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LONG BEACH COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Fiscal Year Ended June 30, 2023

LONG BEACH COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Long Beach Community College District
Long Beach, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities and the discretely presented component unit Long Beach Community College District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Long Beach Community College District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities and the discretely presented component unit of the Long Beach Community College District, as of June 30, 2023, and the respective changes in its financial position and, where applicable, its 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Long Beach Community College 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 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No., 96, *Subscription-based Information Technology Arrangements*, for the year ending June 30, 2023. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 18 and the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of Contributions – OPEB, the Schedule of OPEB Money-Weighted Rate of Return on Plan Assets, the Schedule of District's Proportionate Share of the Net Pension Liability, and the Schedule of District's Contributions - Pensions on pages 72 to 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is 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 annual report. The other information comprises the Management's Discussion and Analysis section and Continuing Disclosure Information section 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 other 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 November 29, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
November 29, 2023

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The following discussion and analysis provides an overview of the financial position and activities of the Long Beach Community College District (the District) for the year ended June 30, 2023. This discussion is prepared by management and should be read in conjunction with the financial statements and notes, which follow this section. The District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 25,000 students at two campuses, the Liberal Arts Campus and the Pacific Coast Campus. To serve its community, the District offers a comprehensive set of education programs and support services in response to student and community needs. The District plays a key role in transfer preparation, workforce development, basic skills, associate degrees, and economic development.

Accounting Standards

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments," which changed the reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities," which applies these reporting standards to public colleges and universities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow these standards under the Business Type Activity (BTA) model. Nearly all public colleges and universities nationwide have selected the BTA reporting model, which makes it easier to display comparable data. As such, the District uses the BTA model for reporting its financial statements. Under the BTA model, state and local taxes and investment income are classified as nonoperating revenues.

Selected Highlights

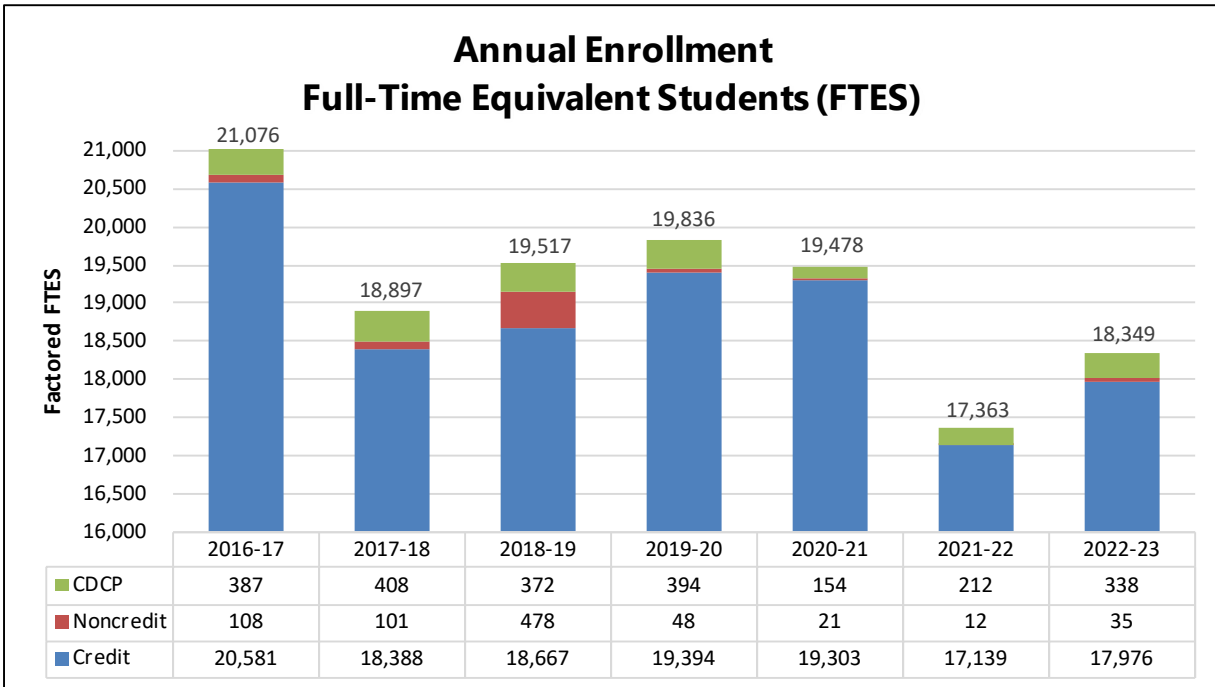
This section provides an overview of the District's financial activities. A comparative analysis is included in this Management's Discussion and Analysis using prior year information.

- Cash balance (cash and cash equivalents) current and restricted increased \$27.8 million from \$375.1 million to \$403.0 million mainly due to increases in state and federal money received and deferred in fiscal year 2022-23.
- Total operating, nonoperating and other revenues increased \$19.7 million (5.4%) from \$359.3 million to \$378.9 million due to increases in state apportionment and Federal grants.

The District's primary funding source is "State Apportionment Funding" received from the State of California through the State Chancellor's Office. This funding is one component of the overall student centered funding formula for community colleges. The other two components are local property taxes and student enrollment fees, which were \$46 per unit in the year ended June 30, 2023. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our total apportionment eligible FTES reported was 18,349 for the 2022-23 fiscal year. This represents an increase of 986 FTES.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Selected Highlights, continued



- Total ending fund balances (modified accrual basis of accounting) increased \$5.3 million (1.6%) from \$342.6 million to \$347.9 million due mainly to surpluses in the unrestricted general fund and the capital outlay fund less construction spending in the bond fund.
- Net position (full accrual basis of accounting) deficit increased \$42.6 million (122.0%) from -\$34.9 million to \$7.7 million surplus, which was mainly due to the \$18.9 million increase in negative investment in capital assets, and the \$23.7 million increase in restricted and unrestricted net position.
- The primary expenditure of the District is for the salaries and benefits for academic, classified, and administrative personnel. These costs increased from the previous fiscal year by \$17.9 million to \$170.0 million. This 11.78% net increase is due to the 6.56% negotiated salary increases and positions added in 2022-23.
- The District continues to make significant progress with the construction of new facilities and the renovation of existing facilities including:

Location	% Complete
<u>Liberal Arts Campus</u>	
ADA Barrier Removal Projects	50%
Music/Theater Complex (Building G & H)	10%
<u>Pacific Coast Campus</u>	
Construction Trades, Phase I (Building MM) Renovation	95%
Construction Trades, Phase II (Building MM) Renovation	25%

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- Projects in the planning and design stages are:
 - Energy Efficiency Measure 2 – Districtwide
 - College Center (Building E) – Liberal Arts Campus
 - Door Access Control – Districtwide
 - North Long Beach Higher Education Complex and Student Housing – Districtwide
 - Stadium and Athletic Sports Complex – Liberal Arts Campus

These projects are funded through the District's \$440 million (Measure E, 2008) and \$850 million (Measure LB, 2016) general obligation bond programs.

- The District provided student financial aid to qualifying students of the District in the amount of \$64.7 million. This represents a \$13.1 million decrease from the 2021-22 fiscal year. This aid is provided through grants and loans from the Federal and State programs. Federal Pell Grant maximums increased 6.2% to \$6,895 per student in 2022-23. The decrease is partially due to the winding down of the HEERF grant program disbursements to students.

Financial Statement Presentation and Basis of Accounting Governmental Funds

The District's financial report includes three primary 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 above are prepared in accordance with GASB Statements No. 34 and No. 35, which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District governmental funds including Student Financial Aid Programs, Proprietary Funds and a portion of the Retiree Benefits Fund deemed to be governmental in nature.

Also, in accordance with GASB 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 the fund balances reported on the June 30, 2023 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net position recorded on the full accrual basis of accounting is shown in the supplemental information of the audit report.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2023.

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. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the District.

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

Cash balance (cash and cash equivalents) current and restricted increased \$27.9 million (7.4%) from \$375.1 million to \$403.0 million mainly due to increases in federal and state aid.

Capital assets increased from \$514.2 million to \$514.7 million. This is the result of the District's continuing investment in constructing and renovating buildings, and equipment purchases at both of the District's two campuses, less accumulated depreciation expense.

Receivables increased \$14.4 million (46.7%) from \$30.7 million to \$45.1 million due to receivables for apportionment, student receivables and receivables for state construction projects.

Prepaid expenses increased \$2.4 million due to increased prepayment for services including software and equipment leases.

Deferred outflows and inflows of resources relate to the consumption and acquisition of net assets that are applicable the future periods. They relate to bond refundings (refinancing), pensions and OPEB liabilities. See the footnotes of the financial statements for further explanation.

Deferred outflows from pensions was \$49.5 million at June 30, 2023. That offsets the pension liability of \$154.4 million and the deferred inflows from pensions of \$18.6 million, which makes the net impact of reporting pensions \$123.4 million, which is down 5.3% from the prior year.

Deferred outflows from OPEB was \$9.5 million at June 30, 2023. That offsets the OPEB liability of \$29.2 million and deferred inflows from OPEB of \$18.4 million, which makes the net impact of reporting the OPEB liability \$38.0 million, which is up 3.8% from the prior year.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Deferred inflows from Leases was \$0.5 million at June 30, 2023. This represents future inflows of lease payments receivable of \$0.7 million.

Long-term liabilities less current portion increased \$24.1 million (2.9%) from \$829.1 million to \$853.2 million due mainly to the increase in the net pension liability and the decrease in the short-term portion.

The components of net position are investment in capital assets, restricted assets and unrestricted assets. The negative \$49.6 million in net position invested in capital assets consists of \$514.7 million in capital assets, net of accumulated depreciation and including the Bond Construction Fund balance of \$115.1 million, less \$690.8 million in bond debt, including bond premiums and deferred outflows.

This investment in capital assets consists of land, infrastructure, buildings, and equipment less any related debt still outstanding used to acquire those assets. The District uses these capital assets to provide educational, meeting, and athletic facilities to students and the community; consequently, these assets are not available for future spending. The resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

The \$87.8 million of restricted net position are assets that must be used to meet the goals and purposes of the Federal, State, local, or private agencies providing the assets, including capital projects, student financial aid, restricted parking and student health fees, associated student body, or amounts designated for debt services.

The value of unrestricted net position was negative \$30.5 million at June 30, 2023. The negative balance is primarily due to the recognition of \$154.4 million net pension liability for STRS and PERS. The net impact of financial reporting for pensions is a negative \$123.4 million (\$6.9 million decrease from prior year). In addition, with the implementation of GASB Statements No. 74 and No. 75 in the 2016-17 fiscal year, we are now required to report our net Other Post-employment Benefits (OPEB) liability on our statement of net position. The net OPEB liability and Medical Premium Program decreases the net position deficit an additional \$38.5 million. Without recognizing these net liabilities, the unrestricted net position would be a positive \$131.4 million, which is a \$15.8 million increase from prior year. Much of the positive portion of unrestricted net position has been designated by the Board for such purposes as outstanding commitments on contracts, awards, child development, community education and retiree health benefits and general reserves for the ongoing financial health of the District.

Additionally, in accordance with the Chancellor's Office's recommendation of unrestricted general fund reserves of two months of expenses, the District adopted Board Policy 6200, which requires a 16.67% reserve.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

A summarized comparison of statement of net position is presented herein:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	2022	Change
Current assets	\$ 252,139,168	\$ 192,140,154	\$ 59,999,014
Non-current assets	720,903,447	731,952,951	(11,049,504)
Deferred outflow of resources	70,436,959	58,551,048	11,885,911
Total Assets and Deferred Outflows of Resources	1,043,479,574	982,644,153	60,835,421
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	145,213,170	111,009,954	34,203,216
Non-current liabilities	853,163,444	829,018,250	24,145,194
Deferred inflows of resources	37,431,311	77,557,032	(40,125,721)
Total Liabilities and Deferred Inflows of Resources	1,035,807,925	1,017,585,236	18,222,689
NET POSITION			
Invested in capital assets, net of related debt	(49,606,164)	(68,550,491)	18,944,327
Restricted	87,804,733	85,568,369	2,236,364
Unrestricted	(30,526,920)	(51,958,961)	21,432,041
Total Net Position	\$ 7,671,649	\$ (34,941,083)	\$ 42,612,732

This schedule has been prepared from the Statement of Net Position presented on page 19.

Statement of Revenues, Expenses, and Change in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes 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 and/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 educational and programmatic services to students, customers and constituencies of the District. Operating expenses are those expenses incurred to provide services provided in return for the operating revenues used to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, state apportionments are nonoperating revenues because they are provided by the legislature to the District without the legislature directly receiving services for those revenues.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

A summarized comparison of the Statement of Revenues, Expenses, and Changes in Net Position is presented herein:

	2023	2022	Change
OPERATING REVENUES			
Tuition and fees (net)	\$ 13,436,605	\$ 11,690,009	\$ 1,746,596
Grants and contracts	108,420,569	89,321,009	19,099,560
Auxiliary enterprise sales, net	345,082	324,334	20,748
Total Operating Revenues	122,202,256	101,335,352	20,866,904
OPERATING EXPENSES			
Salaries and benefits	169,959,165	152,041,803	17,917,362
Supplies, materials, and other operating expenses	56,857,712	71,251,411	(14,393,699)
Financial aid	64,741,678	77,838,416	(13,096,738)
Depreciation and amortization	21,909,858	18,851,785	3,058,073
Total Operating Expenses	313,468,413	319,983,415	(6,515,002)
Operating Loss	(191,266,157)	(218,648,063)	27,381,906
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	109,999,293	98,742,604	11,256,689
Local property taxes, noncapital	41,673,323	36,119,583	5,553,740
State taxes and other revenues, noncapital	12,620,416	7,215,465	5,404,951
Federal grants and contracts	21,140,764	45,585,238	(24,444,474)
Investment income	2,530,428	(2,002,349)	4,532,777
Other non-operating revenues	8,955,600	11,426,672	(2,471,072)
Total Non-Operating Revenues (Expenses)	196,919,824	197,087,213	(167,389)
OTHER REVENUES (EXPENSES)			
State apportionments, capital	5,094,711	13,171,520	(8,076,809)
Local property taxes and revenues, capital	49,375,302	46,658,176	2,717,126
Interest and investment income, capital	5,268,315	1,011,481	4,256,834
Interest expense and costs of issuing capital asset-related debt	(22,841,546)	(22,980,396)	138,850
Gain (loss) on disposal of asset	62,283	5,043,754	(4,981,471)
Change in Net Position	42,612,732	21,343,685	21,269,047
NET POSITION -- BEGINNING OF YEAR	(34,941,083)	(56,460,895)	21,519,812
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 16)	-	176,127	(176,127)
NET POSITION -- END OF YEAR	\$ 7,671,649	\$ (34,941,083)	\$ 42,612,732

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

While the distinction between operating and nonoperating revenues is useful to managers of for profit business enterprises, this distinction is not as important for managers of public sector community colleges. Therefore, to simplify the discussion, operating revenue, nonoperating revenue and other revenues were combined in the following table:

REVENUES	2023	2022	Change
Operating revenues	\$ 122,202,256	\$ 101,335,352	\$ 20,866,904
Nonoperating revenues	196,919,824	197,087,213	(167,389)
Other revenues	59,800,611	65,884,931	(6,084,320)
Total Revenues	378,922,691	364,307,496	14,615,195
EXPENSES			
Operating expenses	313,468,413	319,983,415	(6,515,002)
Other expenses	22,841,546	22,980,396	(138,850)
Total Expenses	336,309,959	342,963,811	(6,653,852)
CHANGE IN NET POSITION	42,612,732	21,343,685	21,269,047
NET POSITION -- BEGINNING OF YEAR	(34,941,083)	(56,460,895)	21,519,812
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 16)	-	176,127	(176,127)
NET POSITION -- END OF YEAR	\$ 7,671,649	\$ (34,941,083)	\$ 42,612,732

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position presented on page 20.

Operating revenues increased \$20.9 million (20.6%) due to the decrease in state grant revenue.

Nonoperating revenues decreased \$0.2 million.

Operating expenses decreased by \$6.5 million due mainly to the decrease in student financial aid disbursements.

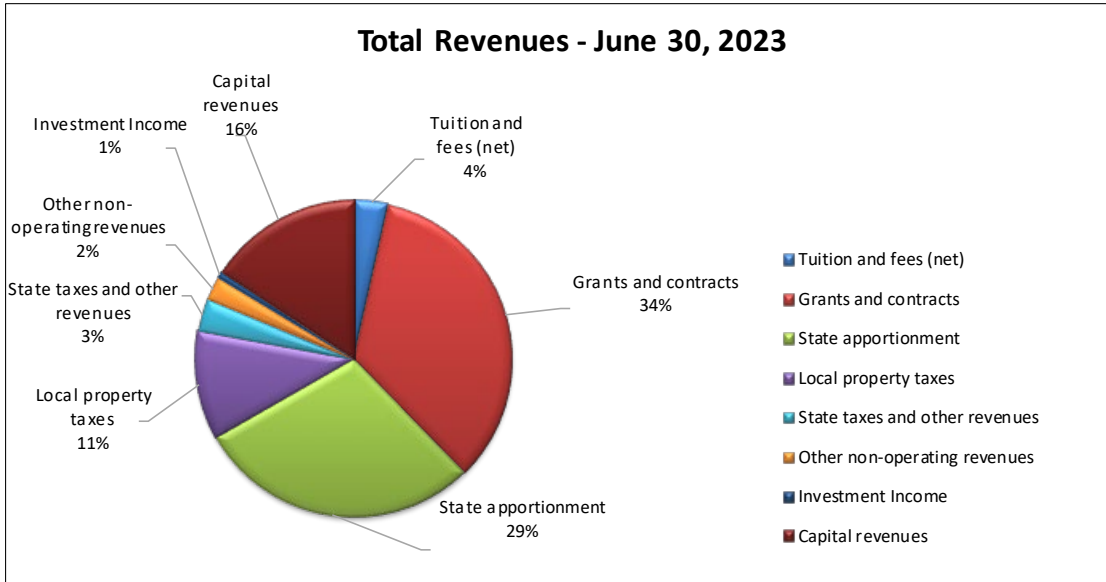
Total revenues were \$378.9 million while total expenditures were \$336.30 million. This yields an increase in net position of \$42.6 million.

Pronouncements effective in recent years require the District to reflect its proportionate share of pension liabilities in the financial statements. In addition, the implementation of GASB Statements No. 74 and No. 75 require us to report the full value of our net OPEB liability. As a result, most community college districts will show a negative net position on their financial statements.

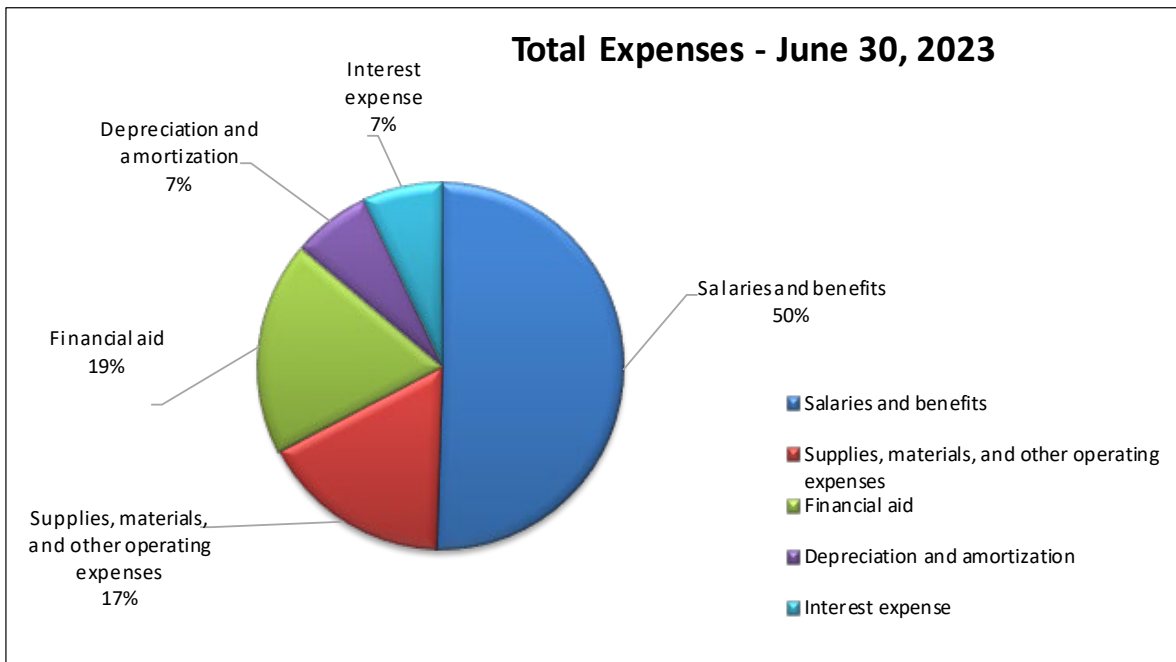
The combined net effect of pension liabilities for STRS and PERS and the OPEB and MPP liability, including deferred inflows and outflows, is \$159.7 million as of June 30, 2023. The District's net position would be higher by that amount if the liabilities were not required to be presented in the financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The following chart shows the sources of revenue to the District. The largest sources are State apportionment; noncapital (29%) which is derived from the State’s funding formula for Community Colleges; and Grants & Contracts, noncapital (34%).



The following chart shows where the District’s money is spent. The largest category of expenses (50%) is for salaries and benefits. This reflects the college’s reliance on faculty members and support staff to carry out its educational mission.



**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Statement of Cash Flows

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

The Statement of Cash Flows is divided into four parts: Cash Flows from Operating Activities, Cash Flows from Non-Capital Financing Activities, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities. The first part reflects operating cash flows and shows the net cash used for the operating activities of the District. The second part details cash received for nonoperating, non-investing and noncapital financial purposes. The third part shows net cash flows for capital projects and related financing activities. This part deals with the cash used for the construction and improvement of capital facilities and related items. The fourth part provides information from investing activities and the amount of interest received.

Operating activities – Cash receipts from operating activities are derived from a variety of sources, including from student fees, enterprise activities, and from Federal, State, local, and private grants. Uses of cash are salaries and benefits for employees, payments to vendors, and financial aid to students. Cash receipts and payments vary based on timing of the District receiving and disbursing cash; however, throughout the year, the District always maintained a positive cash position.

Noncapital financing activities – These cash sources include State apportionment, and local property taxes.

Capital and related financing – The cash used in this section includes purchases of capital assets and debt repayments related to the general obligation bond program.

Investing activities – The primary cash source is interest income from deposits with the County Treasury.

The net change in cash, considering all sources and uses, was an increase of \$27.8 million. This results in an end of year cash balance of \$403.0 million. As a matter of prudent financial management, the District maintains a positive cash position at all times.

A summarized comparison of the Statement of Cash Flows follows is presented herein:

CASH PROVIDED BY (USED IN)	2023	2022	Change
Operating activities	\$ (150,039,328)	\$ (171,131,483)	\$ 21,092,155
Noncapital financing activities	194,396,811	191,094,184	3,302,627
Capital and related financing activities	(19,052,010)	145,614,480	(164,666,490)
Investing activities	2,530,428	(2,002,349)	4,532,777
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 27,835,901	\$ 163,574,832	\$ (135,738,931)

This schedule has been prepared from the Statement of Cash Flow presented on page 21.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Net cash flows used in operating activities decreased by \$21.1 million, which is due mainly to the increase in outflows to suppliers and employees.

Cash flows from noncapital financing activities increased \$3.3 million due to increases in state apportionment less other decreases.

Cash flows from capital and related financing activities decreased \$164.7 million. This is mainly due to the issuance of 2016 Series D and sale of land that took place in fiscal year 2021-22.

Capital Assets and Debt Administration

Capital Assets

In accordance with financial statement reporting requirements, all assets, including land, is recorded at historical cost. Actual fair-market value of land is substantially higher than historical cost. This is due to the fact that land for the Liberal Arts Campus and the Pacific Coast Campus was acquired approximately eighty years ago and land values in Southern California have increased over this time. On June 30, 2022, the District had \$514.2 million, net of depreciation, in a broad range of capital assets including land, buildings, equipment and construction in progress. During the 2022-23 fiscal year, the District continued to modernize various facilities throughout the District at a cost of \$20.2 million. At the end of the year capital assets, net of depreciation, were valued at \$514.7 million, which is a 0.1% increase.

Note 7 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below:

	2023	2022	Change
Capital Assets not being depreciated	\$ 50,170,453	\$ 151,465,719	\$ (101,295,266)
Capital Assets being depreciated	669,689,862	548,291,219	121,398,643
Accumulated depreciation	(205,209,812)	(185,590,920)	(19,618,892)
Total Capital Assets	\$ 514,650,503	\$ 514,166,018	\$ 484,485

The \$101.3 million decrease in capital assets not being depreciated is due to the transition of over \$100 million in construction in progress to site improvements in 2022-23.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Long-Term Debt

As of June 30, 2022, the District had \$829.0 million in long-term debt. During the 2022-23 fiscal year, long-term debt increased by \$13.0 million. This is due to increases in pension liability offset by payments made on general obligation bonds. The District's bond rating is AA (S&P) and Aa2 (Moody's).

Notes 8 through 11 to the financial statements provide additional information on long-term liabilities. The reporting of pension liabilities for STRS and PERS is explained in Note 12 and in statements in the Required Supplementary Information (RSI) section of this report. The net OPEB liability is explained further in the footnotes and RSI. A comparison of long-term debt is summarized herein:

	2023	2022	Change
General obligation bonds, net	\$ 690,752,057	\$ 722,203,949	\$ (31,451,892)
Supplemental employee retirement plan	2,692,641	4,272,212	(1,579,571)
Compensated absences	6,454,129	6,613,211	(159,082)
Lease liability	717,715	1,144,769	(427,054)
Software leases	4,470,742	-	4,470,742
Medicare Premium Payment (MPP) program	460,656	573,239	(112,583)
Net OPEB liability	29,175,961	35,674,602	(6,498,641)
Net pension liability	154,364,523	100,020,159	54,344,364
Total Long-term Liabilities	889,088,424	870,502,141	18,586,283
Amounts due within one-year	(35,924,980)	(41,483,891)	(5,558,911)
Total Long-Term Portion	\$ 853,163,444	\$ 829,018,250	\$ 13,027,372

District's Fiduciary Responsibility

The Futuris Public Entity Investment Trust (the Retiree Benefit Trust) was established in May 2006. The Retiree Benefit Trust is an irrevocable government trust for the purpose of funding postemployment health benefits. The District acts as the fiduciary of the Retiree Benefit Trust and the financial activity of the Retiree Benefit Trust has been presented in separate statements in the financial statements.

Economic Factors Affecting the Future of Long Beach Community College District

State Economy

The economic position of Long Beach Community College District is closely tied to the economic health of the State of California. State apportionment, noncapital, tuition and fees, and local property taxes support a significant portion of total operating expenses, excluding depreciation.

2023-24 State Budget. The Governor funded the 8.22% statutory cost of living adjustment (COLA) for 2023-24. The Budget uses several mechanisms to close the projected state shortfall, including funding delays, reductions from prior budgets, internal fund shifts and internal borrowing. It is rare that a prior year budget allocation is reduced in the subsequent year's budget. So, the \$500 million reduction to the Deferred Maintenance/Instructional Equipment Block grant is a sign for concern. Recent economic news has been mixed, but many factors lead to uncertainty in future state revenues.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

2024-25 State Budget. Governor Newsom will release the 2024-25 State Budget by January 10, 2024. The 2023 Budget act contemplated a \$14 billion budget deficit for 2024-25. Early 2023-24 state revenues were in line budget act projections. Significant revenue was anticipated in October 2023 due to the delayed tax filing deadlines. The IRS and the state further delayed the deadlines to November, which provides further risk for the 2024-25 State Budget. The \$42 billion anticipated in October has not yet materialized. So, the Governor and state legislators could be forced to navigate a significant budget deficit next year.

Student-Centered Funding Formula (SCFF). 2023-24 is the sixth year of the Student-Centered Funding Formula (SCFF). Adjustments to the formula continue. Original plans were to increase student success with a simple, understandable formula. Unfortunately, the SCFF has evolved into a complex formula due to hold harmless, stability and three-year averaging along with emergency conditions and other allowances. For planning purposes, we have to be aware that cost of living adjustments (COLA) are applied to funding rates, but they do not necessarily translate into that same percentage of increased apportionment revenue.

Some of the main features of the SCFF are:

- SCFF Allocations — The formula continues to provide 70% base allocation, 20% for equity allocation, and 10% for the student success allocation.
 - Base Grants (70%) — District base grants determined by three-year rolling average of credit FTES enrollment. Noncredit, special admit credit and incarcerated credit FTES are funded at existing rates multiplied by current year FTES.
 - Supplemental Grant (20%) — Supplemental grants based on the number of low-income students that the district enrolls based on prior year head count for three factors: (1) headcount of all students who receive a College Promise Grant fee waiver (formerly known as the BOG Waiver); (2) Pell Grant recipient headcount enrollment; and (3) AB540 students per the California Dream Grant application.
 - Student Success Incentive Grant (10%) — Funding based on an elaborate point system derived from metrics related to student progress, outcomes (degrees and transfers) and wages after graduation. These success metrics are now based on a three-year average (the prior year and the two previous years' data).
- “Summer Shift” – continues. This provision continues the district’s ability to choose the fiscal year in which to report specified summer FTES for summer enrollment that overlaps fiscal years. This strategy has become less common with the various factors of the SCFF including three-year averaging. The District has not used this option in several years, but it continues to be evaluated as a possibility.
- Hold Harmless Provision – was extended an additional year to a total of seven years. Districts are funded at least at their 2017-18 funding levels plus COLA’s for fiscal years 2018-19 through 2024- 25. For 2025-26 and after, the hold harmless amount becomes the prior year, 2024-25 total computational revenue and does not change going forward. Therefore, it will become less of a factor and eventually a non-factor as other rates increase.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- SCFF Allowances – The Chancellor’s Office provides several allowances in the SCFF to lessen the impact of decreased revenue due to low metrics under the formula. The emergency conditions allowance (ECA) allowed districts to receive their same level of apportionment funding despite declines in metrics due to emergency conditions, including the COVID-19 pandemic. This allowance was extended into 2022-23. Due to that allowance, LBCCD has been able to use prior (2019-20) FTES for the apportionment calculation instead of actual declining FTES. Due to that allowance, District apportionment has been above the hold harmless level in recent years.
- Base funding – Districts receive base funding determined by the size of the college. LBCC received large college funding in past years due to total full-time equivalent students (FTES) over 20,000. LBCC FTES fell below that level several years ago, but continued to receive large college base funding due to the three-year stability and the emergency conditions allowance (ECA) features in the SCFF. That ends for the 2023-24 fiscal year. So, LBCC will be funded at the medium college rate, which is over \$2 million below the large college rate.
- Growth/restoration funding – Due to declining enrollment in recent years, LBCC has not received growth funding for several years. Districts that work to increase enrollment back up to previous levels receive restoration funding. Growth funding is typically limited by the Chancellor’s Office. LBCCD’s growth authority was limited to 0.12% under the 2023-24 State Budget. In future years when we are back in growth mode, this limitation could be a major factor and result in unfunded FTES as we had after the great recession.

Challenges

The District continues to face challenges. Some challenges are state-wide challenges while some are unique to certain areas or districts. The major challenges known at this time are discussed below.

COVID-19/Transition. In the post-pandemic environment, businesses and organizations wrestle with decisions regarding work modalities. More of our classes, meetings and office work have transitioned back to substantially in person. Online options continue to provide flexibility. We continue to work through the challenges of keeping students engaged by providing the optimal mix of in-person, online and hybrid classes. In 2022-23, LBCCD joined the statewide California Virtual Campus (CVC), which allows students to enroll in LBCC online courses from anywhere in the state through their home college.

COVID-19 Aid. The Federal and State governments responded to the COVID-19 pandemic by providing aid to community colleges to help pay for the additional costs related to the pandemic and student re-engagement. The Federal government provided Higher Education Emergency Relief Funding (HEERF) funding. Spending deadlines for those funds were extended to June 30, 2024. The District will use remaining funds to complete remaining HEERF projects. Going forward LBCCD will need to determine how to fund ongoing COVID related expenses with other funding.

Increasing Pension Obligations. Underfunded statewide pensions have been addressed in recent years by increased contribution rates for the state, employees and employers. The Governor did not provide one-time allocations in the 2023-24 State Budget (as he did in previous years) to reduce the burden on employers. Rates increased significantly in 2022-23, with a 2.46% PERS increase and a 2.18% STRS increase. The employer STRS rate has leveled out for now, but may be increased depending on future pension funding deficit projections.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Enrollment. Enrollment (full-time equivalent students or FTES) remains the single largest impact on the student-centered funding formula at 70% of the formula. Declining enrollment had been an issue throughout the state in recent years due to factors including declining K-12 enrollment. The COVID-19 pandemic has increased the problem. LBCCD and other community colleges throughout the state reported enrollment declines in 2020-21 and 2021-22. LBCCD outreach and re-engagement efforts have helped increase enrollment. LBCCD 2022-23 FTES is up 5.7% from the prior year. Fall 2023 FTES is showing similar increases, but we are still below pre-pandemic levels. We continue to explore enrollment marketing strategies to try to improve our enrollment to avoid decreased apportionment funding now that the emergency conditions allowance has expired. New State Chancellor, Christian is promoting dual enrollment to help engage potential college students early and to increase enrollment. LBCC is investing in dual enrollment initiatives in 2023-24.

Student Success Metrics. We continue to work to improve the timely completion of students' goals including certificates, degrees and transfers as well as encouraging Pell applicants. Our goal is to achieve overall metrics that allow us to achieve apportionment revenue above the hold harmless and stability levels now that the emergency conditions allowance (ECA) has expired.

Other Updates

Retiree Health Fund. In past years, the District funded the Retiree Health Fund with contributions of at least the actuarial determined Annual Required Contribution (ARC) amount. Now that the net OPEB liability is fully reported on these financial statements, the ARC is not calculated as part of our Actuarial Studies. However, the ARC estimate provided by our Actuary is \$4.3 million as of June 30, 2023. The Retiree Health Fund ended the 2022-23 year with a \$44.6 million fund balance. Of that balance, \$9.8 million represents the ending fund balance of the irrevocable Retiree Benefit Trust reported in a separate statement of net position and statement of changes in net position for Other Postemployment Benefits (OPEB) Plan.

Equity Award. Long Beach City College (LBCC) received a tremendously generous gift of \$30 million from author and philanthropist MacKenzie Scott (through Fidelity Charitable). The unrestricted gift prioritizes initiatives that:

- Improve student academic outcomes by addressing racial equity gaps
- Engage in race-conscious and equity-minded practices that promote an inclusive and affirming campus environment
- Increase holistic support services for our most vulnerable students.

Detailed budget plans have been developed for this award based on suggestions from the Advisory Group formed by Dr. Munoz. The group, made up of all College stakeholders, developed a broad framework for allocating the gift in alignment with the racial equity funding priorities to student scholarships, supports for most vulnerable students, and long-term investments to generate income for many years to come.

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 questions about this report or need any additional financial information, contact John Thompson, Director of Fiscal Services, at: Long Beach Community College District, 4901 E. Carson Street – Y14, Long Beach, CA 90808, (562) 938-4102, or via email at jthompson@lbcc.edu.

FINANCIAL SECTION

LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 202,502,560
Accounts receivable, net	45,054,064
Prepaid expenditures and other assets	4,582,544
Total Current Assets	<u>252,139,168</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	200,467,548
Lease receivable	685,223
Intangible right of use assets, net	5,100,173
Capital assets, net	514,650,503
Total Noncurrent Assets	<u>720,903,447</u>
TOTAL ASSETS	<u>973,042,615</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	11,390,044
Deferred outflows - OPEB	9,535,658
Deferred outflows - pensions	49,511,257
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>70,436,959</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,043,479,574</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 49,187,283
Accrued interest	6,784,914
Unearned revenue	52,440,779
Estimated claims liability	194,828
Amounts held in trust for Others	680,386
Long-term debt, current portion	35,924,980
Total Current Liabilities	<u>145,213,170</u>
Noncurrent Liabilities:	
Long-term debt, non-current portion	853,163,444
Total Noncurrent Liabilities	<u>853,163,444</u>
TOTAL LIABILITIES	<u>998,376,614</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - leases	495,998
Deferred inflows - OPEB	18,356,512
Deferred inflows - pensions	18,578,801
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>37,431,311</u>
NET POSITION	
Net investment in capital assets	(49,606,164)
Restricted for:	
Debt service	37,060,849
Capital projects	42,642,241
Scholarship and loans	121,523
Other special purpose	7,980,120
Unrestricted	(30,526,920)
TOTAL NET POSITION	<u>7,671,649</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,043,479,574</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES	
Tuition and fees (gross)	\$ 28,045,975
Less: Scholarship discounts and allowances	(14,609,370)
Net tuition and fees	<u>13,436,605</u>
Grants and contracts, noncapital:	
Federal	61,865,260
State	43,548,269
Local	3,007,040
Auxiliary enterprise sales, net	<u>345,082</u>
TOTAL OPERATING REVENUES	<u>122,202,256</u>
OPERATING EXPENSES	
Salaries	120,617,464
Employee benefits	49,341,701
Supplies, materials, and other operating expenses	56,857,712
Financial aid	64,741,678
Depreciation and amortization	<u>21,909,858</u>
TOTAL OPERATING EXPENSES	<u>313,468,413</u>
OPERATING LOSS	<u>(191,266,157)</u>
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	109,999,293
Local property taxes, noncapital	41,673,323
State taxes and other revenues, noncapital	12,620,416
Federal grants and contracts	21,140,764
Interest and investment loss, noncapital	2,530,428
Other revenues	<u>8,955,600</u>
TOTAL NON-OPERATING REVENUES	<u>196,919,824</u>
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>5,653,667</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	
State apportionments, capital	5,094,711
Local property taxes and revenues, capital	49,375,302
Interest and investment income, capital	5,268,315
Interest expense and costs of issuing capital asset-related debt	(22,841,546)
Gain on disposal of asset	<u>62,283</u>
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES	<u>36,959,065</u>
CHANGE IN NET POSITION	42,612,732
NET POSITION -- BEGINNING OF YEAR	<u>(34,941,083)</u>
NET POSITION -- END OF YEAR	<u>\$ 7,671,649</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 13,436,605
Grants and contracts	122,800,207
Payments to or on behalf of employees	(174,183,680)
Payments to vendors for supplies and services	(47,807,699)
Payment to students	(64,629,843)
Auxiliary sales and receipts	345,082
Net Cash Used by Operating Activities	<u>(150,039,328)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	109,999,293
Local property taxes	41,673,323
State taxes and other revenues	12,620,416
Federal grants and contracts	21,140,764
Other non-operating revenues	8,963,015
Net Cash Provided by Non-capital Financing Activities	<u>194,396,811</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Net purchase and sale of capital assets	(20,174,455)
State revenue, capital projects	5,094,711
Local revenue, capital	49,375,302
Interest earned on capital related debt	5,268,315
Principal paid on capital debt	(41,107,665)
Interest paid on capital debt	(17,508,218)
Net Cash Used by Capital and Related Financing Activities	<u>(19,052,010)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income (expense)	2,530,428
Net Cash Provided by Investing Activities	<u>2,530,428</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

27,835,901

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

375,134,207

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 402,970,108

**LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating loss	\$ (191,266,157)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and amortization expense	21,909,858
Changes in Assets and Liabilities:	
Accounts receivable, net	(14,340,298)
Prepaid expenditures and other assets	(2,367,409)
Deferred outflows - pensions	(14,914,873)
Deferred outflows - OPEB	1,596,676
Accounts payable and accrued liabilities	11,417,422
Deferred revenue	28,719,936
Amounts held for others	111,835
Compensated absences	(159,082)
Net OPEB liability	(6,723,807)
Net pension liability	54,344,364
Medical Premium Payment	112,583
Supplemental Employee Retirement Plan	1,579,571
Deferred inflows - pensions	(46,358,113)
Deferred inflows - OPEB	6,298,166
Total Adjustments	<u>41,226,829</u>
Net Cash Flows From Operating Activities	\$ (150,039,328)

COMPONENTS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 202,502,560
Restricted cash and cash equivalents	<u>200,467,548</u>
Total Cash and Cash Equivalents	\$ 402,970,108

**LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
JUNE 30, 2023**

	Retiree (OPEB) Trust
ASSETS	
Investments	\$ 9,826,089
Total Assets	<u>9,826,089</u>
NET POSITION	
Restricted for OPEB	<u>\$ 9,826,089</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Retiree (OPEB) Trust
ADDITIONS	
Employer contributions	\$ 1,578,617
Investment income:	
Interest and investment income	399,198
Realized gain (loss) on investments	24,744
Unrealized gain (loss) on investments	204,958
Investment expense	(83,142)
Net investment income	545,758
Total additions	2,124,375
 DEDUCTIONS	
Benefit payments	1,337,950
Total deductions	1,337,950
 NET CHANGE IN NET POSITION	786,425
RESTRICTED NET POSITION -- BEGINNING OF YEAR	9,039,664
RESTRICTED NET POSITION -- END OF YEAR	\$ 9,826,089

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following two potential component units have been included in the District's reporting entity through blended presentation:

Long Beach City College Auxiliary, Inc. (the Auxiliary) – The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational program of the District. The Board of Directors is elected independent of any District Board of Trustee's appointments. The Board is responsible for approving their own budget and accounting and finance related activities; however, the District's governing board has fiscal responsibility over the Auxiliary. The activity of the Auxiliary has been blended in the District-wide financial statements. Individually prepared financial statements are not prepared for the Auxiliary.

Futuris Public Entity Investment Trust (the Retiree Benefit Trust) – The Retiree Benefit Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits. The Long Beach City College Retirement Board of Authority (the Board of Authority) comprised of the Vice President of Business Services, the Director of Business Support and the Director of Fiscal Services provide oversight over the Retiree Benefit Trust investment and plan administration. As such, the District acts as the fiduciary of the Trust. Individually prepared financial statements are not prepared for the Retiree Benefit Trust.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Reporting Entity, continued

Based upon the application of the criteria listed above, the following potential component unit has been excluded from the District's reporting entity:

Long Beach City College Foundation – The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized to provide support for the activities and programs of the District. The Foundation is not included as a component unit because the second criterion was not met; the District is not entitled to, nor has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. Separate financial statements for the Foundation can be obtained through the District.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the GASB. The financial statement presentation required by the GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Proprietary activities reported in the enterprise and internal service funds are included in the entity-wide perspective. Fiduciary activities, including Retiree Benefit Trust activities, are excluded from the basic financial statements. Student Financial Aid programs and retiree benefit activities not included in the Retiree Benefit Trust are included in the basic financial statements.

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes and other contributions. The District had Cash in the County Treasury amounting to \$1,772,057 on June 30, 2023, which represents withholdings payable and amounts due to the General Fund for payments made on the warrant pass-through fund's behalf.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities. Accordingly, the District's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated with the exception of those between the District and its fiduciary funds.

The statements of plan net position and changes in plan net position of the Retiree Benefit Trust are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting , continued

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

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 in the County Treasury is recorded at cost, which approximates fair value.

Accounts Receivable

Accounts Receivable consists primarily of amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Accounts receivable from students for tuition and fees are recorded at gross amounts. Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond the current year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed. Prepaid expenses consist primarily of prepaid insurance premiums, maintenance agreements, and professional services.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts designated for acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debt.

Investments

Investments in the Retiree Benefit Trust are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Intangible Right of Use Assets

The District has recorded intangible right of use assets as a result of implementing GASB 87 and 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets

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

Prior to July 1, 2017, interest costs were capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs were offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets. During the fiscal year ending June 30, 2018, accounting standards determined this is no longer required and the interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported, prospectively.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 25 years for portable buildings, 20 years for building and land improvements, 5 years for equipment and vehicles and 3 years for technology.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an overflow of resources (expense/expenditure) until then. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows Pensions: Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion, and the difference between expected and actual experience. The deferred outflows pensions will be deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Outflows OPEB: The deferred outflows of resources related to OPEB benefits results from District contributions to OPEB plans subsequent to the measurement date of the actuarial valuations for the OPEB plans, and the difference between expected and actual experience. The deferred outflows OPEB will be deferred and amortized as detailed in Note 9 to the financial statements.

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable.

Unearned Revenue

Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes Summer and Fall enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the Statement of Net Position when incurred.

The District has accrued a liability for the amounts attributable to load banking hours within accrued liabilities. Load banking hours consist of hours worked by instructors in excess of a full-time load for which they may carryover for future paid time off.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Medicare Premium Liability

For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments 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 related liability for the District's proportionate share of the MPP Program is reported in the financial statements. The plan is not material and additional disclosures are not included.

Postemployment Benefits Other Than Pensions (OPEB)

The District's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position have been determined on the same basis as they are reported by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust). For this purpose, the Retiree Benefit Trust recognizes benefit payments when due and payable in accordance with the benefit terms. The Retiree Benefit Trust reports its investments 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.

Net Pension Liability

For purposes of measuring the net pension liability and 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) State Teachers' Retirement Plan, the California Public Employees' Retirement System (CalPERS) Schools Pool Plan and Miscellaneous Employer Plan (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.

Deferred Inflows of Resources

Deferred Inflows – Pensions: Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period. The deferred inflows of resources results from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Inflows – OPEB: The deferred inflows of resources related to OPEB benefits results from the difference between the estimated and actual return on OPEB plan investments, changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 9 to the financial statements.

Deferred Inflows – Leases: The deferred inflows of resources relate to GASB 87 leases in which District recognizes a lease receive and deferred inflow of resources at the present value of lease payments. The District will report lease revenue, systematically over the terms of the lease, corresponding with a reduction to the deferred inflow.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

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

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net position – nonexpendable

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

State Apportionments

Certain current year apportionments from the state under the Student Centered Funding Formula are based upon various financial and statistical information of the previous year. Any prior year corrections due to the recalculation in February will be recorded in the year computed by the State.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for apportionment purposes. Property taxes for debt service purposes have been accrued in the basic financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenues

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

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

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as operating revenues in the District's financial statements

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Tax Status

The Auxiliary qualifies as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code 23701d.

The Auxiliary has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Auxiliary's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Auxiliary files informational returns in the U.S. federal jurisdiction, and the state of California.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Minimum Reserve Policy

The District has adopted a minimum reserve balance policy in order to protect against revenue short falls and unexpected one-time expenditures. In accordance with the Chancellor's Office's recommendation of unrestricted general fund reserves of two months of expenses, the District adopted Board Policy 6200, which requires a 16.67% reserve.

Change in Accounting Principal

Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 as of June 30, 2023.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2023, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of

the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements

Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS

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; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Summary of Cash and Cash Equivalents: Cash and cash equivalents of the District as of June 30, 2023 consisted of the following:

	District	OPEB Trust
Cash in county treasury	\$ 389,535,191	\$ -
Cash on hand and in banks	12,174,857	-
Cash in revolving	52,501	-
Cash with fiscal agents	1,207,559	-
Investments	-	9,826,089
Total Deposits and Investments	\$ 402,970,108	\$ 9,826,089

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Government Code Section 53600 et seq. As of June 30, 2023, \$11,886,500 of the District’s bank balance of \$12,108,252 was exposed to credit risk.

Cash in County Treasury

In accordance with Title 5 and the Budget and Accounting Manual, the District maintains substantially all of its cash in the Los Angeles County Treasury (the County) as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2023 is measured at 95.2% of carrying value and is based upon the District’s pro-rata share of the fair value for the entire portfolios (in relation to the amortized cost of the portfolio). The District’s investment in the pool is considered to be highly liquid and is therefore reflected as cash and cash equivalents in the Statement of Net Position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds, except for the student financial aid fund and the restricted general fund, in which case interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Cash in County Treasury, continued

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals. The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

Investments

Policies: Investments held by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2023. See Note 9.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments 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 Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limits investment maturities to 5 years.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Retiree Benefit Trust's investments are in mutual funds which are not rated.

The Retiree Benefit Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital.

Concentration of Credit Risk: Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. In accordance with GASB, the Retiree Benefit Trust is exposed to concentration of credit risk whenever investments in any one issuer exceed 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

The Retiree Benefit Trust's investment policy limits investments in any single equity security to be not more than 5%. In addition, the Retiree Benefit Trust's investment policy prohibits investments in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. This limitation is not intended to apply to the percentage of the Retiree Benefit Trust assets invested in a single diversified mutual fund. Nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities. At June 30, 2023 the Retiree Benefit Trust had not invested more than 5% of its portfolio in one issuer.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Investments, continued

Custodial Credit Risk: Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Retiree Benefit Trust will not be able to recover the value of its investments that are in possession of an outside party. The Retiree Benefit Trust does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 – ACCOUNTS RECEIVABLE

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

Federal and State	\$	7,673,470
Tuition and Fees		3,904,644
Debt Related Property Taxes		2,188,360
Miscellaneous		31,287,590
	\$	<u>45,054,064</u>

NOTE 4 – INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within the government funds has been eliminated in the basic financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – LEASE RECEIVABLE AND ARRANGEMENTS

The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 73,747	\$ 25,735	\$ 99,482
2025	65,401	23,486	88,887
2026	59,794	20,540	80,334
2027	62,231	18,051	80,282
2028	64,766	15,516	80,282
2029-2033	221,698	42,867	264,565
2038-2042	72,700	20,300	93,000
2043-2047	64,886	4,863	69,749
Total	\$ 685,223	\$ 171,358	\$ 856,581

The District leases space on its campuses to cellular companies in addition to office space to external parties. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District’s incremental borrowing rate. Any variable payments are excluded unless fixed in substance. During the year ended June 30, 2023, the District recognized revenues related to these lease agreements totaling \$73,190. During the year ended June 30, 2023, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Cell Towers	4	4.00%	5/1/2000 - 4/11/2042	\$ 80,282
Buildings	2	4.00%	3/1/2018 - 11/30/2024	\$ 22,736

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – INTANGIBLE RIGHT OF USE ASSETS

The amount of leased assets by major class of underlying assets as of June 30, 2023, was as follows:

	Balance		Balance	
	July 1, 2022	Additions	Deductions	June 30, 2023
Intangible Right of Use Assets:				
Leased vehicles	\$ 162,255	\$ -	\$ -	\$ 162,255
Leased equipment	1,342,431	-	77,955	1,264,476
Leased buildings	500,814	-	163,801	337,013
Leased software	-	6,152,211	-	6,152,211
Total Intangible Right of Use Assets	2,005,500	6,152,211	241,756	7,915,955
Less Accumulated Amortization				
Leased vehicles	70,986	40,564	77,955	33,595
Leased equipment	557,358	268,486	163,801	662,043
Leased buildings	271,589	116,888	-	388,477
Leased software	-	1,731,667	-	1,731,667
Total Accumulated Amortization	899,933	2,157,605	241,756	2,815,782
Intangible Right of Use Assets, net	\$ 1,105,567	\$ 3,994,606	\$ -	\$ 5,100,173

NOTE 7 – CAPITAL ASSETS

The following provides a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance		Balance	
	July 1, 2022	Additions	Deductions	June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 20,752,860	\$ -	\$ -	\$ 20,752,860
Construction in progress	130,712,859	10,775,447	112,070,713	29,417,593
Total Capital Assets Not Being Depreciated	151,465,719	10,775,447	112,070,713	50,170,453
Capital Assets Being Depreciated				
Site improvements	520,461,861	114,304,953	-	634,766,814
Equipment	27,829,358	7,227,051	133,361	34,923,048
Total Capital Assets Being Depreciated	548,291,219	121,532,004	133,361	669,689,862
Total Capital Assets	699,756,938	132,307,451	112,204,074	719,860,315
Less: Accumulated Depreciation				
Site improvements	163,649,963	17,525,920	-	181,175,883
Equipment	21,940,957	2,226,333	133,361	24,033,929
Total Accumulated Depreciation	185,590,920	19,752,253	133,361	205,209,812
Net Capital Assets	\$ 514,166,018	\$ 112,555,198	\$ 112,070,713	\$ 514,650,503

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2023 is as follows:

	Adjusted Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due in One Year
General Obligation Bonds					
2002 Election:					
General Obligation Bonds	\$ 93,235,081	\$ -	\$ 4,976,026	\$ 88,259,055	\$ 764,611
Accreted Interest	7,252,397	721,887	2,633,974	5,340,310	2,765,389
Bond Premium	834,982	-	233,806	601,176	-
2008 Election:					
General Obligation Bonds	240,769,799	-	11,860,000	228,909,799	13,045,000
Accreted Interest	45,871,796	5,835,584	-	51,707,380	-
Bond Premium	21,808,895	-	941,029	20,867,866	-
2016 Election:					
General Obligation Bonds	289,680,000	-	16,370,000	273,310,000	12,865,000
Bond Premium	22,750,999	-	994,528	21,756,471	-
Compensated Absences	6,613,211	-	159,082	6,454,129	3,549,771
Lease Liability	1,144,769	-	427,054	717,715	422,316
Leased Software	-	6,152,211	1,681,469	4,470,742	1,615,346
Medicare Premium Payment (MPP) Program	573,239	-	112,583	460,656	-
Net OPEB Liability	35,674,602	-	6,498,641	29,175,961	-
Net Pension Liability	100,020,159	54,344,364	-	154,364,523	-
Supplemental Employee Retirement Plan (SERP)	4,272,212	-	1,579,571	2,692,641	897,547
Total	\$ 870,502,141	\$ 67,054,046	\$ 48,467,763	\$ 889,088,424	\$ 35,924,980

Liabilities for compensated absences, SERP obligations, pension liabilities, and OPEB obligations are liquidated by the governmental fund in which associated salaries are reported. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller’s office through the Bond Interest and Redemption Fund.

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers’ Retirement Plan (the STRP). The District’s proportionate share of the liability is 0.140%. As the plan activity and the District’s proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

General Obligation Bonds – Measure E (2002)

On March 5, 2002, \$176 million in general obligation bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure E (2002). Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

On May 15, 2003, the District issued, through the County of Los Angeles, General Obligation 2002 Election Series A (2003) Bonds totaling \$40 million under a bond authorization approved in a general election held in March 2002. The bonds were issued as current interest bonds and contain interest provisions ranging from 2.5% to 5%, depending on the maturity date of the bond.

On November 29, 2005 the District offered for sale \$65 million in General Obligation 2002 Election Series B (2005) Bonds. The bonds were issued as current interest bonds and contain interest provisions ranging from 3.75% to 5%, depending on maturity date of the bond.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2002), continued

On November 29, 2005, the District offered for sale \$28,224,898 in General Obligation 2002 Election Series C (2005) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of \$21,485,000 and capital appreciation bonds in the aggregate principal amount of \$6,739,898. These bonds contained an interest provision ranging from 3.75% to 4.73% depending on maturity date of the bond. These bonds were issued to refund certain outstanding general obligation bonds (Series A) of the District and to pay for certain capital improvements. The refunded bonds have been fully defeased and are not recorded on the financial statements. The capital appreciation bonds were issued with maturity dates of May 1, 2014 through May 1, 2017. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

On October 24, 2007, the District offered for sale \$70,999,987 in General Obligation 2002 Election Series D (2007) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of \$43,550,000 and capital appreciation bonds in the aggregate principal amount of \$27,449,987. These bonds contain interest provisions ranging from 3.63% to 6.01% depending on the maturity date of the bond. The capital appreciation bonds were issued with maturity dates of May 1, 2013 through May 1, 2025. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

On August 15, 2012 the District offered for sale \$40.96 million in General Obligation 2002 Election, 2012 Refunding Bonds Series A of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contain interest provisions ranging from 3% to 5% depending on the maturity date of the bond.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$5,501,838. Amortization of \$305,658 was recognized during the fiscal year ended June 30, 2023.

On August 5, 2015 the District offered for sale \$43.2 million in General Obligation 2002 Election, 2015 Refunding Bonds Series E of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series D). The bonds contain interest provisions ranging from 2% to 5% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, was redeemed by May 1, 2017. The refunded bonds have been fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$5,420,768. Amortization of \$301,154 was recognized during the fiscal year ended June 30, 2023.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2002), continued

On June 9, 2015 the District offered for sale \$12.2 million in General Obligation 2002 Election, 2014 Refunding Bonds Series F of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contain interest provisions ranging from 2% to 5% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent in July 2015. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

On October 8, 2019 the District offered for sale \$9.685 million in General Obligation 2002 Election, 2019 Refunding Bonds Series H (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Refunding 2012 Series A). The bonds contain interest provisions ranging from 1.74% to 2.69% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, paid by the escrow agent, of \$8.645 million, was redeemed on May 1, 2022. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$980,602. Amortization of \$163,434 was recognized during the fiscal year ended June 30, 2023.

On March 4, 2021 the District offered for sale \$71.39 million in General Obligation 2002 Election, 2020 Refunding Bonds Series I (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Refunding 2012 Series A, Refunding 2014 Series E and Refunding 2015 Series F). The bonds contain interest provisions ranging from 2.0% to 2.198% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of \$62.77 million, has an expected redemption dates of May 1, 2022 through June 1, 2025. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$1,683,448. Amortization of \$113,823 was recognized during the fiscal year ended June 30, 2023.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2002), continued

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure E (2002) Bonds included total premiums of \$22,979,985. This amount will be amortized using the straight-line method. Amortization of \$233,806 was recognized during the fiscal year ended June 30, 2023.

The outstanding bonded debt of Measure E (2002) at June 30, 2023 is as follows:

General Obligation Bonds	Date of Issuance	Date of Maturity	Interest Rate	Amount of Original Issue	Outstanding June 30, 2023
Series A	5/15/2003	5/1/2004 to 5/1/2013	2.50-5.00%	\$ 40,000,000	\$ -
Series B	11/29/2005	5/1/2006 to 5/1/2030	3.75-5.00%	65,000,000	-
Series C (1)	11/29/2005	5/1/2006 to 5/1/2017	3.75-4.73%	28,224,898	-
Series D	10/24/2007	5/1/2013 to 5/1/2032	3.63-6.01%	70,999,987	4,369,055
Series A (2)	8/15/2012	5/1/2016 to 5/1/2031	3.00-5.00%	40,960,000	-
Series E (3)	8/5/2014	5/1/2015 to 5/1/2032	2.00-5.00%	43,200,000	2,000,000
Series F (4)	6/9/2015	6/1/2016 to 5/1/2030	2.00-5.00%	12,200,000	4,025,000
Series H (5)	10/8/2019	8/1/2020 to 8/1/2026	1.74-2.69%	9,685,000	9,000,000
Series I (6)	3/4/2021	5/1/2021 to 5/1/2032	2.00-2.198%	71,390,000	68,865,000
Total					<u>\$ 88,259,055</u>

- (1) Refunding Bonds 2005 Series C - refunded the outstanding 2003 Series A bonds.
- (2) Refunding Bonds 2012 Series A - refunded the outstanding 2005 Series B bonds.
- (3) Refunding Bonds 2014 Series E - refunded portions of the 2007 Series D bonds.
- (4) Refunding Bonds 2015 Series F - refunded the outstanding 2005 Series B bonds.
- (5) Refunding Bonds 2019 Series H - refunded the portions of Refunding Bonds 2012 Series A bonds
- (6) Refunding Bonds 2021 Series I - refunded portions of the Refunding 2012 Series A, 2014 Refunding Series E and 2015 Refunding Series F.

The annual requirements to amortize all Measure E (2002) bonds payable, outstanding as of June 30, 2023, are as follows:

Fiscal Year	Principal	Accreted		Total
		Interest	Interest	
2024	\$ 7,604,611	\$ 2,765,389	\$ 1,690,235	\$ 12,060,235
2025	7,189,444	3,395,556	1,564,396	12,149,396
2026	5,565,000	-	1,417,304	6,982,304
2027	10,495,000	-	1,247,991	11,742,991
2028	9,625,000	-	1,051,178	10,676,178
2029-2032	47,780,000	-	2,490,171	50,270,171
Total	<u>\$ 88,259,055</u>	<u>\$ 6,160,945</u>	<u>\$ 9,461,275</u>	<u>\$ 103,881,275</u>

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2008)

On February 5, 2008, \$440 million in general obligation bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure E (2008). Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities. In addition, proceeds will be used for the prepayment of certain lease and financing obligations of the District.

On July 24, 2008, the District offered for sale \$48,373,981 in General Obligation 2008 Election Series A (2008) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of \$24,990,000 and capital appreciation bonds in the aggregate principal amount of \$23,383,981. These bonds contain interest provisions ranging from 3.59% to 5.45% depending on maturity date of the bond. The capital appreciation bonds were issued with maturity dates of June 1, 2012 through June 1, 2018 and June 1, 2027 through June 1, 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

On December 12, 2012 the District offered for sale \$237,003,695 in General Obligation 2008 Election Series B (2012) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of \$181,545,000, capital appreciation bonds in the aggregate principal amount of \$4,827,984 and convertible appreciation bonds in the principal amount of \$50,630,711 and contain interest provisions ranging from 2.0% to 5.0%, depending on maturity date of the bond. The bonds were issued to effect the payment of the District's outstanding Bond Anticipation Notes, 2010 Series A (BAN) and to provide for the construction and improvement of certain facilities of the District. The capital appreciation bonds were issued with maturity dates of August 1, 2033 and August 1, 2034. The convertible capital appreciation bonds will convert to current interest bonds on August 1, 2032 and will mature on August 1, 2049. Prior to the applicable maturity/conversion date, each bond will accrete interest on the principal component.

On March 11, 2014 the District offered for sale \$11.825 million in General Obligation 2008 Election, Refunding Bonds 2014 Series C (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series A). The bonds contain interest provisions ranging from 0.66% to 4.10% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent on June 1, 2018. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$2,035,257. Amortization of \$156,558 was recognized during the fiscal year ended June 30, 2023.

On June 25, 2015 the District offered for sale \$20.345 million in General Obligation 2008 Election, 2015 Refunding Bonds Series F of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds Series A (2008). The bonds contain interest provisions ranging from 2% to 5% depending on the maturity date of the bond.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2008), continued

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent on June 1, 2018. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$2,007,535. Amortization of \$159,291 was recognized during the fiscal year ended June 30, 2023.

On September 7, 2016 the District offered for sale \$3.21 million in General Obligation 2008 Election Series D (2016) (federally taxable) of current interest bonds. The bonds contain interest provisions ranging from 1.05% to 1.27% depending on the maturity date of the bond.

On November 16, 2017 the District offered for sale \$83.49 million in General Obligation 2008 Election Refunding Bonds 2017 Series G of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series B). The bonds contain interest provisions ranging from 2.00% to 5.00% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of \$85.835 million has an expected redemption date of August 1, 2023. The refunded bonds are considered in-substance defeased and are not recorded on the financial statement.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$6,222,028. Amortization of \$232,367 was recognized during the fiscal year ended June 30, 2023.

On October 8, 2019 the District offered for sale \$57.73 million in General Obligation 2008 Election, 2019 Refunding Bonds Series H (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding General Obligation 2008 Election, Series B (2012). The bonds contain interest provisions ranging from 1.74% to 2.69% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, paid by the escrow agent, of \$53.115 million, was redeemed on August 1, 2022. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt were approximate to the payments to the refunding escrow agent. The difference between the reacquisition price and the net carrying amount on refunded debt was recognized in the year the refunding occurred.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2008), continued

On March 4, 2021, the District offered for sale \$13.225 million in General Obligation 2008 Election, 2020 Refunding Bonds Series I (federally taxable) of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District’s outstanding general obligation bonds (2012 Series B). The bonds contain interest provisions ranging from 2.00% to 2.198% depending on the maturity date of the bond.

Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, paid by the escrow agent, of \$12.655 million, was redeemed on August 1, 2022. The refunded bonds are considered fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$515,505.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure E (2008) bonds included total premiums of \$44,183,596 which are amortized using the straight-line method. Amortization of \$941,029 was recognized during the fiscal year ended June 30, 2023, which includes premiums recognized for the refunded portion of bonds.

The outstanding bonded debt of Measure E (2008) at June 30, 2023 is as follows:

General Obligation Bonds	Date of Issuance	Date of Maturity	Interest Rate	Amount of Original Issue	Outstanding June 30, 2023
Series A	7/24/2008	6/1/2012 to 6/1/2033	3.59-5.45%	\$ 48,373,981	\$ 15,096,104
Series B	12/12/2012	8/1/2013 to 8/1/2049	2.00-5.00%	237,003,695	63,958,695
Series C (1)	3/11/2014	8/1/2016 to 8/1/2026	0.66-4.10%	11,825,000	4,070,000
Series F (2)	6/25/2015	6/1/2016 to 5/1/2030	2.00-5.00%	20,345,000	9,430,000
Series D	9/7/2016	8/1/2018 to 8/1/2019	1.05-1.27%	3,210,000	-
Series G (3)	11/16/2017	2/1/2018 to 8/1/2034	2.00-5.00%	83,490,000	69,430,000
Series H (4)	10/8/2019	8/1/2020 to 8/1/2032	1.74-2.69%	57,730,000	53,945,000
Series I (5)	3/4/2021	5/1/2021 to 5/1/2032	2.00-2.198%	13,225,000	12,980,000
Total					<u>\$ 228,909,799</u>

- (1) Refunding Bonds 2014 Series C - refunded portions of the 2008 Series A bonds.
- (2) Refunding Bonds 2015 Series F - refunded portions of the 2008 Series A bonds
- (3) Refunding Bonds 2017 Series G - refunded portions of the 2012 Series B bonds
- (4) Refunding Bonds 2019 Series H - refunded portions of the 2012 Series B bonds.
- (5) Refunding Bonds 2021 Series I - refunded portions of the 2012 Series B bonds.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2008), continued

The annual requirements to amortize all Measure E (2008) bonds payable, outstanding as of June 30, 2023, are as follows:

Fiscal Year	Principal	Accreted		Total
		Interest	Interest	
2024	\$ 13,045,000	\$ -	\$ 5,596,857	\$ 18,641,857
2025	14,370,000	-	4,986,577	19,356,577
2026	15,790,000	-	4,316,352	20,106,352
2027	15,206,421	2,933,579	3,574,845	21,714,845
2028	15,398,104	3,506,896	2,917,110	21,822,110
2029-2033	92,454,563	27,403,420	10,233,476	130,091,459
2034-2038	3,515,000	7,917,016	31,759,550	43,191,566
2039-2043	8,500,000	-	31,472,125	39,972,125
2044-2048	34,450,603	52,154,396	20,326,319	106,931,318
2049-2050	16,180,108	24,494,892	1,954,507	42,629,507
Total	\$ 228,909,799	\$ 118,410,199	\$ 117,137,718	\$ 464,457,716

General Obligation Bonds – Measure E (2016)

On June 7, 2016, \$850 million in General Obligation Bonds were authorized by an election held within Long Beach Community College District under Proposition 39/Measure LB (2016). Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities.

On September 7, 2016, the District offered for sale \$9.0 million in General Obligation 2016 Election Series A (2016) (federally taxable) of current interest and \$72.79 million General Obligation 2016 Election Series B (2016) of current interest bonds. These bonds contain interest provisions ranging from 0.93% to 5.0% depending on maturity date of the bond.

On October 8, 2019, the District offered for sale \$130.0 million in General Obligation 2016 Election Series C (2019) of current interest bonds. These bonds contain interest provisions ranging from 0.98% to 2.68% depending on maturity date of the bond.

On October 13, 2021, the District offered for sale \$150.0 million in General Obligation 2016 Election Series D (2021) of current interest bonds. These bonds contain interest provisions ranging from 2.5% to 4.0% depending on maturity dates of the bond.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The bonds included total premiums remaining of \$22,750,999 at June 30, 2023, which are amortized using the straight-line method. Amortization of \$994,528 was recognized during the fiscal year ended June 30, 2023.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 – LONG-TERM DEBT, continued

General Obligation Bonds – Measure E (2016)

The outstanding bonded debt of Measure LB (2016) at June 30, 2023 is as follows:

General Obligation Bonds	Date of Issuance	Date of Maturity	Interest Rate	Amount of Original Issue	Outstanding June 30, 2023
Series A	9/7/2016	8/1/2017	0.93%	\$ 9,000,000	\$ -
Series B	9/7/2016	8/1/2017 to 8/1/2046	2.00-5.00%	72,790,000	40,470,000
Series C	10/8/2019	8/1/2020 to 8/1/2049	0.98-2.68%	130,000,000	82,840,000
Series D	10/31/2021	8/1/2023 to 8/1/2051	2.50-4.00%	150,000,000	150,000,000
Total					<u>\$ 273,310,000</u>

The annual requirements to amortize all Measure LB (2016) bonds payable, outstanding as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 12,865,000	\$ 9,006,300	\$ 21,871,300
2025	11,265,000	8,526,925	19,791,925
2026	12,510,000	8,051,525	20,561,525
2027	2,125,000	7,755,625	9,880,625
2028	1,075,000	7,684,275	8,759,275
2029-2033	16,135,000	36,908,320	53,043,320
2034-2038	31,500,000	32,523,013	64,023,013
2039-2043	52,045,000	25,624,600	77,669,600
2044-2048	75,750,000	14,963,450	90,713,450
2049-2052	58,040,000	2,940,675	60,980,675
Total	<u>\$ 273,310,000</u>	<u>\$ 153,984,708</u>	<u>\$ 427,294,708</u>

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

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

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 29,175,961	\$ 9,535,658	\$ 18,356,512	\$ 1,396,201
MPP Program	\$ 460,656	\$ -	\$ -	\$ (112,583)

Plan Description

The District established an Other Post Employment Benefit Plan (the Plan) which is a single-employer defined benefit healthcare plan administered by the Futuris Public Entity Investment Trust (the Retiree Health Benefit Trust). The Retiree Health Benefit Trust serves as an irrevocable trust, ensuring that funds contributed into its Investment Trust are dedicated to serving the needs of member districts, and their employees and retirees.

The District provides employee health benefits coverage for eligible retirees and their families. Employees hired prior to February 1, 1995 who retire from District service are eligible for Option A or B. Employees hired after February 1, 1995 are eligible for Option B.

Option A: An employee who retires from the District under PERS/STRS guidelines, after more than twelve/fifteen years of service for classified/academic, qualifies for District-paid hospital/medical-benefits. Employees who retire under age 65 qualify for coverage up to age 67. Employees who retire after age 65 qualify for up to 4 years of coverage past retirement based on years of service.

Option B: An employee, who retires from the District under PERS/STRS, after more than twelve/fifteen years of service for classified/academic, qualifies for one year of District-paid hospital/medical benefits for every three/five years of full-time District service. Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a separate financial report.

Employees Covered by Benefit Term

Membership of the plan consisted of the following at June 30, 2023:

	Number of Participants
Inactive Employees Receiving Benefits	147
Active Employees	868
	<u>1,015</u>

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS, continued

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District incurs 92% - 100% of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For the fiscal year ended June 30, 2023 the District contributed \$1,578,617 to the plan. District maintains a retiree benefits fund to designate resources for retiree health care costs. Committed resources in the fund totaled \$34,815,000 at June 30, 2023.

Investments

The Plan’s policy for allocation of invested assets is established and may be amended by the Retirement Board of Authority (the RBA). It is the policy of the RBA to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of specific asset classes. Assets held in the Plan may be invested in accordance with California Government Code Sections 53600 through 53622, as applicable. The investment policy has a long-term focus, and, in particular, its emphasis is on preservation of capital. It discourages major shifts of asset class allocations over a short time span. The Retirement Board of Authority has established a target net return of 7%. There is no established asset allocation policy.

At June 30, 2023, all Plan investments were in mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position. For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.04%.

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value. Fair value for mutual funds has been determined using Net Asset Value per share (NAV). NAV is based on the underlying securities held in the fund.

The Plan’s investment fair value measurements at June 30, 2023 are presented below:

Investment	Cost	Fair Value Measurements Net Asset Value (NAV)
Mutual Fund - Fixed Income	\$ 6,317,804	\$ 5,297,209
Mutual Fund - Domestic Equity	2,609,093	2,990,955
Mutual Fund - International Equity	749,359	901,614
Mutual Fund - Real Estate	703,300	636,311
Total	\$ 10,379,556	\$ 9,826,089

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS, continued

Actuarial Methods and Assumptions

The District's net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The actuarial assumptions noted below were applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	4.34%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

OPEB Plan Investments

The long-term expected rate of return on 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 OPEB plan 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 geometric 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 as follows:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	55%	4.25%
Real Estate Investment Trusts	4%	7.25%
All Domestic Equities	22%	7.25%
All International Equities	19%	7.25%

Since the most recent valuation, the discount rate used to measure the total OPEB liability and expected rate of return on assets was changed from 4.20% to 4.34%. This was based on assumed long-term return on plan assets using historic 21 year real rates of return for each asset class along with an assumed long-term inflation assumption of 2.5%. Expected investment return was offset by investment expenses of 25 basis points. Contributions were assumed to be sufficient to fully fund the obligation over a period not to exceed 21 years. The long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS, continued

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2022	\$ 44,714,266	\$ 9,039,664	\$ 35,674,602
Changes for the year:			
Service cost	2,751,191	-	2,751,191
Interest on TOL	1,897,136	-	1,897,136
Employer contributions	-	1,839,915	(1,839,915)
Employer contributions to trust	-	240,667	(240,667)
Change in assumptions	351,914	-	351,914
Expected investment income	-	506,073	(506,073)
Investment gains/losses	-	122,827	(122,827)
Administrative expense	-	(83,142)	83,142
Expected benefit payments	(1,839,915)	(1,839,915)	-
Net change	(5,712,216)	786,425	(6,498,641)
Balance June 30, 2023	\$ 39,002,050	\$ 9,826,089	\$ 29,175,961

Fiduciary Net Position as a % of the Total OPEB Liability/(Asset), at June 30, 2023 was 25%.

Sensitivity of the Net OPEB Liability to Assumptions

The following presents the District's net OPEB liability calculated using the discount rate of 4.34%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.34%) or 1-percentage-point higher (5.34%) than the current rate:

	Discount Rate 1% Lower (3.34%)	Discount Rate (4.34%)	Discount Rate 1% Higher (5.34%)
Net OPEB liability	\$ 32,421,957	\$ 29,175,961	\$ 26,195,822

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 4.00%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	Trend Rate 1% Lower (3.00%)	Healthcare Cost Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	\$ 24,906,147	\$ 29,175,961	\$ 34,211,022

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS, continued

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,396,201. At June 30, 2023, the District reported deferred outflows and a deferred inflow of resources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 888,094	\$ -
Differences between expected and actual experience	-	15,327,101
Change in assumptions	8,647,564	3,029,411
	<u>\$ 9,535,658</u>	<u>\$ 18,356,512</u>

The deferred inflows of resources resulting from a change in assumption will be amortized to OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ (733,206)
2025	(732,710)
2026	(454,495)
2027	(1,158,812)
2028	(1,075,255)
Thereafter	(4,666,376)
	<u>\$ (8,820,854)</u>

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – EMPLOYEE RETIREMENT PLANS

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 and former Auxiliary employees are members of the California Public Employees’ Retirement System (CalPERS). As of June 30, 2023, the District’s proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans are as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS - STRP	\$ 64,755,113	\$ 16,396,917	\$ 11,379,275	\$ 5,452,105
CalPERS - Schools Pool Plan	87,380,925	30,615,773	4,818,648	11,298,141
CalPERS - Miscellaneous Employer Plan (Auxiliary)	2,228,485	2,498,567	2,380,878	707,509
Total	\$ 154,364,523	\$ 49,511,257	\$ 18,578,801	\$ 17,457,755

California State Teachers’ Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers’ Retirement Plan (STRP) administered by the California State Teachers’ Retirement System (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.

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 to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided, continued

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

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	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 detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the fiscal year ended June 30, 2023 are presented above and the total District contributions were \$11,762,897.

Pension Liabilities, Pension Expense, and 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:

District's proportionate share of the net pension liability	\$ 64,755,113
State's proportionate share of the net pension liability associated with the District	32,429,550
Total	\$ 97,184,663

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 school districts and the State, actuarially determined. At June 30, 2022, the District’s proportion was 0.093% which is a decrease of 0.003% from its proportion measured as of June 30, 2021.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$5,452,105. In addition, the District recognized revenue and corresponding expense of (\$2,425,472) for contributions 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 3,168,700
Differences between expected and actual experience	53,119	4,854,484
Changes in assumptions	3,208,987	-
Net changes in proportionate share of net pension liability	1,371,914	3,356,091
District contributions subsequent to the measurement date	11,762,897	-
Total	<u>\$ 16,396,917</u>	<u>\$ 11,379,275</u>

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 fiscal year ended June 30, 2023. The net differences between projected and actual earnings on the plan investments is amortized over a five-year period on a straight-line basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2022 measurement date is seven years.

The remaining amounts will be recognized to pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (566,553)
2025	(3,981,931)
2026	(5,399,723)
2027	4,096,926
2028	(671,246)
Thereafter	(222,728)
	<u>\$ (6,745,255)</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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 investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20- year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

**LONG BEACH COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan’s net pension liability	\$ 109,978,199	\$ 64,755,113	\$ 27,206,355

Plan Fiduciary Net Position

Detailed information about the STRP’s plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS)

Plan Description

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

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 5 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 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	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	7.000%	7.000%
Required employer contribution rate	25.370%	25.370%

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 the July 1 following notice of a change in the rate. Total plan contributions are determined 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 fiscal year ended June 30, 2023 are as presented above and the total District contributions were \$11,068,598.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS), continued

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 \$87,380,925. 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 school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.254% which is a decrease of 0.009% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$11,298,141. 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
Difference between projected and actual earnings on plan investments	\$ 10,317,310	\$ -
Differences between expected and actual experience	394,911	2,174,150
Changes in assumptions	6,463,944	-
Net changes in proportionate share of net pension liability	2,371,010	2,644,498
District contributions subsequent to the measurement date	11,068,598	-
Total	<u>\$ 30,615,773</u>	<u>\$ 4,818,648</u>

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 year ended June 30, 2023. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2022 measurement date is 4.1 years.

The remaining amounts will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 3,592,742
2025	3,059,335
2026	2,216,493
2027	5,859,957
	<u>\$ 14,728,527</u>

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the postretirement mortality rates, those revised rates include 15 years of mortality improvements using 90% 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 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	Real Return Years 1 - 10**
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%
	<u>100%</u>	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan 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 Plan 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 126,226,172	\$ 87,380,925	\$ 55,276,756

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report available on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from CalPERS.

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary)

Plan Description

Qualified former employees of the Auxiliary are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The Auxiliary sponsors one Miscellaneous Risk Pool plan (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary), continued

Benefits Provided

The Plan 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 employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree’s designated survivor or estate upon the retiree’s death. 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 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

This plan is closed to new entrants and the Auxiliary has been outsourced, so there are no longer any employees. Additionally, there were no employees hired on or after January 1, 2013. The Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

	CalPERS - Miscellaneous Employer Pool	
	First Tier	Second Tier
Hire date	On or Before December 31, 2012	June 26, 2011 - December 31, 2012
Benefit formula	2.5% at 55	2.0% at 60
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	60
Required employee contribution rates	Not Applicable, there are no longer any employees	
Required employer contribution rates:	\$229,137	

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually 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 Auxiliary 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 fiscal year ended June 30, 2023, are presented above and the total Auxiliary contributions were \$229,137.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary), continued

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

As of June 30, 2023, the Auxiliary reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$2,228,485. The net pension liability was measured as of June 30, 2022. The Auxiliary’s proportion of the net pension liability was based on a projection of the Auxiliary’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Auxiliary’s proportion was 0.019% which is a decrease of 0.036% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Auxiliary recognized pension expense of \$707,509. At June 30, 2023, the Auxiliary reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 408,199	\$ -
Differences between expected and actual experience	44,752	29,973
Changes in assumptions	228,355	-
Net changes in proportionate share of net pension liability	1,588,124	2,350,905
Auxiliary contributions subsequent to the measurement date	229,137	-
Total	<u>\$ 2,498,567</u>	<u>\$ 2,380,878</u>

The deferred outflows of resources related to pensions resulting from Auxiliary contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

The net differences between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the Miscellaneous Risk Pool for the June 30, 2022 measurement date is 3.8 years.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

**California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary),
continued**

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

The remaining will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (101,259)
2025	(122,283)
2026	(137,575)
2027	249,669
	<u>\$ (111,448)</u>

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefits terms occurred between the actuarial date and the measurement date. 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
Measurement period	July 1, 2020 to June 30, 2021
Actuarial cost method	Entry-Age Normal
Actuarial assumptions:	
Discount rate	6.90%
Investment Rate of Return	6.90%
Inflation	2.30%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the postretirement mortality rates, those revised rates include 15 years of mortality improvement using Scale MP 2016 published by the Society of Actuaries.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary), continued

Actuarial Methods and Assumptions, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10*
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%
	100%	

* An expected inflation of 2.30% used for this period

** Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% and reflects the long-term expected rate of return for the Auxiliary's Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS) – Miscellaneous Employer Plan (Auxiliary), continued

Discount Rate, continued

The following presents the Auxiliary’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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 3,621,046	\$ 2,228,485	\$ 1,082,753

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office.

Accumulation Program for Part-time and Limited Service Employees Plan (APPLE)

Plan Description

The Accumulation Program for Part-time and Limited Service Employees Plan (APPLE) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members are established and may be amended by the Governing Board of the District. The plan is administered by MidAmerica Administrative Solutions, Inc.

Funding Policy

The District does not contribute any percentage based on the employee’s gross earnings. An employee is required to contribute 7.5% of his or her gross earnings to the pension plan. Total contributions were made by the employees in the amount of \$644,431 during the fiscal year. The total amount of covered compensation was \$8,592,373. Contributions made by the employee vest immediately.

NOTE 11 – SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

The District has two Supplemental Employee Retirement Plans for faculty, classified and management/confidential employees. The total liability of \$2,692,641 has been reflected in these financial statements.

In 2017-18 the Board of Trustees approved the implementation of the District’s Supplemental Employee Retirement Plan for faculty and classified employees. A total of 17 faculty employees, 1 academic administrator, 10 classified managers and 25 classified employees participated in the plan. The total cost savings to the District is approximately \$1.7 million. The District paid benefits of \$682,024 annually until 2022-23.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN, continued

In 2020-21 the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty employees. A total of 21 faculty employees, 5 counselors, 9 administrators and 29 classified employees participated in the plan. The total cost savings to the District is approximately \$3.2 million. The District will pay benefits of \$897,547 annually through 2025-26. The total liability of \$2,692,641 has been reflected in these financial statements.

NOTE 12 – INTERNAL SERVICE FUNDS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established a Self-Insurance Fund to account for and finance its risks of loss related to property and liability. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$10,000 for each general/professional liability claim, \$25,000 for each cyber liability claim and \$5,000 for each property damage claim. The District participates in two JPAs to provide excess insurance coverage above the member retained limits for general/professional liability, cyber liability and property liability claims. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Funding of the Self Insurance Fund is based on estimates of the amounts needed to pay prior and current year property general/professional and cyber liability claims. Funding is provided by transfers from the General Fund. Claims paid within the member retained limit during the fiscal year ended June 30, 2023 totaled \$19,882.

Prior to July 1, 2003, the District was self-insured for risks of loss related to workers' compensation. Under this program, the District provided funding ranging from \$100,000 up to a maximum of \$500,000, based on the claim year, for each workers' compensation claim. The District purchased commercial insurance and/or participated in a JPA to provide coverage for claims above the self-insured retention level to the statutory limit of \$1 million. Settled claims have not exceeded this additional coverage in any of the past three fiscal years.

Effective July 1, 2003, the District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. No run-off claims were paid during the fiscal year ended June 30, 2023.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – INTERNAL SERVICE FUNDS, continued

Claims Liability

At June 30, 2023, the District accrued the workers’ compensation claims liability for run-off claims in accordance with accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of future liability is estimated at \$194,828. Changes in the reported liability are shown below:

Reported Liability	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	\$ 194,828	\$ -	-	\$ 194,828

An estimate for claims liability related to property and liability risk has not been recorded as there are no known claims at June 30, 2023.

NOTE 13 – JOINT POWERS AGREEMENTS

The District participates in four Joint Powers Agreements (JPA) entities: Protective Insurance Program for Schools (PIPS), School’s Association for Excess Risk (SAFER), Statewide Educational Wrap-up Program (SEWUP), and the Statewide Association of Community Colleges (SWACC).

PIPS provides workers’ compensation insurance 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.

SAFER provides excess insurance coverage for liability losses from \$1,000,000 to \$50,000,000 and \$5,000,000 to \$250,000,000 for excess property coverage.

SEWUP is a consolidated construction insurance program covering the job-site risks of: District as Owner, Construction Manager, General Contractor, contractors and subcontractors of all tiers. Membership is comprised of 400 California Schools and Community College Districts. Premiums are determined for each construction project or projects.

SWACC provides liability and property insurance for forty-eight 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.

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 – JOINT POWERS AGREEMENTS, continued

Each JPA is independently accountable for its fiscal matters. All JPAs maintains their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

The most current condensed financial information available is as follows:

	PIPS June 30, 2022 (Audited)	SAFER June 30, 2021 (Audited)	SEWUP June 30, 2021 (Audited)	SWACC June 30, 2022 (Audited)
Total assets	\$ 229,417,398	\$ 43,493,537	\$ 43,493,537	\$ 50,281,881
Total deferred outflows of resources	-	351,596	351,596	-
Total liabilities	169,617,184	20,279,678	20,279,678	34,250,259
Total deferred inflows of resources	-	47,791	47,791	-
Net position	<u>\$ 59,800,214</u>	<u>\$ 23,517,664</u>	<u>\$ 23,517,664</u>	<u>\$ 16,031,622</u>
Total revenues	\$ 307,966,291	\$ 43,521,834	\$ 43,521,834	\$ 29,662,499
Total expenses	310,190,361	40,112,140	40,112,140	30,906,840
Change in net position	<u>\$ (2,224,070)</u>	<u>\$ 3,409,694</u>	<u>\$ 3,409,694</u>	<u>\$ (1,244,341)</u>

Separate financial statements for the JPAs can be obtained through the District.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

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

Purchase Commitments

As of June 30, 2023, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$97.2 million. Projects will be funded through bond proceeds, state funds and general funds.

LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 – FUNCTIONAL EXPENSES

Operating expenses are reported by natural classification in the Statement of Revenues, Expenses, and Changes in Net Position. A schedule of expenses by function is shown below:

	Salaries	Employee Benefits	Supplies, Material, and Other Operating Expenses	Financial Aid	Depreciation	Total
Instructional activities	\$ 55,790,067	\$ 21,368,297	\$ 6,295,248	\$ 175,057	\$ -	\$ 83,628,669
Academic support	11,247,144	4,038,278	1,418,569	5,542	-	16,709,533
Student services	22,035,517	7,231,454	3,834,529	1,257,641	-	34,359,141
Operation and maintenance of plant	5,745,098	2,366,439	8,652,081	-	-	16,763,618
Institutional Support	17,363,366	11,018,799	12,446,812	2,420,755	-	43,249,732
Community services and economic development	2,752,911	1,090,808	7,684,799	-	-	11,528,518
Ancillary services and auxiliary operations	4,975,451	1,937,557	2,989,817	54,271	-	9,957,096
Student aid	-	-	-	60,828,412	-	60,828,412
Physical property, interest and other outgo	707,910	290,069	13,535,857	-	-	14,533,836
Depreciation and amortization expense	-	-	-	-	21,909,858	21,909,858
Total	\$ 120,617,464	\$ 49,341,701	\$ 56,857,712	\$ 64,741,678	\$ 21,909,858	\$ 313,468,413

NOTE 16 – SUBSEQUENT EVENTS

The District evaluated all events or transactions that occurred from June 30, 2023 to November 29, 2023, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021
Total OPEB liability			
Service cost	\$ 2,751,191	\$ 3,132,720	\$ 3,568,306
Interest	1,897,136	1,533,530	1,671,742
Change in assumptions	351,914	(3,826,625)	3,168,999
Experience gains/losses	(8,872,542)	-	(4,821,132)
Benefit payments	(1,839,915)	(1,778,447)	(2,665,780)
Net change in total OPEB liability	(5,712,216)	(938,822)	922,135
Total OPEB liability, beginning of year	44,714,266	45,653,088	44,730,953
Total OPEB liability, end of year (a)	\$ 39,002,050	\$ 44,714,266	\$ 45,653,088
Plan fiduciary net position			
Employer contributions	\$ 1,839,915	\$ 1,778,447	\$ 2,665,780
Employer contributions to trust	240,667	109,677	55,428
Expected investment income	506,073	610,128	526,854
Investment gains/losses	122,827	(2,572,143)	1,391,085
Administrative expense	(83,142)	(92,925)	(88,818)
Expected benefit payments	(1,839,915)	(1,778,447)	(2,665,780)
Change in plan fiduciary net position	786,425	(1,945,263)	1,884,549
Fiduciary trust net position, beginning of year	9,039,664	10,984,927	9,100,378
Fiduciary trust net position, end of year (b)	\$ 9,826,089	\$ 9,039,664	\$ 10,984,927
Net OPEB liability (asset), ending (a) - (b)	\$ 29,175,961	\$ 35,674,602	\$ 34,668,161
Covered payroll	\$ 91,867,196	\$ 78,314,530	\$ 80,088,956
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	25%	20%	24%
Net OPEB asset as a percentage of covered payroll	32%	46%	43%

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

LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 2,397,033	\$ 2,332,879	\$ 2,270,442
Interest	1,924,513	1,661,774	2,048,046
Change in assumptions	(8,251,888)	4,557,417	-
Experience gains/losses	-	-	-
Benefit payments	(2,673,061)	(2,817,936)	(2,709,554)
Net change in total OPEB liability	(6,603,403)	5,734,134	1,608,934
Total OPEB liability, beginning of year	42,904,974	37,170,840	35,561,906
Total OPEB liability, end of year (a)	\$ 36,301,571	\$ 42,904,974	\$ 37,170,840
Plan fiduciary net position			
Employer contributions	\$ 2,673,061	\$ 2,817,936	\$ 2,774,262
Employer contributions to trust	73,926	-	-
Expected investment income	346,172	349,725	716,625
Investment gains/losses	98,866	91,971	-
Administrative expense	(72,661)	(71,423)	(65,077)
Expected benefit payments	(2,673,061)	(2,817,936)	(2,709,554)
Change in plan fiduciary net position	446,303	370,273	716,256
Fiduciary trust net position, beginning of year	8,177,646	7,807,373	7,091,117
Fiduciary trust net position, end of year (b)	\$ 8,623,949	\$ 8,177,646	\$ 7,807,373
Net OPEB liability (asset), ending (a) - (b)	\$ 27,677,622	\$ 34,727,328	\$ 29,363,467
Covered payroll	\$ 73,755,295	\$ 71,362,047	\$ 65,033,514
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	24%	19%	21%
Net OPEB asset as a percentage of covered payroll	38%	49%	45%

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

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020
Actuarially determined contribution	\$ 1,839,915	\$ 1,778,447	\$ 4,725,457	\$ 3,631,116
Contributions in relations to the actuarially determined contribution	2,286,733	2,601,339	2,721,208	2,913,721
Contribution deficiency (excess)	<u>\$ (446,818)</u>	<u>\$ (822,892)</u>	<u>\$ 2,004,249</u>	<u>\$ 717,395</u>
Covered-employee payroll	\$ 91,867,196	\$ 78,314,530	\$ 80,088,956	\$ 75,608,162
Contribution as a percentage of covered-employee payroll	2.49%	3.32%	3.40%	3.85%
	2019	2018	2017	
Actuarially determined contribution	\$ 4,525,822	\$ 4,112,718	\$ 5,153,982	
Contributions in relations to the actuarially determined contribution	2,746,987	2,817,936	2,774,262	
Contribution deficiency (excess)	<u>\$ 1,778,835</u>	<u>\$ 1,294,782</u>	<u>\$ 2,379,720</u>	
Covered-employee payroll	\$ 73,755,295	\$ 71,362,047	\$ 65,033,517	
Contribution as a percentage of covered-employee payroll	3.72%	3.95%	4.27%	

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

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPEB MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

	Balance June 30, 2023	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020
Annual money-weighted rate of return, net of investment expense	6.04%	-18.71%	3.48%	-5.01%

	Balance June 30, 2019	Balance June 30, 2018	Balance June 30, 2017
Annual money-weighted rate of return, net of investment expense	8.50%	-0.69%	4.66%

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

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS - State Teachers' Retirement Plan					
District's proportion of the net pension liability	0.093%	0.096%	0.094%	0.088%	0.091%
District's proportionate share of the net pension liability	\$ 64,755,113	\$ 43,518,980	\$ 91,094,460	\$ 79,478,080	\$ 83,635,370
State's proportionate share of the net pension liability associated with the District	32,429,550	21,897,519	46,958,825	43,360,949	47,885,396
Total	\$ 97,184,663	\$ 65,416,499	\$ 138,053,285	\$ 122,839,029	\$ 131,520,766
District's covered - employee payroll	\$ 51,700,000	\$ 57,000,000	\$ 55,100,000	\$ 51,500,000	\$ 52,300,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	125%	76%	165%	154%	160%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS - Schools Pool Plan					
District's proportion of the net pension liability	0.254%	0.263%	0.254%	0.247%	0.263%
District's proportionate share of the net pension liability	\$ 87,380,925	\$ 53,529,563	\$ 78,027,062	\$ 71,986,301	\$ 70,204,069
District's covered - employee payroll	\$ 40,700,000	\$ 50,600,000	\$ 36,700,000	\$ 34,200,000	\$ 34,900,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	215%	106%	212%	210%	201%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS - Miscellaneous Employer Plan (Auxiliary)					
Auxiliary's proportion of the net pension liability	0.019%	0.055%	0.027%	0.027%	0.030%
Auxiliary's proportionate share of the net pension liability	\$ 2,228,485	\$ 2,971,616	\$ 2,885,600	\$ 2,741,729	\$ 2,893,885
Auxiliary's covered - employee payroll*	\$ -	\$ -	\$ -	\$ -	\$ -
Auxiliary's proportionate Share of the net pension liability as percentage of covered-employee payroll	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	78%	90%	78%	78%	75%

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

*The Auxiliary plan is a closed plan to new entrants with no ongoing payroll.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS - State Teachers' Retirement Plan				
District's proportion of the net pension liability	0.093%	0.092%	0.091%	0.088%
District's proportionate share of the net pension liability	\$ 86,006,400	\$ 74,410,520	\$ 61,264,840	\$ 51,424,560
State's proportionate share of the net pension liability associated with the District	50,881,074	42,366,818	32,402,260	31,052,681
Total	\$ 136,887,474	\$ 116,777,338	\$ 93,667,100	\$ 82,477,241
District's covered - employee payroll	\$ 50,600,000	\$ 47,400,000	\$ 37,300,000	\$ 37,400,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	170%	157%	164%	138%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS - Schools Pool Plan				
District's proportion of the net pension liability	0.258%	0.266%	0.266%	0.261%
District's proportionate share of the net pension liability	\$ 61,639,155	\$ 51,152,660	\$ 39,149,702	\$ 29,573,093
District's covered - employee payroll	\$ 33,000,000	\$ 30,800,000	\$ 29,900,000	\$ 27,500,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	187%	166%	131%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS - Miscellaneous Employer Plan (Auxiliary)				
Auxiliary's proportion of the net pension liability	0.033%	0.037%	0.080%	0.362%
Auxiliary's proportionate share of the net pension liability	\$ 3,623,001	\$ 3,197,081	\$ 2,204,132	\$ 2,254,982
Auxiliary's covered - employee payroll*	\$ -	\$ -	\$ -	\$ -
Auxiliary's proportionate Share of the net pension liability as percentage of covered-employee payroll	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	73%	76%	80%	77%

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

*The Auxiliary plan is a closed plan to new entrants with no ongoing payroll.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023**

CalSTRS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 7,552,499	\$ 6,359,424	\$ 5,089,273	\$ 3,309,638
District's contributions in relation to the statutorily required contribution	7,552,499	6,359,424	5,089,273	3,309,638
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 52,300,000	\$ 50,600,000	\$ 47,400,000	\$ 37,300,000
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%
CalPERS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 5,419,021	\$ 4,579,905	\$ 3,646,749	\$ 3,517,765
District's contributions in relation to the statutorily required contribution	5,419,021	4,579,905	3,646,749	3,517,765
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 34,900,000	\$ 33,000,000	\$ 30,800,000	\$ 29,900,000
District's contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%	11.77%
CalPERS - Miscellaneous Employer Plan (Auxiliary)	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ -	\$ -	\$ -	\$ 534
Auxiliary's contributions in relation to the statutorily required contribution	174,923	440,547	420,701	407,658
Auxiliary's contribution deficiency (excess)	\$ (174,923)	\$ (440,547)	\$ (420,701)	\$ (407,124)
Auxiliary's covered-employee payroll**	n/a	n/a	n/a	n/a
Auxiliary's contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

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

*Actuarial contributions were based on billings submitted by CalPERS to the Auxiliary.

**The Auxiliary plan is a closed plan to new entrants with no ongoing payroll.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in Net OPEB Liability and Related Ratios

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

Schedule of District Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, 10 years of information will be presented.

Changes in Benefit Terms: There were no changes in benefit terms since the previous valuation.

Changes in Assumptions: The discount rate as of June 30, 2022 measurement date was 4.20%, while the discount rate as of the June 30, 2023 measurement date was 4.34%.

Schedule OPEB Money-Weighted Rate of Return on Plan Assets

The schedule is intended to show trends about the rate of return on plan assets.

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

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

Schedule of District Contributions – 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.

Changes in Benefit Terms: There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions: The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There were no changes in assumptions since the previous valuations for CalSTRS.

SUPPLEMENTARY INFORMATION

**LONG BEACH COMMUNITY COLLEGE DISTRICT
ORGANIZATIONAL STRUCTURE
JUNE 30, 2023**

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Herlinda Chico	President	December 2024
Vivian Malauula	Vice President	December 2024
Dr. Virginia L. Baxter	Member	December 2026
Uduak-Joe Ntuk	Member	December 2026
Sunny Zia	Member	December 2026
Emma Manetta	Student Trustee	September 2023

ADMINISTRATION

Dr. Mike Munoz <i>District Superintendent-President</i>	Dr. Nohel C. Corral <i>Executive Vice President, Student Support Services</i>
Dr. Lee Douglas <i>Vice President, Student Support Services</i>	Dr. Raymond "Chip" West <i>Vice President, Business Services</i>
Loy Nashua <i>Vice President, Human Resources</i>	Melissa Infusino <i>Interim Vice President, Workforce Development & Government Affairs</i>

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Long Beach City College Auxiliary	Robert Rapoza	Organized as an auxiliary organization in 2008 and has a signed master agreement dated July 1, 2013.
Long Beach City College Foundation	Paul Kaminski	Organized as an independent organization in 1983 and has a signed master agreement dated January 1, 2016 and amended December 11, 2019.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	48.95	-	48.95
2. Credit	1,798.10	-	1,798.10
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,870.98	-	5,870.98
(b) Daily Census Contact Hours	516.39	-	516.39
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	222.30	-	222.30
(b) Credit	292.52	-	292.52
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	6,202.84	-	6,202.84
(b) Daily Census Contact Hours	3,229.35	-	3,229.35
(c) Noncredit Independent Study/Distance Education Courses	96.00	-	96.00
D. Total FTES	18,277.43	-	18,277.43
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Credit*	172.83	-	172.83
2. Noncredit*	312.79	-	312.79
Total Basic Skills FTES	485.62	-	485.62
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	337.77	-	337.77
Centers FTES			
1. Credit*	1,600.49	-	1,600.49
2. Noncredit*	218.39	-	218.39
Total Centers FTES	1,818.88	-	1,818.88

*Including Career Development and College Preparation (CDCP) FTES

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Student Financial Assistance Cluster			
Supplemental Educational Opportunity Grant (SEOG)	84.007	n/a	\$ 908,853
Administrative Allowance - Campus Based Programs	84.000	n/a	131,558
Federal Work Study (FWS)	84.033	n/a	926,062
Administrative Allowance - Pell	84.063	n/a	51,170
Pell Grant	84.063	n/a	37,980,651
William D. Ford Direct Loan Program	84.268	n/a	4,302,031
Subtotal Student Financial Aid Cluster			<u>44,300,325</u>
TRIO Cluster			
Student Support Services - Project Go	84.042A	n/a	281,975
Upward Bound	84.047A	n/a	474,784
Subtotal TRIO Cluster			<u>756,759</u>
Higher Education-Institutional Aid HSI Cooperative			
Subtotal Higher Education	84.031S	n/a	<u>-</u>
Developing Hispanic-Serving Institutions Program			
Titlve V. Destino Grant	84.031S	n/a	619,753
Phoenix Scholars - Gang Involved Youth grant	84.116Y	n/a	309,972
Higher Education Emergency Relief Fund			
COVID-19 HEERF I CARES Act - Student Aid	84.425E	n/a	204,351
COVID-19 HEERF I CARES Act - Institutional	84.425F	n/a	18,935,874
COVID-19 HEERF I CARES Act - Minority Serving Institutions	84.425L	n/a	4,585,000
Subtotal Higher Education Emergency Relief Fund			<u>23,725,225</u>
<i>Passed through California Community Colleges Chancellor's Office</i>			
Perkins Title I-C (Basic Grants to States)	84.048	(1)	1,171,352
Total Department of Education			<u>71,059,277</u>
U.S. SMALL BUSINESS ADMINISTRATION			
<i>Direct Program</i>			
Small Business Development Center (SBDC)	59.037	n/a	4,478,013
Small Business Administration, Small Business Development Center Coronavirus Aid, Relief and Economic Security Act (CARE Act)	59.037	n/a	395,187
SBA Comm. Navigator Pilot Prog	59.037	n/a	17,014
Veterans Business Office Outreach Center	59.044	n/a	10,056
Total Small Business Administration			<u>4,900,270</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS			
<i>Direct Program</i>			
Post 9/11 Veteran Education Assistant - GI Bill Chapter 33	64.028	n/a	131,695
Total Veterans Affairs			<u>131,695</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through California Department of Education:</i>			
Child Care Development Cluster			
Child Care and Development Block Grant	93.575	(1)	89,049
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	(1)	32,477
Subtotal Child Care Development Cluster			<u>121,526</u>
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	117,265
Title IV-E Foster Care	93.658	(1)	86,944
Total Department of Health and Human Services			<u>325,735</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Program</i>			
Child Nutrition Program	10.558	n/a	66,300
Total U.S. Department of Agriculture			<u>66,300</u>
U.S. DEPARTMENT OF TREASURY			
<i>Direct Program</i>			
COVID-19 Coronavirus State Fiscal Recovery Fund	21.027	n/a	1,889,116
Total US Department of Treasury			<u>1,889,116</u>
U.S. DEPARTMENT OF HOMELAND SECURITY (FEMA)			
<i>Direct Program</i>			
United Way LA - EFSP	97.024	n/a	65,577
Total US Department of Homeland Security			<u>65,577</u>
U.S. DEPARTMENT OF LABOR			
<i>Direct Program</i>			
DOL - Strengthening CC Training	17.261	n/a	222,474
Total US Department of Energy			<u>222,474</u>
U.S. DEPARTMENT OF COMMERCE			
<i>Direct Program</i>			
DOL - Strengthening CC Training	11.025	n/a	974,059
Total US Department of Commerce			<u>974,059</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES (CNCS)			
<i>Direct Program</i>			
AmeriCorps National Service Awards	94.006	n/a	10,401
Total Corporation for National and Community Service			<u>10,401</u>
Total Federal Programs			<u>\$ 79,766,430</u>
AMOUNT PROVIDED TO SUBRECIPIENTS			
Small Business Development Center (SBDC)	59.037	n/a	
Economic Development Collaborative - Ventura County			\$ 434,113
El Camino Community College District			491,125
Pacific Coast Regional Small Business Development Corporation			387,599
Pasadena Community College District			311,626
Santa Clarita Community College District			526,924
University of La Verne			249,778
			<u>\$ 2,401,165</u>

(1) - Pass-through entity identifying number not readily available.

n/a - Pass-through entity identifying number not applicable.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues				Total	Total Program Expenditures
	Cash Received	Accounts Receivable/ (Payable)	Deferred Income			
Access to print & Electronic Info (same program # for DSPS)	\$ 12,525	\$ -	\$ -	\$ -	\$ 12,525	\$ 12,525
Adult Education	3,223,976	-	2,102,784	-	1,121,192	1,121,192
Asian American, Native Hawaiian and Pacific Island	150,697	-	150,697	-	-	-
Basic Needs Centers	1,093,978	-	561,401	-	532,577	532,577
Block Grant	15,536,696	-	13,115,643	-	2,421,053	2,421,053
(SFAA) Student Financial Aid Administration	1,152,261	-	125,454	-	1,026,807	1,026,807
Cal Grant	5,931,935	6,148	-	-	5,938,083	5,938,083
CA College Promise Implementation	2,597,332	8,120	500,282	-	2,105,170	2,105,170
College Reapid Rehousing Funds	1,894,854	-	644,723	-	1,250,131	1,250,131
CalWORKS	910,917	-	71,367	-	839,550	839,550
Child Care Permissive Tax Bail/Childcare Taxbailout	66,334	-	-	-	66,334	66,334
College Promise Grants (BOG Fee waivers admin)	311,807	-	-	-	311,807	311,807
Cooperative Agencies Resources for Education (CARE)	579,893	1,200	142,813	-	438,280	438,280
Deaf and Hard of Hearing	431,040	-	-	-	431,040	431,040
Covid-19 Recovery Block grant	12,427,308	-	12,427,308	-	-	-
Disabled Student Program and Services (DSPS)	2,398,886	-	279,495	-	2,119,391	2,119,391
Disaster Relief Emergency	7,624	-	7,624	-	-	-
Culturally comp. Faculty PD	50,435	-	2,123	-	48,312	48,312
Culturally comp. Responsive Pedagogy & practices	131,166	-	131,166	-	-	-
Early Action Emergency Financial Aid	5,650,015	-	3,082,857	-	2,567,158	2,567,158
Equal Employment Opportunity (Staff Diversity) Includes PR	231,860	-	27,598	-	204,262	204,262
Extended Opportunities Program and Services (EOPS)	2,844,002	-	550,990	-	2,293,012	2,293,012
EEO Best Practices	205,333	-	205,333	-	-	-
EEO Best Practices - Onboarding	148,215	-	148,215	-	-	-
EEO	231,860	-	27,598	-	204,262	204,262
Financial Aid Tech Grant	134,791	-	39,612	-	95,179	95,179
Foster/Kin care 61% of allocation is State	170,405	-	-	-	170,405	170,405
General Child Care and Development Program	146,563	-	-	-	146,563	146,563
Guided Pathways	901,319	-	679,098	-	222,221	222,221
Local and Systemwide Tech & Data security & assesment	350,000	-	328,800	-	21,200	21,200
LGBTQ +	133,894	-	117,713	-	16,181	16,181
Campus Safety & Sexual Assault	6,000	-	-	-	6,000	6,000
Vision Prof Dev Classified	80,438	-	74,656	-	5,782	5,782
Library Services Platform	65,440	-	19,355	-	46,085	46,085
Mental Health Svcs	811,187	-	676,294	-	134,893	134,893
Ful Time Faculty Hiring	2,936,064	-	-	-	2,936,064	2,936,064
Nextup	829,886	-	287,465	-	542,421	542,421
Nursing Education Program Support	130,690	-	53,528	-	77,162	77,162
Certified Nursing Assistant Program	130,690	-	53,528	-	77,162	77,162
Part-Time Faculty Compensation	470,021	-	-	-	470,021	470,021
Retention & Enrollment Outreach	2,419,460	-	1,414,876	-	1,004,584	1,004,584
State Preschool Program	1,095,439	66,671	-	-	1,162,110	1,162,110
Strong Workforce - Local & Regional combined	3,467,451	468,503	1,235,039	-	2,700,915	2,700,915
Student Success Completion Grant	8,456,319	-	324,417	-	8,131,902	8,131,902
Student Equity	9,618,386	-	2,483,726	-	7,134,660	7,134,660
Student Food and Housing Support	825,974	-	683,942	-	142,032	142,032
Student Housing (Planning)	120,000	-	118,460	-	1,540	1,540
Undocumented Resources Liaison	249,990	-	35,274	-	214,716	214,716
Veterans Resource Center	349,527	-	183,707	-	165,820	165,820
Veterans Program	95,424	-	86,094	-	9,330	9,330
Zero Textbook Cost Prog (planning & implementation)	200,000	-	180,100	-	19,900	19,900
	\$ 92,416,307	\$ 550,642	\$ 43,381,155	\$ -	\$ 49,585,794	\$ 49,585,794

**LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	29,898,978	-	29,898,978	29,898,978	-	29,898,978
Other	1300	18,337,720	-	18,337,720	18,337,720	-	18,337,720
Total Instructional Salaries		48,236,698	-	48,236,698	48,236,698	-	48,236,698
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	11,414,468	-	11,414,468
Other	1400	-	-	-	1,843,743	-	1,843,743
Total Non-Instructional Salaries		-	-	-	13,258,211	-	13,258,211
Total Academic Salaries		48,236,698	-	48,236,698	61,494,909	-	61,494,909
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	25,697,449	-	25,697,449
Other	2300	-	-	-	1,622,831	-	1,622,831
Total Non-Instructional Salaries		-	-	-	27,320,280	-	27,320,280
Instructional Aides							
Regular Status	2200	3,201,247	-	3,201,247	3,201,247	-	3,201,247
Other	2400	468,044	-	468,044	468,044	-	468,044
Total Instructional Aides		3,669,291	-	3,669,291	3,669,291	-	3,669,291
Total Classified Salaries		3,669,291	-	3,669,291	30,989,571	-	30,989,571
Employee Benefits	3000	25,024,537	-	25,024,537	47,508,422	-	47,508,422
Supplies and Materials	4000	-	-	-	936,043	-	936,043
Other Operating Expenses	5000	-	-	-	10,368,483	-	10,368,483
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		76,930,526	-	76,930,526	151,297,428	-	151,297,428
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	802,572	-	802,572	802,572	-	802,572
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,221,173	-	1,221,173
Object to Exclude							
Rents and Leases	5060	-	-	-	79,942	-	79,942
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	4,460,406	-	4,460,406
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 802,572	\$ -	\$ 802,572	\$ 6,564,093	\$ -	\$ 6,564,093
Total for ECS 84362, 50% Law		\$ 76,127,954	\$ -	\$ 76,127,954	\$ 144,733,335	\$ -	\$ 144,733,335
Percent of CEE (Instructional Salary Cost/Total CEE)		52.60%	0.00%	52.60%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 72,366,668	\$ -	\$ 72,366,668

**LONG BEACH COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2023**

EPA Revenue	\$ 9,826,371
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 9,826,371	\$ -	\$ -	\$ 9,826,371
Total		\$ 9,826,371	\$ -	\$ -	\$ 9,826,371

**LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund		\$	76,991,174
Debt Service Funds			37,060,849
Bond Construction Funds			115,105,483
Capital Project Funds			42,642,241
Child and Adult Development Fund Balances			3,502,104
Other Special Revenue Funds			2,547,377
Other Trust Funds			70,294,908
Self Insurance Fund			3,622,821
Student Financial Aid Fund			121,523
Associated Students Fund			2,951,263
Student Representation Fee Fund			122,650
Total fund balances as reported in the CCFS-311		\$	<u>354,962,393</u>

Auxiliary Fund (not reported on CCFS-311) 2,790,682

Assets recorded within the statements of net position not included in the District fund financial statements:

Capital assets	\$	719,860,315	
Intangible right of use assets		7,915,955	
Accumulated depreciation and amortization		<u>(208,025,594)</u>	519,750,676

Lease Receivable 685,223

Property Tax Receivable 2,188,360

Unmatured Interest (6,784,914)

OPEB Irrevocable Trust (9,826,089)

Estimated Claims Liability (194,828)

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred loss on refunding		11,390,044
Deferred outflows from OPEB		9,535,658
Deferred outflows from pensions		49,511,257

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

General obligation bonds, net	\$	690,752,057	
Supplemental employee retirement plan		2,692,641	
Compensated absences		6,271,207	
Lease liability		717,715	
Software leases		4,470,742	
Medicare Premium Payment (MPP) program		460,656	
Net OPEB liability		29,175,961	
Net pension liability		<u>154,364,523</u>	(888,905,502)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows from leases		(495,998)
Deferred inflows from OPEB		(18,356,512)
Deferred inflows from pensions		<u>(18,578,801)</u>

Net Assets Reported Within the Statements of Net Position \$ 7,671,649

**LONG BEACH COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Organizational Structure

This schedule provides information about the District's governing board members and administration members.

Schedule of Workload Measures for State General Apportionment – Annual/Attendance

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

Schedule of Expenditures of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of San Mateo Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Revenues and Expenditures of State Awards

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

Reconciliation of ECS 84362 (50 Percent Law) Calculation

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

Details of the Education Protection Account Expenditures

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

OTHER INDEPENDENT AUDITORS' REPORTS



INDEPENDENT AUDITORS' 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

The Board of Trustees
Long Beach Community College District
Long Beach, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary activities and the discretely presented component unit of Long Beach Community College District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Long Beach Community College District's basic financial statements, and have issued our report thereon dated November 29, 2023.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No., 96, *Subscription-based Information Technology Arrangements*, for the year ending June 30, 2023. 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 Long Beach Community College 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 Long Beach Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Long Beach Community College District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Long Beach Community College 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California
November 29, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees
Long Beach Community College District
Long Beach, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Long Beach Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Long Beach Community College 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 Long Beach Community College 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 Long Beach Community College District's federal programs.

Auditors' 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 Long Beach Community College 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 Long Beach Community College 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 Long Beach Community College 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 Long Beach Community College 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Long Beach Community College 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 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.

CWDL, Certified Public Accountants

San Diego, California
November 29, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Long Beach Community College District
Long Beach, California

Report on State Compliance

Opinion on State Compliance

We have audited Long Beach Community College District's (the District) compliance with the types of compliance requirements as identified in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2021-22 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements 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.

Auditors' 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.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
November 29, 2023

FINDINGS AND QUESTIONED COSTS SECTION

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.044 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425E, 84.425F, 84.425L</u>	<u>Higher Education Emergency Relief Funds</u>
	<u>COVID-19 Coronavirus State Fiscal</u>
<u>21.027</u>	<u>Recovery Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,392,993</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**LONG BEACH COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no financial statement findings or recommendations identified during 2022-23.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2022-23.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2022-23.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023**

There were no findings or questioned costs identified during 2021-22.

CONTINUING DISCLOSURE INFORMATION

**LONG BEACH COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget (2024)</u> <u>Amount</u>	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>
<u>Combined General Fund</u>				
<u>Revenue</u>				
Federal	16,558,181	36,428,270	31,781,512	19,961,466
State	207,056,506	152,890,437	135,873,213	121,861,781
County, Local, and Other	58,820,029	59,314,748	49,882,514	49,704,491
Other Financing Sources	630,000	1,006,770	1,002,018	1,270,631
Total Revenue	<u>283,064,716</u>	<u>249,640,225</u>	<u>218,539,257</u>	<u>192,798,369</u>
<u>Expenditure</u>				
Academic Salaries	82,294,525	69,830,724	63,964,701	62,690,347
Classified Salaries	62,455,762	47,490,126	42,776,521	39,860,379
Employee Benefits	67,816,235	56,892,225	52,314,413	48,746,996
Supplies and Materials	8,344,531	4,355,376	3,426,130	3,134,969
Other Operating Expenses and Services	49,670,669	31,213,494	26,048,176	22,491,675
Capital Outlay	11,610,869	19,326,693	8,747,729	2,887,148
Other Uses	3,388,472	10,329,709	6,615,005	4,885,204
Total Expenditures	<u>285,581,063</u>	<u>239,438,347</u>	<u>203,892,675</u>	<u>184,696,718</u>
Change in Fund Balance	<u>(2,516,347)</u>	<u>10,201,878</u>	<u>14,646,582</u>	<u>8,101,651</u>
Ending Fund Balance	74,474,827	76,991,174	66,789,296	52,142,714
Available Reserve %	36.65%	43.61%	11.44%	11.13%
Full-Time Equivalent Students	<u>19,078</u>	<u>18,349</u>	<u>17,363</u>	<u>19,478</u>
Total Long-Term Debt	<u>811,553,277</u>	<u>845,862,911</u>	<u>825,107,265</u>	<u>777,421,929</u>

IMPORTANT NOTES:

The California Community College Chancellor's Office now recommends reserves of at least two months of regular operating expenditures or 16.67% (2/12) as a condition of the Emergency Conditions Allowance. This is in line with the recommendations of the Government Finance Officers Association (GFOA). In addition, the District's Board policy requires a minimum 16.67% reserve in the unrestricted general fund (calculated as a percentage of expenditures and other outgo).

Full-time equivalent students (FTES) represents credit and non-credit factored FTES and excludes FTES generated by non-residents.

The 2024 budget is the Plan and Budget adopted by the Board of Trustees on September 13, 2023.

**LONG BEACH COMMUNITY COLLEGE DISTRICT
CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

Assessed valuation for fiscal year 2022-23	\$	81,129,569,472	(2)
Secured tax levies for fiscal year 2022-23	\$	15,236,372	(1)
Secured tax delinquencies for fiscal year 2022-23	\$	520,763	(1)
Secured tax collections for fiscal year 2022-23	\$	14,715,609	(1)

2022-23 Largest Local Secured Taxpayers (2)

Property Owner	Land Use	2022/23 Assessed Valuation	Percentage of Toal (3)
1. Participants in Long Beach Unit	Industrial – Petroleum	\$ 596,222,389	0.78%
2. LBCT LLC	Industrial – Terminal Operations	\$ 479,115,842	0.63%
3. Pacific Maritime Services LLC	Industrial – Terminal Operations	\$ 417,470,800	0.55%
4. Terminal Investment Limited Sàrl	Industrial – Terminal Operations	\$ 408,835,000	0.54%
5. Macerich Lakewood LLC	Shopping Center	\$ 399,351,725	0.52%
6. Tidelands Oil Production Co.	Industrial – Petroleum	\$ 380,056,020	0.50%
7. CF Alpha And Golf Propco LLC	Office Building	\$ 260,168,743	0.34%
8. GCC Long Beach LLC	Industrial	\$ 241,771,050	0.32%
9. Tesoro Logistics Operations LLC	Industrial – Petroleum	\$ 229,579,018	0.30%
10. Douglas Park Associates III & IV LLC	Industrial	\$ 215,169,626	0.28%
11. International Trans Serv	Industrial – Terminal Operations	\$ 214,566,000	0.28%
12. Massachusetts Mutual Life Insurance	Shopping Center	\$ 186,113,645	0.24%
13. Kilroy Realty LP	Office Building	\$ 173,180,401	0.23%
14. 2009 CUSA Community Owner LLC	Apartments	\$ 166,834,286	0.22%
15. John Hancock Life Insurance	Office Building	\$ 153,636,100	0.20%
16. TABC Inc.	Industrial	\$ 143,417,368	0.19%
17. 707 East Ocean Boulevard LLC	Apartments with Retail	\$ 138,041,714	0.18%
18. Urban Commons Queensway LLC	Hotel	\$ 136,361,048	0.18%
19. SSA Terminals LLC	Industrial – Terminal Operations	\$ 132,609,000	0.17%
20. IMT Capital IV Gallery LLC	Commercial	\$ 131,606,842	0.17%
		<u>\$ 5,204,106,617</u>	<u>6.82%</u>

(1) Information obtained from the Los Angeles County Auditor-Controller's Office

(2) Information obtained from Cooperative Strategies

(3) % of total assessed valuation for the fiscal year 2022-23 of \$81,129,569,472.