of $248.3 million consist of land; buildings and building improvements, including capitalized interest; construction in progress; vehicles; data processing equipment; and other office equipment. Accumulated depreciation and amortization related to these assets was $123.6 million.

During the 2022-2023 fiscal year, capital additions were primarily comprised of modernization of existing facilities and investments in machinery and equipment. As of June 30, 2023, the District's construction in progress included the ED building modernization project.

Note 6 of the financial statements provides additional information on capital assets. A summary of capital assets, net of depreciation and amortization, is presented below:

| | 2023 | 2022, as restated |
|---|---|---|
| Land and improvements | $ 4,054,986 | $ 4,178,063 |
| Buildings and improvements | 99,741,498 | 107,029,287 |
| Machinery and equipment | 5,505,219 | 3,870,784 |
| Construction in progress | 14,852,573 | 10,839,296 |
| Right-to-use subscription IT assets, net | 570,602 | 655,645 |
| Total capital and right-to-use subscription IT assets, net | $ 124,724,878 | $ 126,573,075 |

- The increase in Machinery and equipment is primarily due technology equipment purchases.
- The increase in Construction in progress is primarily due to the ED building modernization project.

**Long-Term Liabilities**

On March 2, 2004, a General Obligation Bond (Measure G) was passed by the voters of the Citrus Community College District. The total authorization was $121 million. The first series for $22 million was issued on August 25, 2004, and was scheduled to mature on August 1, 2029. The second series for $40 million was issued on April 10, 2007, and will mature on June 1, 2031. The third series for $30 million was issued on June 10, 2009, and will mature on June 1, 2034. On April 24, 2013, the District issued 2004 Election, 2013 Refunding Bonds for $13 million which will mature on August 1, 2029. The fourth series, 2004 Election Series D, was issued on June 11, 2015 for approximately $19 million, and will mature on August 1, 2038. On March 10, 2015, the District issued General Obligation Refunding Bonds, 2015 Series A for $49 million to refund certain portions of the District's General Obligation 2004 Election Bond, 2007 Series B and 2009 Series C. These bonds will mature on August 1, 2031. With that same issuance, the District also issued 2015 Series E Bonds in the amount of $10 million, maturing on August 1, 2035. On August 4, 2020, the District issued General Obligation Refunding Bonds, 2020 Series A, for $42 million to refund certain portions of the District's 2004 Election, 2013 Refunding Bonds, 2004 Election Series D Bonds, 2015 Series E Bonds, and General Obligation Refunding Bonds, 2015 Series A. These bonds will mature on August 1, 2032. On November 23, 2021, the District issued $19.7 million to advance refund and defease portions of the District's Election of 2004 General Obligation Bonds, Series E and 2015 General Obligation Refunding Bonds. These bonds will mature on August 31, 2031.

On November 3, 2020, the District's voters approved a $298,000,000 general obligation bond measure (Measure Y) for the construction, reconstruction, rehabilitation, refinancing and replacement of facilities within the District, including the furnishing or equipping of college facilities, or the acquisition or lease of real property for college facilities and paying costs incident thereto, as set forth more fully in the official Measure Y ballot proposition. The first series for $50 million was issued on November 23, 2021, and is scheduled to mature on August 1, 2046.

As of June 30, 2023, the District's long-term liability related to the bonds equals $136.1 million. Note 7 of the financial statements provides additional information related to the Measure G and Measure Y general obligation bonds.

The District continues to maintain favorable bond ratings with Moody's of Aa1 and Standard & Poor's of AA.

Collectively, Notes 7, 8, and 10 of the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below:

| | 2023 | 2022, as restated |
|---|---|---|
| General obligation bonds payable | $ 143,536,606 | $ 158,075,614 |
| Compensated absences and load banking | 2,839,593 | 2,732,609 |
| Subscription-based IT arrangements | 477,408 | 655,645 |
| Group term life insurance liability | 612,000 | 687,000 |
| Aggregate net OPEB liability | 2,597,709 | 2,854,362 |
| Aggregate net pension liability | 83,326,176 | 56,083,096 |
| Total long-term liabilities | 233,389,492 | 221,088,326 |
| Less current portion | (15,855,449) | (14,883,849) |
| Total long-term portion | $ 217,534,043 | $ 206,204,477 |

- The change in the aggregate net pension liability is based on a projection of the District's long-term share of contributions to the pension plans, related to the projected contributions of all participating districts and the State, as actuarially determined. Note 10 of the financial statements provides additional information regarding pension liabilities.

**ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE**

There are certain long-term fiscal planning considerations and budget concerns that may impact the District's future fiscal situation.

- In March 2020, the COVID-19 pandemic and related federal, state and county "stay-at-home" restrictions forced California community colleges to rapidly redesign operations, instruction, and support services, to transition to an online/remote educational and work environment. Years later, despite significant efforts aimed at restoring enrollments, the COVID-19 public health emergency's prolonged effects on community colleges continues. In 2022-23, Citrus College served 8,958 full-time equivalent students (FTES), an increase of 3.7% over 2021-22, but still an overall decline of 21.5% from the pre-pandemic level of FTES generated in 2019-20. Additionally, since the state's COVID-19 emergency conditions funding protections (Emergency Conditions Allowance "ECA") for declines in FTES related to the pandemic, ended on June 30, 2023, the District's actual FTES of 8,958 is now utilized to calculate the District's apportionment funding. Therefore, under the state's funding model, the College must generate over 10,000 FTES by July 1, 2027, to maintain its medium-size college status and avoid being re-benched as a small-size college for funding purposes. To mitigate these impacts, Citrus College continues to take a proactive approach to strategic enrollment management planning, incorporating enhanced support services for students, reengaging students that may have withdrawn during the pandemic, and developing new programs and services to more fully meet the needs of our communities.

- The rising California Public Employees' Retirement System (PERS) and California State Teachers' Retirement System (STRS) employer contribution rates continue to have a significant impact on the District's operations. Currently set at 26.68% and 19.1% for 2023-24, the PERS and STRS employer contribution rates have increased over 127% and 115%, respectively, since 2014-15. While STRS has not released future projections, the PERS employer contribution rate is projected to increase to 28.7% by the 2026-27 fiscal year. As of June 30, 2023, the District's PERS/STRS irrevocable trust account had a balance of $5.1 million.

- The rising cost of healthcare continues to impact the District's operations. Since 2014-15, the District-paid healthcare premium costs have increased over 45%. The District's Benefits Committee continues to review and evaluate options related to healthcare.

Management will continue to closely monitor the State budget information and the effects of the pandemic, maintain a close watch over resources, and continue monitoring its long-range financial projections to sustain the District's ability to react to internal and external concerns.

Other than the items discussed above, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year, beyond those unknown variations having a global effect on virtually all types of business operations.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need any additional information, please contact the Vice President of Finance and Administrative Services, Citrus Community College District, 1000 West Foothill Boulevard, Glendora, CA 91741.

| | |
|---|---|
| Assets | |
| Cash and cash equivalents | $ 2,576,178 |
| Investments | 187,656,564 |
| Accounts receivable | 9,145,435 |
| Student receivables | 1,054,081 |
| Capital and right-to-use subscription IT assets | |
| Nondepreciable capital assets | 15,909,890 |
| Depreciable capital assets, net of accumulated depreciation | 108,244,386 |
| Right-to-use subscription IT assets, net of accumulated amortization | 570,602 |
| Total capital and right-to-use subscription IT assets, net | 124,724,878 |
| Total assets | 325,157,136 |
| Deferred Outflows of Resources | |
| Deferred outflows of resources related to debt refunding | 10,725,015 |
| Deferred outflows of resources related to OPEB | 2,888,280 |
| Deferred outflows of resources related to pensions | 25,517,352 |
| Total deferred outflows of resources | 39,130,647 |
| Liabilities | |
| Accounts payable | 13,774,930 |
| Accrued interest payable | 1,442,561 |
| Unearned revenue | 17,873,368 |
| Long-term liabilities | |
| Long-term liabilities other than OPEB and pensions, due within one year | 15,855,449 |
| Long-term liabilities other than OPEB and pensions, due in more than one year | 131,610,158 |
| Aggregate net other postemployment benefits (OPEB) liability | 2,597,709 |
| Aggregate net pension liability | 83,326,176 |
| Total liabilities | 266,480,351 |
| Deferred Inflows of Resources | |
| Deferred inflows of resources related to OPEB | 659,459 |
| Deferred inflows of resources related to pensions | 12,601,202 |
| Total deferred inflows of resources | 13,260,661 |
| Net Position | |
| Net investment in capital assets | 45,503,256 |
| Restricted for | |
| Debt service | 15,339,613 |
| Capital projects | 46,850,436 |
| Educational programs | 3,939,968 |
| Other activities | 13,053,011 |
| Unrestricted deficit | (40,139,513) |
| Total Net Position | $ 84,546,771 |

| | |
|---|---|
| Operating Revenues | |
| Tuition and fees | $ 13,022,031 |
| Less: Scholarship discounts and allowances | (5,999,642) |
| Net tuition and fees | 7,022,389 |
| Grants and contracts, noncapital | |
| Federal | 4,020,432 |
| State | 17,433,391 |
| Local | 1,536,558 |
| Total grants and contracts, noncapital | 22,990,381 |
| Auxiliary enterprise sales and charges | |
| Other enterprise | 132,572 |
| Total operating revenues | 30,145,342 |
| Operating Expenses | |
| Salaries | 61,813,561 |
| Employee benefits | 24,719,674 |
| Supplies, materials, and other operating expenses and services | 14,795,122 |
| Student financial aid | 23,535,520 |
| Equipment, maintenance, and repairs | 3,223,334 |
| Depreciation and amortization | 9,236,735 |
| Total operating expenses | 137,323,946 |
| Operating Loss | (107,178,604) |
| Nonoperating Revenues (Expenses) | |
| State apportionments, noncapital | 73,697,329 |
| Local property taxes, levied for general purposes | 8,257,139 |
| Taxes levied for other specific purposes | 17,074,760 |
| Federal and state financial aid grants | 21,796,763 |
| State taxes and other revenues | 4,294,248 |
| Investment income, net | 2,296,445 |
| Interest expense on capital related debt | (4,087,392) |
| Investment income on capital asset-related debt, net | 61,911 |
| Other nonoperating revenue | 1,357,259 |
| Total nonoperating revenues (expenses) | 124,748,462 |
| Income Before Other Revenues | 17,569,858 |
| Other Revenues | |
| State revenues, capital | 3,811,700 |
| Change In Net Position | 21,381,558 |
| Net Position, Beginning of Year | 63,165,213 |
| Net Position, End of Year | $ 84,546,771 |

| | |
|---|---|
| Cash Flows from Operating Activities | |
| Tuition and fees | $ 7,895,029 |
| Federal, state, and local grants and contracts, noncapital | 39,234,796 |
| Auxiliary sales | 132,572 |
| Payments to or on behalf of employees | (89,194,939) |
| Payments to vendors for supplies and services | (17,551,393) |
| Payments to students for scholarships and grants | (23,535,520) |
| Net cash flows from operating activities | (83,019,455) |
| Cash Flows from Noncapital Financing Activities | |
| State apportionments | 73,765,107 |
| Federal and state financial aid grants | 21,796,763 |
| Property taxes - nondebt related | 8,257,139 |
| State taxes and other apportionments | 4,238,587 |
| Other nonoperating activities | 970,401 |
| Net cash flows from noncapital financing activities | 109,027,997 |
| Cash Flows from Capital Financing Activities | |
| Purchase of capital assets | (7,455,793) |
| State revenue, capital | 3,811,700 |
| Property taxes - related to capital debt | 22,514,115 |
| Principal paid on capital debt | (14,055,664) |
| Interest paid on capital debt | (5,175,333) |
| Interest received on capital asset-related debt | 182,040 |
| Net cash flows from capital financing activities | (178,935) |
| Cash Flows from Investing Activities | |
| Purchase of investments | (253,308) |
| Change in fair value of cash in county treasury | (2,406,634) |
| Interest received from investments | 3,199,626 |
| Net cash flows from investing activities | 539,684 |
| Change In Cash and Cash Equivalents | 26,369,291 |
| Cash and Cash Equivalents, Beginning of Year | 159,058,927 |
| Cash and Cash Equivalents, End of Year | $ 185,428,218 |

| | |
|---|---|
| Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities | |
| Operating Loss | $ (107,178,604) |
| Adjustments to reconcile operating loss to net cash flows from operating activities | |
| Depreciation and amortization expense | 9,236,735 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources | |
| Accounts receivable | 9,300,079 |
| Student receivables | (791,509) |
| Prepaid expenses | 843,884 |
| Deferred outflows of resources related to OPEB | 871,044 |
| Deferred outflows of resources related to pensions | (6,978,304) |
| Accounts payable | (102,878) |
| Unearned revenue | 8,608,485 |
| Compensated absences | 8,020 |
| Load banking | 98,964 |
| Group term life insurance liability | (75,000) |
| Aggregate net OPEB liability | (256,653) |
| Aggregate net pension liability | 27,243,080 |
| Deferred inflows of resources related to OPEB | (101,458) |
| Deferred inflows of resources related to pensions | (23,745,340) |
| Total adjustments | 24,159,149 |
| Net cash flows from operating activities | $ (83,019,455) |
| Cash and Cash Equivalents Consist of the Following: | |
| Cash in banks | $ 2,576,178 |
| Cash in county treasury | 182,852,040 |
| Total cash and cash equivalents | $ 185,428,218 |
| Noncash Transactions | |
| Amortization of deferred outflows of resources related to debt refunding | $ 1,420,592 |
| Amortization of debt premiums | $ 1,471,986 |
| Accretion of interest on capital appreciation bonds | $ 617,978 |
| Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets | $ 192,427 |

| | Retiree OPEB Trust |
|---|---|
| Assets | |
| Investments | $ 17,229,734 |
| Net Position | |
| Restricted for postemployment benefits other than pensions | $ 17,229,734 |

| | Retiree OPEB Trust |
|---|---|
| Additions | |
| District contributions | $ 1,288,752 |
| Interest and investment income | 702,163 |
| Net realized and unrealized gains | 406,167 |
| Total additions | 2,397,082 |
| Deductions | |
| Benefit payments | 1,288,752 |
| Administrative expenses | 120,083 |
| Total deductions | 1,408,835 |
| Change in Net Position | 988,247 |
| Net Position - Beginning of Year | 16,241,487 |
| Net Position - End of Year | $ 17,229,734 |

## Note 1 - Organization

The Citrus Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Los Angeles, in the State of California, and is governed by an elected Board of Trustees. The District is comprised of one college, Citrus College. 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. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

## 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. Fiduciary activities are excluded from the primary government financial statements. 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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, such as State apportionments, property taxes, Federal and State grants, entitlements, and donations, are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants. Eligibility requirements may include time and/or purpose requirements. Property tax revenues are recognized in the fiscal year in which they are received. State apportionment revenue is earned based upon criteria set forth from the California Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES). The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on an 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 the County treasury for purposes of the Statement of Cash Flows.

**Investments**

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

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

**Accounts Receivable**

Accounts receivable include amounts due from 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 does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable. When receivables are determined to be uncollectible, a direct write-off is recorded.

**Capital Assets and Depreciation**

Capital assets are stated at cost at the date of acquisition or acquisition value at the date of gift. The District's capitalization policy includes all items with a unit cost of $5,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements that cost more than $5,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred.

Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

The following estimated useful lives are used to compute depreciation:

| | |
|---|---|
| Land improvements | 20 years |
| Buildings and improvements | 15-50 years |
| Machinery, equipment, and vehicles | 5-25 years |

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

**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 a 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is also 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 OPEB and pension related items.

**Subscription-based IT Arrangements**

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District's capitalization policy includes all items with a total contract cost of $5,000 or more. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset.

**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 (the 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 the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**Unearned Revenue**

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue is primarily comprised 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 payable, compensated absences, load banking, group term life insurance liability, subscription-based IT arrangements, aggregate net 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 $79,183,028 of restricted net position and the fiduciary fund financial statements report $17,229,734 of restricted net position.

**Operating and Nonoperating Revenues and Expenses**

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

- **Operating Revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, 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 of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

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

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

**State Apportionments**

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

**Property Tax**

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

The voters of the District passed General Obligation Bonds in March 2004 and November 2020 for the acquisition, construction, and rehabilitation of facilities. As a result of the passage of the Bonds, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected by the County of Los Angeles on behalf of the District.

**Scholarship Discounts and Allowances**

Tuition and fee revenue is reported net of scholarship 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 Change in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

**Financial Assistance Programs**

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

**Estimates**

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

**Interfund Activity**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

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 and fiduciary funds have been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

**Change in Accounting Principles**

**Implementation of GASB Statement No. 96**

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard are included in Notes 6 and 7.

## Note 3 - Deposits and Investments

**Policies and Practices**

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

Investment in County Treasury - In accordance with the California Community Colleges' *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in the external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which are recorded on an amortized cost basis.

**General Authorizations**

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

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

**Authorized Under Debt Agreements**

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

**Summary of Deposits and Investments**

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

| | Primary Government | Fiduciary Fund |
|---|---|---|
| Cash on hand and in banks | $ 1,635,031 | $ - |
| Cash in revolving | 63,000 | - |
| Cash with fiscal agent | 878,147 | - |
| Investments | 187,656,564 | 17,229,734 |
| Total deposits and investments | $ 190,232,742 | $ 17,229,734 |

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool and mutual funds.

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

| Investment Type | Fair Value | Weighted Average Maturity in Days | Credit Rating |
|---|---|---|---|
| Mutual funds | $ 22,034,258 | No maturity | Not rated |
| Los Angeles County Investment Pool | 182,852,040 | 753 | Not rated |
| Total | $ 204,886,298 | | |

**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 Los Angeles County Investment Pool are not required to be rated, nor have they been rated as of June 30, 2023.

**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 agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of approximately $4.0 million was exposed to custodial credit risk because it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District's investment balance of approximately $21.5 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

## Note 4 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements at June 30, 2023, were as follows:

| Investment Type | Fair Value | Fair Value Measurements Using Level 1 Inputs |
|---|---|---|
| Mutual funds | $ 22,034,258 | $ 22,034,258 |

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

## Note 5 - Accounts Receivable

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

| | Primary Government |
|---|---|
| Federal Government | |
| Categorical aid | $ 6,033,783 |
| State Government | |
| Apportionment | 133,252 |
| Categorical aid | 57,375 |
| Lottery | 736,843 |
| Local Sources | |
| Interest | 1,613,361 |
| Other local sources | 570,821 |
| Total | $ 9,145,435 |
| Student receivables | $ 1,054,081 |

## Note 6 - Capital and Right-to-use Subscription IT Assets

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

| | Balance, July 1, 2022, as restated | Additions | Deductions | Balance, June 30, 2023 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 1,057,317 | $ - | $ - | $ 1,057,317 |
| Construction in progress | 10,839,296 | 4,013,277 | - | 14,852,573 |
| Total capital assets not being depreciated | 11,896,613 | 4,013,277 | - | 15,909,890 |
| Capital Assets Being Depreciated | | | | |
| Land improvements | 9,821,168 | 135,333 | - | 9,956,501 |
| Buildings and improvements | 195,604,785 | 352,415 | - | 195,957,200 |
| Machinery and equipment | 22,932,416 | 2,695,086 | - | 25,627,502 |
| Total capital assets being depreciated | 228,358,369 | 3,182,834 | - | 231,541,203 |
| Total capital assets | 240,254,982 | 7,196,111 | - | 247,451,093 |
| Less Accumulated Depreciation | | | | |
| Land improvements | (6,700,422) | (258,410) | - | (6,958,832) |
| Buildings and improvements | (88,575,498) | (7,640,204) | - | (96,215,702) |
| Machinery and equipment | (19,061,632) | (1,060,651) | - | (20,122,283) |
| Total accumulated depreciation | (114,337,552) | (8,959,265) | - | (123,296,817) |
| Right-to-use Subscription IT Assets | | | | |
| Right-to-use subscription IT assets | 655,645 | 192,427 | - | 848,072 |
| Accumulated amortization | - | (277,470) | - | (277,470) |
| Net right-to-use subscription IT assets | 655,645 | (85,043) | - | 570,602 |
| Total capital and right-to-use subscription IT assets, net | $ 126,573,075 | $ (1,848,197) | $ - | $ 124,724,878 |

## 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, 2023 consisted of the following:

| | Balance, July 1, 2022, as restated | Additions | Deductions | Balance, June 30, 2023 | Due in One Year |
|---|---|---|---|---|---|
| General obligation bonds | $149,203,179 | $ 617,978 | $ (13,685,000) | $ 136,136,157 | $ 14,595,000 |
| Bond premium | 8,872,435 | - | (1,471,986) | 7,400,449 | - |
| Compensated absences | 2,387,173 | 8,020 | - | 2,395,193 | 431,135 |
| Subscription-based IT arrangements | 655,645 | 192,427 | (370,664) | 477,408 | 384,914 |
| Load banking | 345,436 | 98,964 | - | 444,400 | 444,400 |
| Group term life insurance | 687,000 | - | (75,000) | 612,000 | - |
| Total | $162,150,868 | $ 917,389 | $ (15,602,650) | $ 147,465,607 | $ 15,855,449 |

### 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 compensated absences and load banking liability will be paid by the fund for which the employee worked. Payments for subscription-based IT arrangements will be made by the fund for which the software was intended. The group term life insurance liability will be paid by the General Fund.

### General Obligation Bonds

Bonds Payable

On March 2, 2004, the voters of the District approved Measure G, which allowed the District to issue $121,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

Series C General Obligation Bonds

In June 2009, $29,995,302 of Citrus Community College District, Election of 2004, Series C Bonds were issued with a final maturity date of June 1, 2034. The bonds were issued as current interest bonds in the principal amount of $26,405,000 and capital appreciation bonds in the aggregate principal amount of $3,590,302. The bonds carry interest rates ranging from 3.00% to 5.25%, depending on the maturity of the related bonds. Interest is payable semiannually on December 1 and June 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $9,251,157.

2013 General Obligation Refunding Bonds

On April 24, 2013, $13,130,000 of Citrus Community College District, 2013 General Obligation Refunding Bonds were issued to advance refund and defease a portion of the District's Election of 2004 General Obligation Bonds, Series A and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The bonds were issued with a final maturity date of August 1, 2025. Interest rates range from 2.00% to 5.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $2,840,000.

Series D General Obligation Bonds

On June 11, 2014, $18,997,251 of Citrus Community College District, Election of 2004, Series D Bonds were issued with a final maturity date of August 1, 2023. The bonds were issued as current interest bonds in the principal amount of $620,000, capital appreciation bonds in the aggregate principal amount of $6,750,369, and convertible capital appreciation bonds in the aggregate principal amount of $11,626,882. The bonds carry interest rates ranging from 2.00% to 4.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $435,000.

Series E General Obligation Bonds

On March 10, 2015, $10,005,000 of Citrus Community College District, Election of 2004, Series E Bonds were issued with a final maturity date of August 1, 2032, and interest rates ranging from 2.50% to 5.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $2,255,000.

2015 General Obligation Refunding Bonds

On March 10, 2015, $48,685,000 of Citrus Community College District, 2015 General Obligation Refunding Bonds were issued to advance refund and defease a portion of the District's Election of 2004 General Obligation Bonds, Series B and Series C, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. The bonds were issued with a final maturity date of August 1, 2027. Interest rates range from 2.00% to 5.00%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $18,990,000.

2020 General Obligation Refunding Bonds

On August 4, 2020, $41,995,000 of Citrus Community College District, 2020 General Obligation Refunding Bonds, Series A were issued to advance refund and defease portions of the District's Election of 2004 General Obligation Bonds, Series D and Series E, 2013 General Obligation Refunding Bonds, and 2015 General Obligation Refunding Bonds, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The bonds were issued with a final maturity date of August 1, 2032. Interest rates range from 0.34% to 1.85%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $40,985,000.

2021 General Obligation Refunding Bonds

On November 23, 2021, $19,740,000 of Citrus Community College District, 2021 General Obligation Refunding Bonds were issued to advance refund and defease portions of the District's Election of 2004 General Obligation Bonds, Series E and 2015 General Obligation Refunding Bonds, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The refunding resulted in an economic gain in the form of savings to taxpayers of $1,195,474 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 1.82%. The bonds were issued with a final maturity date of August 1, 2031. Interest rates range from 0.31% to 2.03%, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $19,180,000.

On November 3, 2020, the voters of the District approved Measure Y, which allowed the District to issue $298,000,000 of general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities.

Series A General Obligation Bonds

On November 23, 2021, $50,000,000 of Citrus Community College District, Election of 2020, Series A Bonds were issued with a final maturity date of August 1, 2046. The bonds were issued as current interest serial bonds in the principal amount of $39,685,000 and current interest term bonds in the aggregate principal amount of $10,315,000. The bonds carry interest rates ranging from 2.00% to 4.00%, depending on the maturity of the related bonds. Interest is payable semiannually on August 1 and February 1 of each year. The outstanding principal balance of these bonds at June 30, 2023, was $42,200,000.

The outstanding general obligation bonded debt was as follows:

| Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding Beginning of Year | Accreted Interest | Redeemed | Bonds Outstanding End of Year |
|---|---|---|---|---|---|---|---|
| 2009 | 2034 | 3.00-5.25% | $ 29,995,302 | $ 8,643,585 | $ 607,572 | $ - | $ 9,251,157 |
| 2013 | 2026 | 2.00-5.00% | 13,130,000 | 3,630,000 | - | (790,000) | 2,840,000 |
| 2014 | 2024 | 2.00-4.00% | 18,997,251 | 1,154,594 | 10,406 | (730,000) | 435,000 |
| 2015 | 2033 | 2.50-5.00% | 10,005,000 | 2,255,000 | - | - | 2,255,000 |
| 2015 | 2028 | 2.00-5.00% | 48,685,000 | 22,155,000 | - | (3,165,000) | 18,990,000 |
| 2021 | 2033 | 0.34-1.85% | 41,995,000 | 41,625,000 | - | (640,000) | 40,985,000 |
| 2022 | 2032 | 0.31-2.03% | 19,740,000 | 19,740,000 | - | (560,000) | 19,180,000 |
| 2022 | 2047 | 2.00-4.00% | 50,000,000 | 50,000,000 | - | (7,800,000) | 42,200,000 |
| | | | | $ 149,203,179 | $ 617,978 | $ (13,685,000) | $ 136,136,157 |

The bonds mature through fiscal year 2047 as follows:

| Fiscal Year | Principal (Including accreted interest to date) | Accreted Interest* | Current Interest to Maturity | Total |
|---|---|---|---|---|
| 2024 | $ 14,595,000 | $ - | $ 3,176,077 | $ 17,771,077 |
| 2025 | 14,845,000 | - | 2,612,984 | 17,457,984 |
| 2026 | 7,990,000 | - | 2,202,023 | 10,192,023 |
| 2027 | 8,615,000 | - | 1,933,878 | 10,548,878 |
| 2028 | 9,330,000 | - | 1,651,232 | 10,981,232 |
| 2029-2033 | 56,252,182 | 5,592,818 | 5,093,641 | 66,938,641 |
| 2034-2038 | 8,408,975 | 3,431,025 | 2,245,300 | 14,085,300 |
| 2039-2043 | 7,605,000 | - | 1,533,800 | 9,138,800 |
| 2044-2047 | 8,495,000 | - | 440,937 | 8,935,937 |
| Total | $ 136,136,157 | $ 9,023,843 | $ 20,889,872 | $ 166,049,872 |

* Interest that is accrued at a discount from the face value of the bonds, and no interest payment is made until maturity.

**Group Term Life Insurance Liability**

The District offers certain eligible employees term life insurance, with a standard benefit of $50,000 per employee. The District pays all related premiums for the group life insurance policies. Based on the employee's age, the insurer provides a reduced benefit amount. The District supplements the insured amount to provide a guaranteed total benefit of $50,000 per employee. At June 30, 2023, the liability associated with the guarantee for group term life insurance was $612,000.

**Subscriptions-Based IT Arrangements (SBITAs)**

The District entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization of $570,602 and a SBITA liability of $477,408 related to this agreement. Under the terms of the SBITAs, the District makes payments ranging from $5,016 to $262,803 annually, which amounted to total principal and interest costs of $388,496 for the year ending June 30, 2023. During the fiscal year, the District recorded $277,470 in amortization expense and $17,832 in interest expense for the SBITAs. The District used a discount rate of 4% based on the estimated incremental borrowing rate for financing over a similar time period.

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

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 384,914 | $ 12,034 | $ 396,948 |
| 2025 | 77,910 | 3,016 | 80,926 |
| 2026 | 14,584 | 49 | 14,633 |
| Total | $ 477,408 | $ 15,099 | $ 492,507 |

## Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

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

| OPEB Plan | Aggregate Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense* |
|---|---|---|---|---|
| District Plan | $ 2,364,855 | $ 2,888,280 | $ 659,459 | $ 596,747 |
| Medicare Premium Payment (MPP) Program | 232,854 | - | - | (83,814) |
| Total | $ 2,597,709 | $ 2,888,280 | $ 659,459 | $ 512,933 |

* OPEB expense represents the net change in the aggregate net OPEB liability during the 2022-2023 fiscal year.

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.

Management of the plan is vested with District management. Management of the trust assets is vested with the Benefits Trust Company.

**Plan Membership**

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

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 60 |
| Active employees | 417 |
| Total | 477 |

**Citrus Community College District Futuris Trust**

The Citrus Community College District Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Citrus Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

**Benefits Provided**

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

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District, the Citrus College Faculty Association (CCFA), the local California School Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For the measurement period of June 30, 2023, the District contributed $1,288,752 to the Plan, all of which was used for current premiums.

**Investment**

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2023:

| Asset Class | Target Allocation |
|---|---|
| Domestic equity | 22% |
| Fixed income | 55% |
| International equity | 19% |
| Real estate | 4% |

**Rate of Return**

For the year ended June 30, 2023, the annual money-weighed rate of return on investments, net of investment expense, was 6.11% due to market fluctuations and a reduced interest rate environment as of June 30, 2023. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the District**

The District's net OPEB liability of $2,364,855 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

| | |
|---|---|
| Total OPEB liability | $ 19,594,589 |
| Plan fiduciary net position | (17,229,734) |
| Net OPEB liability | $ 2,364,855 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 87.93% |

**Actuarial Assumptions**

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

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | 2.75% |
| Investment rate of return | 5.35% |
| Healthcare cost trend rates | 4.00% |

The discount rate was based on the assumed long-term expected rate of return on plan assets.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and School Employees Table for classified and miscellaneous 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.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, (see the discussion of the Plan's investment policy) are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|---|---|
| Domestic equity | 7.25% |
| Fixed income | 4.25% |
| International equity | 7.25% |
| Real estate | 7.25% |

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.35%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance, June 30, 2022 | $ 18,779,181 | $ 16,241,487 | $ 2,537,694 |
| Service cost | 1,104,405 | - | 1,104,405 |
| Interest | 999,755 | - | 999,755 |
| Difference between expected and actual experience | - | - | - |
| Contributions - employer | - | 1,288,752 | (1,288,752) |
| Expected investment income | - | 865,707 | (865,707) |
| Differences between projected and actual earnings on OPEB plan investments | - | 242,623 | (242,623) |
| Benefit payments | (1,288,752) | (1,288,752) | - |
| Administrative expense | - | (120,083) | 120,083 |
| Net change in total OPEB liability | 815,408 | 988,247 | (172,839) |
| Balance, June 30, 2023 | $ 19,594,589 | $ 17,229,734 | $ 2,364,855 |

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

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District, as well as what the District's 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 (4.35%) | $ 3,917,443 |
| Current discount rate (5.35%) | 2,364,855 |
| 1% increase (6.35%) | 954,745 |

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

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

| Healthcare Cost Trend Rate | Net OPEB Liability |
|---|---|
| 1% decrease (3.00%) | $ 211,231 |
| Current healthcare cost trend rate (4.00%) | 2,364,855 |
| 1% increase (5.00%) | 4,901,198 |

**Deferred Outflows/Inflows of Resources Related to OPEB**

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 810,355 | $ 544,893 |
| Changes of assumptions | 236,016 | 114,566 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,841,909 | - |
| Total | $ 2,888,280 | $ 659,459 |

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 OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 506,092 |
| 2025 | 516,586 |
| 2026 | 867,754 |
| 2027 | (48,523) |
| Total | $ 1,841,909 |

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 10.5 years and will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 19,063 |
| 2025 | 19,063 |
| 2026 | 19,063 |
| 2027 | 19,063 |
| 2028 | 19,063 |
| Thereafter | 291,597 |
| Total | $ 386,912 |

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

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

**Benefits Provided**

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

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

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District 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, 2023, the District reported a liability of $232,854 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0707% and 0.0794%, respectively, resulting in a net decrease in the proportionate share of 0.0087%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(83,814).

**Actuarial Methods and Assumptions**

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

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

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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

**Discount Rate**

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

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

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

| Discount Rate | Net OPEB Liability |
|---|---|
| 1% decrease (2.54%) | $ 253,856 |
| Current discount rate (3.54%) | 232,854 |
| 1% increase (4.54%) | 214,670 |

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using 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) | $ 213,652 |
| Current Medicare costs trend rates (4.50% Part A and 5.40% Part B) | 232,854 |
| 1% increase (5.50% Part A and 6.40% Part B) | 254,621 |

## Note 9 - Risk Management

The District participates in three joint powers agreement (JPA) entities, the Statewide Association of Community Colleges (SWACC), the Southern California Community College District's Self-Funded Insurance Agency (SCCCD), and the Protected Insurance Program for Schools (PIPS).

SWACC provides liability and property insurance for over fifty community colleges. SWACC is governed by a board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the board. Each member shares surpluses and deficits proportionately to its participation in SWACC.

SCCCD provides workers' compensation coverage for its seven member districts for workers' compensation self-insured run-off claims dated prior to 1995. Payments transferred to funds maintained under the JPA are expensed when made. SCCCD has self-funded its workers' compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. 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.

PIPS provides workers' compensation reinsurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

Each JPA is governed by a board consisting of representation from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond representation on the governing boards.

The relationships between the District and the JPAs are such that no JPAs are a component unit of the District for financial reporting purposes.

## Note 10 - 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). Additionally, full-time regular employees may elect to participate in the District's Cash-in-lieu Retirement Plan.

For the fiscal year ended June 30, 2023, the District reported its proportionate share of 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 | $ 32,728,178 | $ 9,626,865 | $ 9,455,404 | $ 2,189,275 |
| CalPERS | 47,289,712 | 15,332,428 | 2,385,899 | 5,853,036 |
| Cash-in-lieu Plan | 3,308,286 | 558,059 | 759,899 | 60,575 |
| Total | $ 83,326,176 | $ 25,517,352 | $ 12,601,202 | $ 8,102,886 |

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may 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 non-employer contributing entity to the STRP.

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

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

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

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into CalSTRS will be increasing to a total of 19.1% of applicable member earnings over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $5,882,286.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| Total net pension liability, including State share: | |
|---|---|
| District's proportionate share of net pension liability | $ 32,728,178 |
| State's proportionate share of net pension liability associated with the District | 16,390,144 |
| Total | $ 49,118,322 |

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, as actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0471% and 0.0528%, respectively, resulting in a net decrease in the proportionate share of 0.0057%.

For the year ended June 30, 2023, the District recognized pension expense of $2,189,275. In addition, the District recognized pension expense and revenue of $1,321,854, for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 5,882,286 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 2,094,653 | 5,401,003 |
| Differences between projected and actual earnings on pension plan investments | - | 1,600,471 |
| Differences between expected and actual experience in the measurement of the total pension liability | 26,847 | 2,453,930 |
| Changes of assumptions | 1,623,079 | - |
| Total | $ 9,626,865 | $ 9,455,404 |

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 in future years as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ (1,175,664) |
| 2025 | (1,273,634) |
| 2026 | (1,913,257) |
| 2027 | 2,762,084 |
| Total | $ (1,600,471) |

The deferred outflows/(inflows) of resources related to the change 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 seven years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 275,892 |
| 2025 | (1,013,632) |
| 2026 | (623,238) |
| 2027 | (871,126) |
| 2028 | (1,120,324) |
| Thereafter | (757,926) |
| Total | $ (4,110,354) |

**Actuarial Methods and Assumptions**

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

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

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occurred mid-year. 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%) | $ 55,584,585 |
| Current discount rate (7.10%) | 32,728,178 |
| 1% increase (8.10%) | 13,750,488 |

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $5,701,164.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $47,289,712. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022, and June 30, 2021, was 0.1374% and 0.1415%, respectively, resulting in a net decrease in the proportionate share of 0.0041%.

For the year ended June 30, 2023, the District recognized pension expense of $5,853,036. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 5,701,164 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 335,691 | 1,209,270 |
| Differences between projected and actual earnings on pension plan investments | 5,583,628 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 213,721 | 1,176,629 |
| Changes of assumptions | 3,498,224 | - |
| Total | $ 15,332,428 | $ 2,385,899 |

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 in future years as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 931,171 |
| 2025 | 825,885 |
| 2026 | 421,872 |
| 2027 | 3,404,700 |
| Total | $ 5,583,628 |

The deferred outflows/(inflows) of resources related to the change 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 3.9 years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 563,963 |
| 2025 | 693,524 |
| 2026 | 467,458 |
| 2027 | (63,208) |
| Total | $ 1,661,737 |

**Actuarial Methods and Assumptions**

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

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

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

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

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

**Discount Rate**

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

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

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (5.90%) | $ 68,312,384 |
| Current discount rate (6.90%) | 47,289,712 |
| 1% increase (7.90%) | 29,915,247 |

**Cash-in-lieu Plan**

**Plan Description**

The District administers and contributes to a single-employer defined benefit pension plan for eligible retirees upon retirement from the District, reaching the age of 55, and completing at least ten years of service in the District. An annual payment ranging from $1,000 to $2,500, depending on years of service, is contributed by the District to eligible retirees. This plan is subject to the reporting requirements under GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The measurement date for the total pension liability is June 30, 2023. As of June 30, 2023, there are no assets accumulated in a trust that meets the criteria in GASB Statement 73, paragraph 4.

**Plan Membership**

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

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 90 |
| Active employees | 450 |
| Total | 540 |

**Benefits Provided**

The District provides an annual payment ranging from $1,000 to $2,500, depending on years of service, to eligible retirees to help offset the costs of healthcare coverage. To be eligible for the benefit, regular full-time employees of the District, excluding those classified as professional experts, must have completed at least 10 years of service in the District. Benefits take effect upon the eligible retiree reaching the age of 55. There is no requirement for the annual payment to be spent on health insurance. The payment is treated as taxable income to the retiree, and is thus considered to be a pension rather than a retiree health benefit falling within the scope of GASB Statement No. 75. The benefit is paid in full in the first year of eligibility and there are no spousal or survivor benefits paid under this plan. Benefit payments made in the 2022-2023 fiscal year were $156,701.

This benefit is payable in addition to pension benefits that may be payable under one of the District's other pension plans (CalPERS, CalSTRS, or a supplemental employee retirement plan).

The Cash-in-lieu Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

| | Regular, Full-Time Employees |
|---|---|
| Benefit formula | $1,000 to $2,500, depending on years of service |
| Benefit vesting schedule | 10 years of service |
| Benefit payments | Annual for life |
| Vesting age | 55 |
| Required employer contribution rate | $1,000 to $2,500 per retiree |

**Contributions**

The District provides an annual contribution ranging from $1,000 to $2,500, depending on years of service, to all eligible retirees in the Plan. Total District contributions for the year ending June 30, 2023, were $156,701.

**Changes in the Total Pension Liability (TPL)**

| | Total Pension Liability |
|---|---|
| Balance at June 30, 2022 | $ 3,283,645 |
| Service cost | 108,382 |
| Interest | 115,386 |
| Changes of assumptions | (42,426) |
| Benefit payments | (156,701) |
| Net change in total pension liability | 24,641 |
| Balance at June 30, 2023 | $ 3,308,286 |

**Pension Expense and Deferred Outflows of Resources Related to Pensions**

For the year ended June 30, 2023, the District recognized pension expense of $60,575. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience in the measurement of the total pension liability | $ 122,914 | $ 262,902 |
| Changes of assumptions | 435,145 | 496,997 |
| Total | $ 558,059 | $ 759,899 |

The deferred outflows/(inflows) of resources related to 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 10.3 years and will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ (6,492) |
| 2025 | (6,492) |
| 2026 | (6,492) |
| 2027 | (6,492) |
| 2028 | (6,492) |
| Thereafter | (169,380) |
| Total | $ (201,840) |

**Actuarial Methods and Assumptions**

| | |
|---|---|
| Valuation date | June 30, 2022 |
| Measurement date | June 30, 2023 |
| Experience study | As of June 2022 |
| Actuarial cost method | Entry age normal |
| Discount rate | 3.65% |
| Consumer price inflation | 2.50% |
| Wage growth | 2.75% |

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous and School Employees Table for classified and miscellaneous 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.)

**Discount Rate**

The discount rate used to measure the total pension liability was 3.65%. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

The following presents the District's total pension liability calculated using the current discount rate, as well as what the total 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 | Total Pension Liability |
|---|---|
| 1% decrease (2.65%) | $ 3,708,169 |
| Current discount rate (3.65%) | 3,308,286 |
| 1% increase (4.65%) | 2,976,477 |

**CalSTRS/CalPERS Irrevocable Trust**

During the 2017-2018 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fiduciary fund of the District. There were no contributions made to the trust for the year ended June 30, 2023. As of June 30, 2023, the balance of the trust was $4,804,524.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,629,320 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

## 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

**Litigation**

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

## Note 12 - Related Party Transactions

The Citrus College Foundation provides various levels of monetary support and service to the District. The Foundation was organized as an independent organization under California *Business Code* and has a signed master agreement with the District. The agreement allows the District to provide administrative services to assist the Foundation in carrying out its purpose. The District pays the salaries and benefits of the executive director and administrative assistant. The donated services for the fiscal year ended June 30, 2023, were valued at $229,622. Working space for employees who perform administrative services for the Foundation is provided by the District at no charge. The donated facilities for the fiscal year ended June 30, 2023, amounted to $11,999.

## Note 13 - Adoption of New Accounting Standard

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

| Primary Government | |
|---|---|
| Net Position - Beginning | $ 63,165,213 |
| Right-to-use subscription IT assets, net of amortization | 655,645 |
| Subscription IT arrangements | (655,645) |
| Net Position - Beginning | $ 63,165,213 |

Required Supplementary Information
June 30, 2023

# Citrus Community College District

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Total OPEB Liability | | | | | |
| Service cost | $ 1,104,405 | $ 812,057 | $ 1,047,780 | $ 1,193,448 | $ 1,065,738 |
| Interest | 999,755 | 912,782 | 908,002 | 934,891 | 900,759 |
| Difference between expected and actual experience | - | 988,457 | - | (880,217) | - |
| Changes of assumptions | - | - | 330,426 | (185,074) | - |
| Benefit payments | (1,288,752) | (1,178,850) | (1,463,807) | (1,476,931) | (1,364,793) |
| Net change in total OPEB liability | 815,408 | 1,534,446 | 822,401 | (413,883) | 601,704 |
| Total OPEB Liability - Beginning | 18,779,181 | 17,244,735 | 16,422,334 | 16,836,217 | 16,234,513 |
| Total OPEB Liability - Ending (a) | $ 19,594,589 | $ 18,779,181 | $ 17,244,735 | $ 16,422,334 | $ 16,836,217 |
| Plan Fiduciary Net Position | | | | | |
| Contributions - employer | $ 1,288,752 | $ 1,178,850 | $ 3,463,807 | $ 1,476,931 | $ 1,364,793 |
| Expected investment income | 865,707 | 1,060,901 | 912,328 | 814,360 | 777,421 |
| Differences between projected and actual earnings on OPEB plan investments | 242,623 | (4,581,411) | 1,755,868 | 52,476 | (9,068) |
| Benefit payments | (1,288,752) | (1,178,850) | (1,463,807) | (1,476,931) | (1,364,793) |
| Administrative expense | (120,083) | (135,863) | (123,817) | (110,999) | (106,437) |
| Net change in plan fiduciary net position | 988,247 | (3,656,373) | 4,544,379 | 755,837 | 661,916 |
| Plan Fiduciary Net Position - Beginning | 16,241,487 | 19,897,860 | 15,353,481 | 14,597,644 | 13,935,728 |
| Plan Fiduciary Net Position - Ending (b) | $ 17,229,734 | $ 16,241,487 | $ 19,897,860 | $ 15,353,481 | $ 14,597,644 |
| Net OPEB Liability/(Asset) - Ending (a) - (b) | $ 2,364,855 | $ 2,537,694 | $ (2,653,125) | $ 1,068,853 | $ 2,238,573 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset) | 87.93% | 86.49% | 115.39% | 93.49% | 86.70% |
| Covered Employee Payroll | $ 53,269,378 | $ 52,221,643 | $ 52,472,317 | $ 51,839,305 | $ 50,204,864 |
| Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll | 4.44% | 4.86% | (5.06%) | 2.06% | 4.46% |
| Measurement Date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 |

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

| | 2018 |
|---|---|
| Total OPEB Liability | |
| Service cost | $ 1,220,170 |
| Interest | 867,453 |
| Difference between expected and actual experience | - |
| Changes of assumptions | - |
| Benefit payments | (1,495,185) |
| Net change in total OPEB liability | 592,438 |
| Total OPEB Liability - Beginning | 15,642,075 |
| Total OPEB Liability - Ending (a) | $ 16,234,513 |
| Plan Fiduciary Net Position | |
| Contributions - employer | $ 2,495,185 |
| Expected investment income | 537,672 |
| Differences between projected and actual earnings on OPEB plan investments | - |
| Benefit payments | (1,495,185) |
| Administrative expense | (101,612) |
| Net change in plan fiduciary net position | 1,436,060 |
| Plan Fiduciary Net Position - Beginning | 12,499,668 |
| Plan Fiduciary Net Position - Ending (b) | $ 13,935,728 |
| Net OPEB Liability/(Asset) - Ending (a) - (b) | $ 2,298,785 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset) | 85.84% |
| Covered Employee Payroll | $ 46,734,274 |
| Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll | 4.92% |
| Measurement Date | June 30, 2018 |

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 6.11% | -17.81% | 16.41% | 5.83% | 5.53% |
| Measurement Date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 |

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

| | 2018 |
|---|---|
| Annual money-weighted rate of return, net of investment expense | 4.23% |
| Measurement Date | June 30, 2018 |

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Year ended June 30, | | | | | |
| Proportion of the net OPEB liability | 0.0707% | 0.0794% | 0.0935% | 0.0918% | 0.0885% |
| Proportionate share of the net OPEB liability | $ 232,854 | $ 316,668 | $ 396,247 | $ 341,870 | $ 338,838 |
| 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 | -0.94% | -0.80% | -0.71% | -0.81% | -0.40% |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |

[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.

| | 2018 |
|---|---|
| Year ended June 30, | |
| Proportion of the net OPEB liability | 0.0954% |
| Proportionate share of the net OPEB liability | $ 401,505 |
| Covered payroll | N/A[1] |
| Proportionate share of the net OPEB liability as a percentage of it's covered payroll | N/A[1] |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.01% |
| Measurement Date | June 30, 2017 |

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

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **CalSTRS** | | | | | |
| Proportion of the net pension liability | 0.0471% | 0.0528% | 0.0537% | 0.0519% | 0.0493% |
| Proportionate share of the net pension liability | $ 32,728,178 | $ 24,035,948 | $ 52,002,345 | $ 46,869,281 | $ 45,327,856 |
| State's proportionate share of the net pension liability associated with the District | 16,390,144 | 12,093,957 | 26,807,215 | 25,570,322 | 25,952,317 |
| Total | $ 49,118,322 | $ 36,129,905 | $ 78,809,560 | $ 72,439,603 | $ 71,280,173 |
| Covered payroll | $ 31,093,197 | $ 32,254,167 | $ 31,985,175 | $ 30,885,104 | $ 28,962,328 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 105.26% | 74.52% | 162.58% | 151.75% | 156.51% |
| Plan fiduciary net position as a percentage of the total pension liability | 81% | 87% | 72% | 73% | 71% |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| **CalPERS** | | | | | |
| Proportion of the net pension liability | 0.1374% | 0.1415% | 0.1391% | 0.1396% | 0.1360% |
| Proportionate share of the net pension liability | $ 47,289,712 | $ 28,763,503 | $ 42,677,109 | $ 40,685,851 | $ 36,253,141 |
| Covered payroll | $ 21,128,446 | $ 20,218,150 | $ 19,854,130 | $ 19,319,760 | $ 17,771,946 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 223.82% | 142.27% | 214.95% | 210.59% | 203.99% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 81% | 70% | 70% | 71% |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |

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

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| **CalSTRS** | | | | |
| Proportion of the net pension liability | 0.0527% | 0.0535% | 0.0534% | 0.0560% |
| Proportionate share of the net pension liability | $ 48,750,333 | $ 43,254,271 | $ 35,681,720 | $ 32,724,720 |
| State's proportionate share of the net pension liability associated with the District | 28,840,285 | 24,623,885 | 18,871,646 | 19,760,797 |
| Total | $ 77,590,618 | $ 67,878,156 | $ 54,553,366 | $ 52,485,517 |
| Covered payroll | $ 29,551,868 | $ 28,404,511 | $ 25,517,331 | $ 24,800,000 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 164.97% | 152.28% | 139.83% | 131.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 69% | 70% | 74% | 77% |
| Measurement Date | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| **CalPERS** | | | | |
| Proportion of the net pension liability | 0.1364% | 0.1383% | 0.1429% | 0.1511% |
| Proportionate share of the net pension liability | $ 32,558,281 | $ 27,308,456 | $ 21,063,601 | $ 17,153,529 |
| Covered payroll | $ 17,109,526 | $ 16,794,015 | $ 15,777,266 | $ 15,900,000 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 190.29% | 162.61% | 133.51% | 107.88% |
| Plan fiduciary net position as a percentage of the total pension liability | 72% | 74% | 79% | 83% |
| Measurement Date | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **CalSTRS** | | | | | |
| Contractually required contribution | $ 5,882,286 | $ 5,260,969 | $ 5,209,048 | $ 5,469,465 | $ 5,028,095 |
| Contributions in relation to the contractually required contribution | (5,882,286) | (5,260,969) | (5,209,048) | (5,469,465) | (5,028,095) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 30,797,309 | $ 31,093,197 | $ 32,254,167 | $ 31,985,175 | $ 30,885,104 |
| Contributions as a percentage of covered payroll | 19.10% | 16.92% | 16.15% | 17.10% | 16.28% |
| **CalPERS** | | | | | |
| Contractually required contribution | $ 5,701,164 | $ 4,840,527 | $ 4,185,157 | $ 3,915,433 | $ 3,489,535 |
| Contributions in relation to the contractually required contribution | (5,701,164) | (4,840,527) | (4,185,157) | (3,915,433) | (3,489,535) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 22,472,069 | $ 21,128,446 | $ 20,218,150 | $ 19,854,130 | $ 19,319,760 |
| Contributions as a percentage of covered payroll | 25.370% | 22.910% | 20.700% | 19.721% | 18.062% |

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

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| **CalSTRS** | | | | |
| Contractually required contribution | $ 4,179,264 | $ 3,717,625 | $ 3,047,804 | $ 2,265,939 |
| Contributions in relation to the contractually required contribution | (4,179,264) | (3,717,625) | (3,047,804) | (2,265,939) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Covered payroll | $ 28,962,328 | $ 29,551,868 | $ 28,404,511 | $ 25,517,331 |
| Contributions as a percentage of covered payroll | 14.43% | 12.58% | 10.73% | 8.88% |
| **CalPERS** | | | | |
| Contractually required contribution | $ 2,760,161 | $ 2,376,171 | $ 1,989,587 | $ 1,857,142 |
| Contributions in relation to the contractually required contribution | (2,760,161) | (2,376,171) | (1,989,587) | (1,857,142) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Covered payroll | $ 17,771,946 | $ 17,109,526 | $ 16,794,015 | $ 15,777,266 |
| Contributions as a percentage of covered payroll | 15.531% | 13.888% | 11.847% | 11.771% |

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

## Schedule of the Changes in the District's Cash-in-Lieu Plan Total Pension Liability and Related Ratios

Year Ended June 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Total Pension Liability | | | | | |
| Service cost | $ 108,382 | $ 152,580 | $ 143,516 | $ 79,639 | $ 3,114,226 |
| Interest | 115,386 | 78,050 | 82,847 | 109,081 | 106,891 |
| Difference between expected and actual experience | - | 152,534 | (354,612) | - | - |
| Changes of assumptions | (42,426) | (569,219) | 103,716 | 597,095 | - |
| Benefit payments | (156,701) | (134,834) | (129,900) | (127,590) | (120,375) |
| Net change in total pension liability | 24,641 | (320,889) | (154,433) | 658,225 | 3,100,742 |
| Total Pension Liability - Beginning | 3,283,645 | 3,604,534 | 3,758,967 | 3,100,742 | - |
| Total Pension Liability - Ending | $ 3,308,286 | $ 3,283,645 | $ 3,604,534 | $ 3,758,967 | $ 3,100,742 |
| Covered Payroll | $ 42,416,574 | $ 41,281,337 | $ 40,176,484 | $ 39,101,201 | $ 37,962,331 |
| Total Pension Liability as a Percentage of Covered Payroll | 7.80% | 7.95% | 8.97% | 9.61% | 8.17% |
| Measurement Date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 |

*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 Net OPEB Liability/(Asset) and Related Ratios**

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability/(asset). 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 valuation.
- *Changes of Assumptions* - There were no changes in economic assumptions since the previous valuation.

**Schedule of OPEB Investment Returns**

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

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

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

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

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

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

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

**Schedule of the District's 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.

**Schedule of Changes in the District's Cash-in-lieu Plan Total Pension Liability and Related Ratios**

This schedule presents information on the District's changes in the Cash-in-lieu total pension liability, including beginning and ending balances and related ratios. 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 valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 3.54% to 3.65% since the previous valuation.

Supplementary Information
June 30, 2023

# Citrus Community College District

Citrus College was founded in 1915 and operated as the Citrus Union High School District from 1915 to 1961. In July 1961, the Citrus Community College District was created to include the Azusa and Glendora Unified School Districts. In 1967, the District expanded to include the Claremont, Duarte and Monrovia School Districts. Currently, the Citrus Community College District encompasses an area of approximately 270 square miles and provides postsecondary level education (grade 13-14) for residents of Azusa, Claremont, Duarte, Glendora, Monrovia, and other surrounding communities. The District is governed by a five-member Board of Trustees and one non-voting student member.

**Board of Trustees as of June 30, 2023**

| Member | Office | Term Expires |
|---|---|---|
| Ms. Laura J. Bollinger | President | 2024 |
| Dr. Anthony Contreras | Vice President | 2026 |
| Dr. Patricia A. Rasmussen | Clerk/Secretary | 2024 |
| Ms. Cheryl Alexander | Member | 2026 |
| Ms. Mary Ann Lutz | Member | 2024 |
| Ms. Sabrina Soriano | Student Trustee | 2024 |

**Administration as of June 30, 2023**

| | |
|---|---|
| Dr. Greg Schulz | Superintendent/President |
| Dr. Dana Hester | Vice President of Academic Affairs |
| Ms. Claudette E. Dain, CPA | Vice President of Finance and Administrative Services |
| Dr. Richard F. Rams | Vice President of Student Services |
| Mr. Wade W. Ellis | Director of Fiscal Services |

**Auxiliary Organizations in Good Standing**

Citrus College Foundation, established 1966
Master Agreement established January 25, 1999
Christina M. Garcia, Director

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Financial Assistance Listing | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| U.S. Department of Education | | | |
| Student Financial Assistance Cluster | | | |
| Federal Pell Grant Program | 84.063 | | $ 13,549,143 |
| Federal Pell Grant Program Administrative Allowance | 84.063 | | 17,840 |
| Federal Direct Student Loans | 84.268 | | 1,100,848 |
| Federal Supplemental Educational Opportunity Grants (FSEOG) | 84.007 | | 522,691 |
| Federal Work-Study Program | 84.033 | | 198,833 |
| Subtotal Student Financial Assistance Cluster | | | 15,389,355 |
| TRIO Cluster | | | |
| TRIO Student Support Services | 84.042A | | 275,301 |
| Subtotal TRIO Cluster | | | 275,301 |
| COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion | 84.425E | | 21,874 |
| COVID-19: Higher Education Emergency Relief Funds, Institutional Portion | 84.425F | | 2,687,352 |
| Subtotal | | | 2,709,226 |
| Passed through California Community Colleges Chancellor's Office | | | |
| Career and Technical Education Act (CTEA), Title I, Part C | 84.048A | 22-C01-0820 | 525,146 |
| Total U.S. Department of Education | | | 18,899,028 |
| 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] | 845,081 |
| Research and Development Cluster | | | |
| National Science Foundation | | | |
| Cross-Sector Partnerships, Experiential Learning, and Professional Development to Build Pathways to STEM Careers | 47.076 | | 21,999 |
| Student Supports Organized to Achieve Results | 47.076 | | 49,043 |
| U.S. Department of Education | | | |
| Passed through California State University Fullerton Auxiliary Services Corporation | | | |
| RAISER: Regional Alliance in STEM Education Redefined | 83.031C | S-7709-CITRUS | 20,102 |
| Passed through Cal Poly Pomona Foundation, Inc. | | | |
| STARS: Student Success and Transfer Articulation through Research and Support Services | 84.031C | S21-000335-CITRUS | 36,058 |
| Subtotal Research and Development Cluster | | | 127,202 |

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

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Financial Assistance Listing | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| U.S. Department of Veterans Affairs | | | |
| Veterans Services | 64.117 | | $ 2,544 |
| U.S. Department of Health and Human Services | | | |
| Passed through Yosemite Community College District | | | |
| Child Care and Development Fund (CCDF) Cluster | | | |
| Child Development Training Consortium | 93.575 | 22-23-2777 | 20,654 |
| Subtotal CCDF Cluster | | | 20,654 |
| Passed through California Community Colleges Chancellor's Office | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | [1] | 55,349 |
| Foster and Kinship Care Education | 93.658 | [1] | 110,210 |
| Total U.S. Department of Health and Human Services | | | 186,213 |
| Total Federal Financial Assistance | | | $ 20,060,068 |

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

| Program | Program Revenues | | | | Program Expenditures |
|---|---|---|---|---|---|
| | Cash Received | Accounts Receivable | Unearned Revenue | Total Revenue | |
| Basic Needs - One Time Funding | $ 541,184 | $ - | $ 411,544 | $ 129,640 | $ 129,640 |
| Basic Needs Centers | 529,540 | - | 127,675 | 401,865 | 401,865 |
| Board Financial Assistance Program | 634,259 | - | 67,057 | 567,202 | 567,202 |
| CCAP Funding for Instructional Materials | 86,579 | - | - | 86,579 | 86,579 |
| Cal Grants | 2,013,456 | - | 32,592 | 1,980,864 | 1,980,864 |
| CalFRESH Outreach | - | - | - | - | - |
| California College Promise Grant | 2,044,878 | - | 1,250,025 | 794,853 | 794,853 |
| CalWORKS | 370,357 | - | 72,309 | 298,048 | 298,048 |
| Campus Safety and Sexual Assault Allocation | 24,351 | - | 6,012 | 18,339 | 18,339 |
| Chafee Grant | 5,000 | - | - | 5,000 | 5,000 |
| Cooperative Agencies Resources for Education | 290,222 | - | 114,542 | 175,680 | 175,680 |
| COVID-19 Block Grant - State Portion | 6,175,979 | - | 6,081,050 | 94,929 | 94,929 |
| CTE Data Unlocked | 50,000 | - | 50,000 | - | - |
| Culturally Competent Faculty | 25,434 | - | - | 25,434 | 25,434 |
| Disabled Student Program & Services | 1,245,152 | - | 253,154 | 991,998 | 991,998 |
| Disaster Relief Emergency Student Financial Aid | 500 | - | - | 500 | 500 |
| Dream Resource Liaison | 205,428 | - | 101,644 | 103,784 | 103,784 |
| EEO Best Practices | 208,333 | - | 128,803 | 79,530 | 79,530 |
| Emergency Financial Assistance Supplemental | 129,435 | - | 129,435 | - | - |
| Enrollment Growth Retention for Nursing | 116,206 | - | - | 116,206 | 116,206 |
| Extended Opportunity Programs and Services | 1,439,770 | - | 110,243 | 1,329,527 | 1,329,527 |
| Financial Aid Technology | 51,715 | - | - | 51,715 | 51,715 |
| Foster Kinship Care Education | 217,331 | - | 9,848 | 207,483 | 207,483 |
| Guided Pathways | 578,863 | - | 403,144 | 175,719 | 175,719 |
| Instructional Equipment | 1,073,264 | - | 374,886 | 698,378 | 698,378 |
| Mental Health Support | 550,071 | - | 283,124 | 266,947 | 266,947 |
| NextUp | 140,223 | - | 138,355 | 1,868 | 1,868 |
| LGBTQ+ Funding | 108,799 | - | 73,995 | 34,804 | 34,804 |
| Local and Systemwide Technology and Data Security | 314,000 | - | 298,525 | 15,475 | 15,475 |
| Professional Development for Classified Employees | 48,522 | - | 48,522 | - | - |
| Rising Scholars | - | 57,375 | 27,071 | 30,304 | 30,304 |

| Program | Program Revenues | | | | Program Expenditures |
|---|---|---|---|---|---|
| | Cash Received | Accounts Receivable | Unearned Revenue | Total Revenue | |
| Staff Diversity | $ 138,888 | $ - | $ 107,640 | $ 31,248 | $ 31,248 |
| Strong Workforce - Regional | 169,551 | - | - | 169,551 | 169,551 |
| Strong Workforce | 2,671,772 | - | 1,177,879 | 1,493,893 | 1,493,893 |
| Student Equity and Achievement Program | 6,482,152 | - | 1,756,306 | 4,725,846 | 4,725,846 |
| Student Retention and Outreach | 2,141,683 | - | 1,551,519 | 590,164 | 590,164 |
| Student Success Completion Grant | 4,236,370 | - | 465,108 | 3,771,262 | 3,771,262 |
| Veteran Resource Center | 226,057 | - | 94,368 | 131,689 | 131,689 |
| Zero textbook cost program | 200,000 | - | 185,025 | 14,975 | 14,975 |
| Total state programs | $ 35,485,324 | $ 57,375 | $ 15,931,400 | $ 19,611,299 | $ 19,611,299 |

See Notes to Supplementary Information

| CATEGORIES | Revised Data** | Audit Adjustments | Audited Data |
|---|---|---|---|
| **A. Summer Intersession (Summer 2022 only)** | | | |
| 1. Noncredit* | 138.66 | - | 138.66 |
| 2. Credit | 914.48 | - | 914.48 |
| **B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)** | | | |
| 1. Noncredit* | 59.80 | - | 59.80 |
| 2. Credit | 4.49 | - | 4.49 |
| **C. Primary Terms (Exclusive of Summer Intersession)** | | | |
| 1. Census Procedure Courses | | | |
| (a) Weekly Census Contact Hours | 2,580.14 | - | 2,580.14 |
| (b) Daily Census Contact Hours | 1,035.97 | - | 1,035.97 |
| 2. Actual Hours of Attendance Procedure Courses | | | |
| (a) Noncredit* | 96.51 | - | 96.51 |
| (b) Credit | 526.37 | - | 526.37 |
| 3. Alternative Attendance Accounting Procedure Courses | | | |
| (a) Weekly Census Procedure Courses | 2,056.66 | - | 2,056.66 |
| (b) Daily Census Procedure Courses | 1,546.60 | - | 1,546.60 |
| (c) Noncredit Independent Study/Distance Education Courses | - | - | - |
| **D. Total FTES** | 8,959.68 | - | 8,959.68 |
| **SUPPLEMENTAL INFORMATION (Subset of Above Information)** | | | |
| **E. Inservice Training Courses (FTES)** | - | - | - |
| **F. Basic Skills Courses and Immigrant Education** | | | |
| 1. Noncredit* | 275.44 | - | 275.44 |
| 2. Credit | 131.99 | - | 131.99 |
| **CCFS-320 Addendum** | | | |
| CDCP Noncredit FTES | 91.89 | - | 91.89 |

*Includes Career Development and College Preparation (CDCP) FTES
**Annual report revised as of October 2, 2023

| | | 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 |
| Academic Salaries | | | | | | | |
| Instructional Salaries | | | | | | | |
| Contract or Regular | 1100 | $14,871,389 | $ - | $14,871,389 | $14,871,389 | $ - | $14,871,389 |
| Other | 1300 | 13,001,028 | - | 13,001,028 | 13,001,028 | - | 13,001,028 |
| Total Instructional Salaries | | 27,872,417 | - | 27,872,417 | 27,872,417 | - | 27,872,417 |
| Noninstructional Salaries | | | | | | | |
| Contract or Regular | 1200 | - | - | - | 5,232,798 | - | 5,232,798 |
| Other | 1400 | - | - | - | 270,276 | - | 270,276 |
| Total Noninstructional Salaries | | - | - | - | 5,503,074 | - | 5,503,074 |
| Total Academic Salaries | | 27,872,417 | - | 27,872,417 | 33,375,491 | - | 33,375,491 |
| Classified Salaries | | | | | | | |
| Noninstructional Salaries | | | | | | | |
| Regular Status | 2100 | - | - | - | 15,334,795 | - | 15,334,795 |
| Other | 2300 | - | - | - | 785,634 | - | 785,634 |
| Total Noninstructional Salaries | | - | - | - | 16,120,429 | - | 16,120,429 |
| Instructional Aides | | | | | | | |
| Regular Status | 2200 | 84,792 | - | 84,792 | 84,792 | - | 84,792 |
| Other | 2400 | 161,349 | - | 161,349 | 161,349 | - | 161,349 |
| Total Instructional Aides | | 246,141 | - | 246,141 | 246,141 | - | 246,141 |
| Total Classified Salaries | | 246,141 | - | 246,141 | 16,366,570 | - | 16,366,570 |
| Employee Benefits | 3000 | 10,670,573 | - | 10,670,573 | 23,610,727 | - | 23,610,727 |
| Supplies and Material | 4000 | - | - | - | 1,927,477 | - | 1,927,477 |
| Other Operating Expenses | 5000 | 314,517 | - | 314,517 | 5,882,647 | - | 5,882,647 |
| Equipment Replacement | 6420 | - | - | - | - | - | - |
| Total Expenditures Prior to Exclusions | | 39,103,648 | - | 39,103,648 | 81,162,912 | - | 81,162,912 |

| | | 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 | $ - | $ - | $ - | $ - | $ - | $ - |
| Student Health Services Above Amount Collected | 6441 | - | - | - | - | - | - |
| Student Transportation | 6491 | - | - | - | - | - | - |
| Noninstructional Staff - Retirees' Benefits and Retirement Incentives | 6740 | - | - | - | 997,304 | - | 997,304 |
| Objects to Exclude | | | | | | | |
| Rents and Leases | 5060 | - | - | - | 353,168 | - | 353,168 |
| Lottery Expenditures | | | | | | | - |
| Academic Salaries | 1000 | - | - | - | - | - | - |
| Classified Salaries | 2000 | - | - | - | - | - | - |
| Employee Benefits | 3000 | - | - | - | - | - | - |
| Supplies and Materials | 4000 | - | - | - | - | - | - |
| Software | 4100 | - | - | - | - | - | - |
| Books, Magazines, and Periodicals | 4200 | - | - | - | - | - | - |
| Instructional Supplies and Materials | 4300 | - | - | - | - | - | - |
| Noninstructional Supplies and Materials | 4400 | - | - | - | - | - | - |
| Total Supplies and Materials | | - | - | - | - | - | - |

| | | 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 | $ - | $ - | $ - | $ 2,554,564 | $ - | $ 2,554,564 |
| Capital Outlay | 6000 | | | | | | |
| Library Books | 6300 | - | - | - | - | - | - |
| Equipment | 6400 | - | - | - | - | - | - |
| Equipment - Additional | 6410 | - | - | - | - | - | - |
| Equipment - Replacement | 6420 | - | - | - | - | - | - |
| Total Equipment | | - | - | - | - | - | - |
| Total Capital Outlay | | | | | | | |
| Other Outgo | 7000 | - | - | - | - | - | - |
| Total Exclusions | | - | - | - | 3,905,036 | - | 3,905,036 |
| Total for ECS 84362, 50% Law | | $39,103,648 | $ - | $39,103,648 | $77,257,876 | $ - | $77,257,876 |
| Percent of CEE (Instructional Salary Cost/Total CEE) | | 50.61% | | 50.61% | 100.00% | | 100.00% |
| 50% of Current Expense of Education | | | | | $38,628,938 | | $38,628,938 |

| Activity Classification | Object Code | | | Unrestricted | |
|---|---|---|---|---|---|
| EPA Revenue: | 8630 | | | | $ 5,814,181 |
| Activity Classification | Activity Code | Salaries and Benefits (Obj 1000-3000) | Operating Expenses (Obj 4000-5000) | Capital Outlay (Obj 6000) | Total |
| Instructional Activities | 1000-5900 | $ 5,709,492 | $ - | $ - | $ 5,709,492 |
| Total Expenditures for EPA | | $ 5,709,492 | $ - | $ - | $ 5,709,492 |
| Revenues Less Expenditures | | | | | $ 104,689 |

| | | |
|---|---|---|
| Amounts reported for governmental activities in the Statement of Net Position are different because | | |
| Total fund balance | | |
| General Funds | $ 40,476,377 | |
| Special Revenue Funds | 8,241,757 | |
| Capital Project Funds | 95,256,958 | |
| Debt Service Funds | 16,782,174 | |
| Proprietary Funds | 244,416 | |
| Internal Service Funds | 6,294,743 | |
| Fiduciary Funds | 17,229,734 | |
| Total fund balance - all District funds | | $ 184,526,159 |
| Amounts held in trust on behalf of others (OPEB Trust) | | (17,229,734) |
| Capital and right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. | | |
| The cost of capital assets is | 247,451,093 | |
| Accumulated depreciation is | (123,296,817) | |
| The cost of right-to-use subscription IT assets is | 848,072 | |
| Accumulated amortization is | (277,470) | |
| Total capital and right-to-use subscription IT assets, net | | 124,724,878 |
| Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of: | | |
| Deferred outflows of resources related to debt refunding | 10,725,015 | |
| Deferred outflows of resources related to OPEB | 2,888,280 | |
| Deferred outflows of resources related to pensions | 25,517,352 | |
| Total deferred outflows of resources | | 39,130,647 |
| 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. | | (1,442,561) |

| | | |
|---|---|---|
| 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 | $ (137,875,751) | |
| Subscription-based IT arrangements | (477,408) | |
| Compensated absences | (1,964,058) | |
| Aggregate net OPEB liability | (2,597,709) | |
| Aggregate net pension liability | (83,326,176) | |
| In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is | (5,660,855) | |
| Total long-term liabilities | | $ (231,901,957) |
| 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 | (659,459) | |
| Deferred inflows of resources related to pensions | (12,601,202) | |
| Total deferred inflows of resources | | (13,260,661) |
| Total net position | | $ 84,546,771 |

## Note 1 - Purpose of Schedules

**District Organization**

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

**Schedule of Expenditures of Federal Awards**

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, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards*(Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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. Instead, the District has used its federally-negotiated indirect 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 Community Colleges 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**

*Education Code* Section 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 California Community Colleges Chancellor's Office . This schedule provides a reconciliation of the amount reported to the California Community Colleges 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 summarized expenditures of EPA proceeds.

**Reconciliation of the 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, 2023

# Citrus Community College District

EideBailly

CPAs & BUSINESS ADVISORS

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

To the Board of Trustees
Citrus Community College District
Glendora, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the remaining fund information of Citrus Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2023.

**Adoption of New Accounting Standard**

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing the standard, there was no effect on the District's business-type activities beginning net position as of July 1, 2022. 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 were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2023

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

To the Board of Trustees
Citrus Community College District
Glendora, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

In our opinion, Citrus Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2023

EideBailly

CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on State Compliance**

To the Board of Trustees
Citrus Community College District
Glendora, California

**Report on State Compliance**

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

**Opinion**

In our opinion, Citrus Community College District (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, 2023.

***Basis for Opinion***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

***Compliance Requirements Tested***

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

| | |
|---|---|
| Section 411 | SCFF Data Management Control Environment |
| Section 412 | SCFF Supplemental Allocation Metrics |
| Section 413 | SCFF Success Allocation Metrics |
| Section 421 | Salaries of Classroom Instructors (50 Percent Law) |
| Section 423 | Apportionment for Activities Funded From Other Sources |
| Section 424 | Student Centered Funding Formula Base Allocation: FTES |
| Section 425 | Residency Determination for Credit Courses |
| Section 426 | Students Actively Enrolled |
| Section 427 | Dual Enrollment (CCAP) |
| Section 430 | Scheduled Maintenance Program |
| Section 431 | Gann Limit Calculation |
| Section 444 | Apprenticeship Related and Supplemental Instruction (RSI) Funds |
| Section 475 | Disabled Student Programs and Services (DSPS) |
| Section 490 | Propositions 1D and 51 State Bond Funded Projects |
| Section 491 | Education Protection Account Funds |
| Section 492 | Student Representation Fee |
| Section 494 | State Fiscal Recovery Fund |
| Section 499 | COVID-19 Response Block Grant Expenditures |

The District reports no 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 District does not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

# Citrus 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 |
|---|---|
| Student Financial Assistance Cluster | 84.007, 84.033, 84.063, 84.268 |
| 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: Coronavirus State and Local Fiscal Recovery Funds | 21.027 |
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | Yes |

**STATE COMPLIANCE**

| | |
|---|---|
| Type of auditor's report issued on compliance for State programs: | Unmodified |

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Other Information
June 30, 2023

# Citrus Community College District

# Citrus Community College District
Governmental Funds
Balance Sheets (Unaudited)
June 30, 2023

| | General Unrestricted | General Restricted | Community and Contract Education | Bond Interest and Redemption | Capital Outlay Projects | Measure Y Bond Construction |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Cash and cash equivalents | $ 98,970 | $ - | $ - | $ - | $ - | $ - |
| Investments | 40,488,789 | 17,505,922 | 4,298 | 16,782,174 | 52,474,889 | 47,934,895 |
| Accounts receivable | 2,257,339 | 3,029,095 | 1,300 | - | 505,973 | 502,000 |
| Due from other funds | 1,502,392 | - | - | - | - | - |
| Total assets | $ 44,347,490 | $ 20,535,017 | $ 5,598 | $ 16,782,174 | $ 52,980,862 | $ 48,436,895 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | $ 5,427,661 | $ 1,225,646 | $ 5,598 | $ - | $ 6,123,988 | $ 30,373 |
| Due to other funds | - | - | - | - | - | - |
| Other current liabilities | 1,487,535 | - | - | - | - | - |
| Unearned revenue | 895,885 | 15,369,403 | - | - | 6,438 | - |
| Total liabilities | 7,811,081 | 16,595,049 | 5,598 | - | 6,130,426 | 30,373 |
| Fund Balances | | | | | | |
| Reserved | - | 3,939,968 | - | 16,782,174 | 46,850,436 | 48,406,522 |
| Unreserved | | | | | | |
| Designated | - | - | - | - | - | - |
| Undesignated | 36,536,409 | - | - | - | - | - |
| Total fund balances | 36,536,409 | 3,939,968 | - | 16,782,174 | 46,850,436 | 48,406,522 |
| Total liabilities and fund balances | $ 44,347,490 | $ 20,535,017 | $ 5,598 | $ 16,782,174 | $ 52,980,862 | $ 48,436,895 |

See Note to Other Information

# Citrus Community College District
Governmental Funds
Balance Sheets (Unaudited)
June 30, 2023

| | Associated Students Organization | Student Representation Fee | Student Financial Aid | Pension Stabilization Trust | Total Governmental Funds (Memorandum Only) |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and cash equivalents | $ 1,625,876 | $ - | $ 8,745 | $ - | $ 1,733,591 |
| Investments | 1,831,342 | 183,299 | - | 4,804,524 | 182,010,132 |
| Accounts receivable | 104,820 | (57,665) | 3,798,213 | - | 10,141,075 |
| Due from other funds | - | - | - | - | 1,502,392 |
| Total assets | $ 3,562,038 | $ 125,634 | $ 3,806,958 | $ 4,804,524 | $ 195,387,190 |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | $ 210,020 | $ (14,314) | $ 757,657 | $ - | $ 13,766,629 |
| Due to other funds | - | - | 1,502,392 | - | 1,502,392 |
| Other current liabilities | - | - | - | - | 1,487,535 |
| Unearned revenue | 54,733 | - | 1,546,909 | - | 17,873,368 |
| Total liabilities | 264,753 | (14,314) | 3,806,958 | - | 34,629,924 |
| Fund Balances | | | | | |
| Reserved | 1,813,796 | 139,948 | - | 4,804,524 | 120,923,572 |
| Unreserved | | | | | |
| Designated | 1,483,489 | - | - | - | 1,483,489 |
| Undesignated | - | - | - | - | 38,350,205 |
| Total fund balances | 3,297,285 | 139,948 | - | 4,804,524 | 160,757,266 |
| Total liabilities and fund balances | $ 3,562,038 | $ 125,634 | $ 3,806,958 | $ 4,804,524 | $ 195,387,190 |

See Note to Other Information

# Citrus Community College District

Governmental Funds

Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)

Year Ended June 30, 2023

| | General Unrestricted | General Restricted | Community and Contract Education | Bond Interest and Redemption | Capital Outlay Projects | Measure Y Bond Construction |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Federal revenues | $ 20,384 | $ 4,000,048 | $ - | $ - | $ - | $ - |
| State revenues | 81,511,487 | 15,130,506 | - | 90,441 | 3,811,700 | - |
| Local revenues | 14,900,972 | 904,721 | 40,786 | 17,136,671 | 1,723,909 | 1,058,231 |
| Total revenues | 96,432,843 | 20,035,275 | 40,786 | 17,227,112 | 5,535,609 | 1,058,231 |
| Expenditures | | | | | | |
| Current Expenditures | | | | | | |
| Academic salaries | 33,848,259 | 2,953,996 | 17,075 | - | - | - |
| Classified salaries | 19,094,064 | 4,828,126 | 93,037 | - | 328,917 | - |
| Employee benefits | 25,192,124 | 3,461,578 | 62,142 | - | 131,850 | - |
| Books and supplies | 2,116,261 | 870,237 | 15,054 | - | 327,921 | - |
| Services and operating expenditures | 6,893,350 | 1,318,627 | 15,019 | - | 1,506,980 | 221,584 |
| Capital outlay | 907,658 | 4,140,986 | - | - | 5,358,153 | - |
| Debt service - principal | - | - | - | 13,685,000 | - | - |
| Debt service - interest and other | - | - | - | 3,714,940 | - | - |
| Total expenditures | 88,051,716 | 17,573,550 | 202,327 | 17,399,940 | 7,653,821 | 221,584 |
| Excess of Revenues Over (Under) Expenditures | 8,381,127 | 2,461,725 | (161,541) | (172,828) | (2,118,212) | 836,647 |
| Other Financing Sources (Uses) | | | | | | |
| Operating transfers in | 1,149,187 | 17,538 | 141,439 | - | 5,000,000 | - |
| Operating transfers out | (6,757,167) | (1,124,297) | - | - | - | - |
| Other uses | (57,400) | (1,527,769) | - | - | - | - |
| Total other financing sources (uses) | (5,665,380) | (2,634,528) | 141,439 | - | 5,000,000 | - |
| Change in Fund Balances | 2,715,747 | (172,803) | (20,102) | (172,828) | 2,881,788 | 836,647 |
| Fund Balances, Beginning of Year | 33,820,662 | 4,112,771 | 20,102 | 16,955,002 | 43,968,648 | 47,569,875 |
| Fund Balances, End of Year | $ 36,536,409 | $ 3,939,968 | $ - | $ 16,782,174 | $ 46,850,436 | $ 48,406,522 |

See Note to Other Information

# Citrus Community College District

Governmental Funds

Statements of Revenues, Expenditures, and Changes in Fund Balances (Unaudited)

Year Ended June 30, 2023

| | Associated Students Organization | Student Representation Fee | Student Financial Aid | Pension Stabilization Trust | Total Governmental Funds (Memorandum Only) |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Federal revenues | $ - | $ - | $ 16,039,637 | $ - | $ 20,060,069 |
| State revenues | - | - | 5,757,126 | - | 106,301,260 |
| Local revenues | 1,475,910 | 19,391 | - | 267,627 | 37,528,218 |
| Total revenues | 1,475,910 | 19,391 | 21,796,763 | 267,627 | 163,889,547 |
| Expenditures | | | | | |
| Current Expenditures | | | | | |
| Academic salaries | 15,700 | - | - | - | 36,835,030 |
| Classified salaries | 441,006 | - | - | - | 24,785,150 |
| Employee benefits | 114,194 | - | - | - | 28,961,888 |
| Books and supplies | 229,898 | - | - | - | 3,559,371 |
| Services and operating expenditures | 825,240 | 4,335 | - | 14,319 | 10,799,454 |
| Capital outlay | 3,317 | - | - | - | 10,410,114 |
| Debt service - principal | - | - | - | - | 13,685,000 |
| Debt service - interest and other | - | - | - | - | 3,714,940 |
| Total expenditures | 1,629,355 | 4,335 | - | 14,319 | 132,750,947 |
| Excess of Revenues Over (Under) Expenditures | (153,445) | 15,056 | 21,796,763 | 253,308 | 31,138,600 |
| Other Financing Sources (Uses) | | | | | |
| Operating transfers in | 1,200 | - | - | - | 6,309,364 |
| Operating transfers out | (1,200) | - | (24,890) | - | (7,907,554) |
| Other uses | (196,203) | - | (21,771,873) | - | (23,553,245) |
| Total other financing sources (uses) | (196,203) | - | (21,796,763) | - | (25,151,435) |
| Change in Fund Balances | (349,648) | 15,056 | - | 253,308 | 5,987,165 |
| Fund Balances, Beginning of Year | 3,646,933 | 124,892 | - | 4,551,216 | 154,770,101 |
| Fund Balances, End of Year | $ 3,297,285 | $ 139,948 | $ - | $ 4,804,524 | $ 160,757,266 |

See Note to Other Information

| | Enterprise Fund Golf Driving Range | Internal Service Fund |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | $ 700 | $ 841,887 |
| Investments | 248,885 | 5,397,547 |
| Accounts receivable | 1,914 | 56,527 |
| Total assets | $ 251,499 | $ 6,295,961 |
| Liabilities and Fund Equity | | |
| Liabilities | | |
| Accounts payable | $ 7,083 | $ 1,218 |
| Fund Equity | | |
| Retained earnings | 244,416 | 6,294,743 |
| Total liabilities and fund equity | $ 251,499 | $ 6,295,961 |

| | Enterprise Fund<br>Golf<br>Driving Range | Internal<br>Service<br>Fund |
|---|---|---|
| Operating Revenues | | |
| Sales and commissions | $ 132,572 | $ - |
| Premium contributions | - | 1,159,852 |
| Total operating revenues | $ 132,572 | $ 1,159,852 |
| Operating Expenses | | |
| Classified salaries | 67,446 | - |
| Employee benefits | 32,883 | - |
| Books and supplies | 53,771 | - |
| Services and other operating expenditures | 5,470 | 1,907,679 |
| Capital outlay | 9,331 | - |
| Total operating expenses | 168,901 | 1,907,679 |
| Operating Loss | (36,329) | (747,827) |
| Nonoperating Revenues | | |
| Investment income | 4,370 | 73,873 |
| Operating transfers in | 50,000 | 1,548,190 |
| Total nonoperating revenues | 54,370 | 1,622,063 |
| Net Income | 18,041 | 874,236 |
| Retained Earnings, Beginning of Year | 226,375 | 5,420,507 |
| Retained Earnings, End of Year | $ 244,416 | $ 6,294,743 |

| | Enterprise Fund Golf Driving Range | Internal Service Fund |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Cash received from sales and commissions | $ 132,572 | $ - |
| Cash received from assessments made to other funds | - | 1,159,852 |
| Cash payments to employees for services | (110,415) | - |
| Cash payments for insurance claims | - | (1,907,090) |
| Cash payments to suppliers for goods and services | (68,572) | - |
| Net Cash Flows From Operating Activities | (46,415) | (747,238) |
| Cash Flows from Investing Activities | | |
| Interest on investments | 2,955 | 21,516 |
| Interfund transfers | 50,000 | 1,548,190 |
| Net Cash Flows From Investing Activities | 52,955 | 1,569,706 |
| Net Increase in Cash and Cash Equivalents | 6,540 | 822,468 |
| Cash and Cash Equivalents - Beginning | 243,045 | 5,416,966 |
| Cash and Cash Equivalents - Ending | $ 249,585 | $ 6,239,434 |
| Reconciliation of Operating Loss to Net Cash Flows From Operating Activities | | |
| Operating loss | $ (36,329) | $ (747,827) |
| Changes in assets and liabilities | | |
| Accounts payable | (10,086) | 589 |
| Net Cash Flows From Operating Activities | $ (46,415) | $ (747,238) |

| | Retiree OPEB Trust |
|---|---|
| Assets | |
| Investments | $ 17,229,734 |
| Fund Balance | |
| Reserved | $ 17,229,734 |

| | Retiree OPEB Trust |
|---|---|
| Revenues | |
| Local revenues | $ 1,108,330 |
| Expenditures | |
| Current | |
| Services and operating expenditures | 120,083 |
| Excess of Revenues Over Expenditures | 988,247 |
| Fund Balance, Beginning of Year | 16,241,487 |
| Fund Balance, End of Year | $ 17,229,734 |

## Note 1 - Purpose of Schedules

### Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of the District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. This information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the preference of District management.