



Financial Statements  
June 30, 2023

# State Center Community College District

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
Basic Financial Statements	
Primary Government	
Statement of Net Position .....	19
Statement of Revenues, Expenses, and Changes in Net Position.....	20
Statement of Cash Flows.....	21
Fiduciary Fund	
Statement of Net Position .....	23
Statement of Changes in Net Position .....	24
Notes to Financial Statements.....	25
Required Supplementary Information	
Schedule of Changes in the District’s Net OPEB Liability and Related Ratios.....	66
Schedule of OPEB Investment Returns .....	68
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	70
Schedule of the District’s Proportionate Share of the Net Pension Liability .....	71
Schedule of the District Contributions for Pensions.....	73
Schedule of the Changes in the District’s Cash-in-Lieu Plan Total Pension Liability and Related Ratios .....	75
Notes to Required Supplementary Information .....	77
Supplementary Information	
District Organization .....	79
Schedule of Expenditures of Federal Awards .....	80
Schedule of Expenditures of State Awards.....	83
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance.....	86
Reconciliation of <i>Education Code</i> Section 84362 (50 Percent Law) Calculation.....	87
Proposition 30 Education Protection Account (EPA) Expenditure Report .....	90
Reconciliation of Governmental Funds to the Statement of Net Position .....	91
Notes to Supplementary Information.....	93
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	95
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance .....	97
Independent Auditor’s Report on State Compliance.....	100
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	103
Financial Statement Findings and Recommendations.....	104
Federal Awards Findings and Questioned Costs.....	105
State Compliance Findings and Questioned Costs.....	107
Summary Schedule of Prior Audit Findings.....	108



## Independent Auditor's Report

To the Board of Trustees  
State Center Community College District  
Fresno, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Adoption of New Accounting Standard***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18 and other required supplementary schedules as listed in the table of contents on pages 66 through 76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedure to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of content are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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.



Rancho Cucamonga, California  
December 16, 2023



# STATE CENTER COMMUNITY COLLEGE DISTRICT

Fresno City College | Reedley College | Clovis Community College  
Madera Community College | Madera Community College at Oakhurst

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

## **HISTORY**

State Center Community College District was formed in 1964 when it assumed control of Fresno City College and Reedley College. The District serves approximately 1.7 million people and 38 unified and high school districts in more than 5,743 square miles of urban and rural territory, including most of Fresno and Madera counties and portions of Kings and Tulare counties. The District is governed by a seven-member board of trustees who represent seven trustee areas. Fresno City College, established in 1910, enrolls more than 37,000 students annually and offers more than 100 academic areas of study where students can earn an associate degree in arts, science, transfer, or certificates in career technical education. Fresno City College also offers occupational and technical training at its Career and Technology Center. Reedley College, established in 1926, is located in Reedley (approximately 25 miles southeast of Fresno) and enrolls more than 13,000 students in a variety of courses and degree programs in occupational education and the arts and sciences. Clovis Community College, established in 1992 as a center, became one of the system's newest colleges in July 2015 and enrolls over 13,500 students. The college offers approximately 1,400 courses annually in 54 areas of study and gives students a choice of Associate Degrees, Associate Degrees for Transfer, Certificates of Achievement, and Career Technical Education (CTE) short-term classes. Madera Community College serves more than 8,000 students and is the newest community college in the state. Madera Community College at Oakhurst serves approximately 900 students and offers programs in general education for transfer and two-year degrees. The District also provides non-credit training programs that can quickly respond to the business and industry training needs of the region offered through the Training Institute.

## **ACCOUNTING STANDARDS**

As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments," and GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," the annual report consists of three basic financial statements that provide information on the District's activities as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared using the Business Type Activity (BTA) model, which complies with the California Community College Chancellor's Office recommendation to report in a manner consistent and comparable with other California community college districts. The information provided on the statements in the Management's Discussion and Analysis (MD&A) includes all funds, including general obligation bond funds and student trust and agency funds. The financial statements for the District's foundation are issued separately and can be obtained from the Foundation.

## FINANCIAL HIGHLIGHTS

The District's unrestricted general funding comes primarily from three sources: state apportionment, property taxes, and student enrollment fees. The largest component of the three is state apportionment, which is based on the new Student-Centered Funding Formula (SCFF) for community colleges established by the legislature. This new formula is comprised of three major components: approximately 70% Full-Time Equivalent Students (FTES) base allocation, 20% supplemental allocation (number of students participating in the Pell Grant Program and California Promise Program), and 10% student success allocation (i.e., certificates, associate degree transfers, transfer to a 4-year institution, etc.). During fiscal year 2022-2023, the District received the benefit of the emergency conditions provisions that allowed the District to use the higher 2019-2020 FTES enrollment levels to calculate our apportionment funding. This emergency conditions provision ends with fiscal year 2022-2023, so districts will need to have recovered their enrollment or risk receiving a reduction in apportionment funding moving forward.

### General Fund Reserve

The District ended the fiscal year on June 30, 2023, with a healthy unrestricted general fund balance of \$95,819,214. The fund balance designations are as follows:

• Economic Uncertainty (17%)	\$52,768,970
• Campus reserves (5%)	\$11,105,474
• Lottery funds	\$10,447,477
• Enrollment Restoration/Econ Uncertainty	\$15,527,447
• Rollover Purchase Orders	\$ 3,085,505
• Campus Co-Curricular Funds	\$ 2,734,341
• Revolving Fund Balance	\$ 150,000

### General Obligation Bond - Measure C

On June 7, 2016, State Center Community College District successfully passed a local general obligation bond for \$485 million (Measure C). The bond funds will be used to acquire, upgrade, and/or repair the various facilities and equipment throughout the District. Major projects proposed for Fresno City College include a math/science facility, a parking structure, a first responders academy campus, and a West Fresno campus. Reedley College projects focus on a life science/math facility, an agriculture facility, and a center for fine and performing arts. The Clovis Community College proposed project will be geared toward career technology facilities. Madera Community College projects include the Academic Village II building, the Center for Agriculture and Technology building, and the Oakhurst campus project with a larger site and permanent facilities. In September 2017, the District issued its first bond series from Measure C (2016) with a par value of \$75 million. In October 2020, the District issued the second bond series from Measure C (2020) with a par value of \$205 million. Most recently, in December 2022, the District issued the third bond series from Measure C (2022) with a par value of \$100 million.

## FINANCIAL HIGHLIGHTS (CONTINUED)

During the fiscal year, the District completed the following local bond-funded capital projects:

- Fresno City College – Parking Structure
- Madera Community College – Academic Village 2
- Clovis Community College – Chestnut Access Road & Parking Expansion

At the end of fiscal year 2022-2023, several projections were still in the construction phase and will be completed over the next 1-2 fiscal years:

- Fresno City College – West Fresno Campus
- Fresno City College – First Responders Campus
- Fresno City College – New Science Building
- Reedley College – Center for Fine & Performing Arts
- Madera Community College – Oakhurst Facilities
- Clovis Community College – Applied Technology Building – Phase 1

### Other Postemployment Benefits

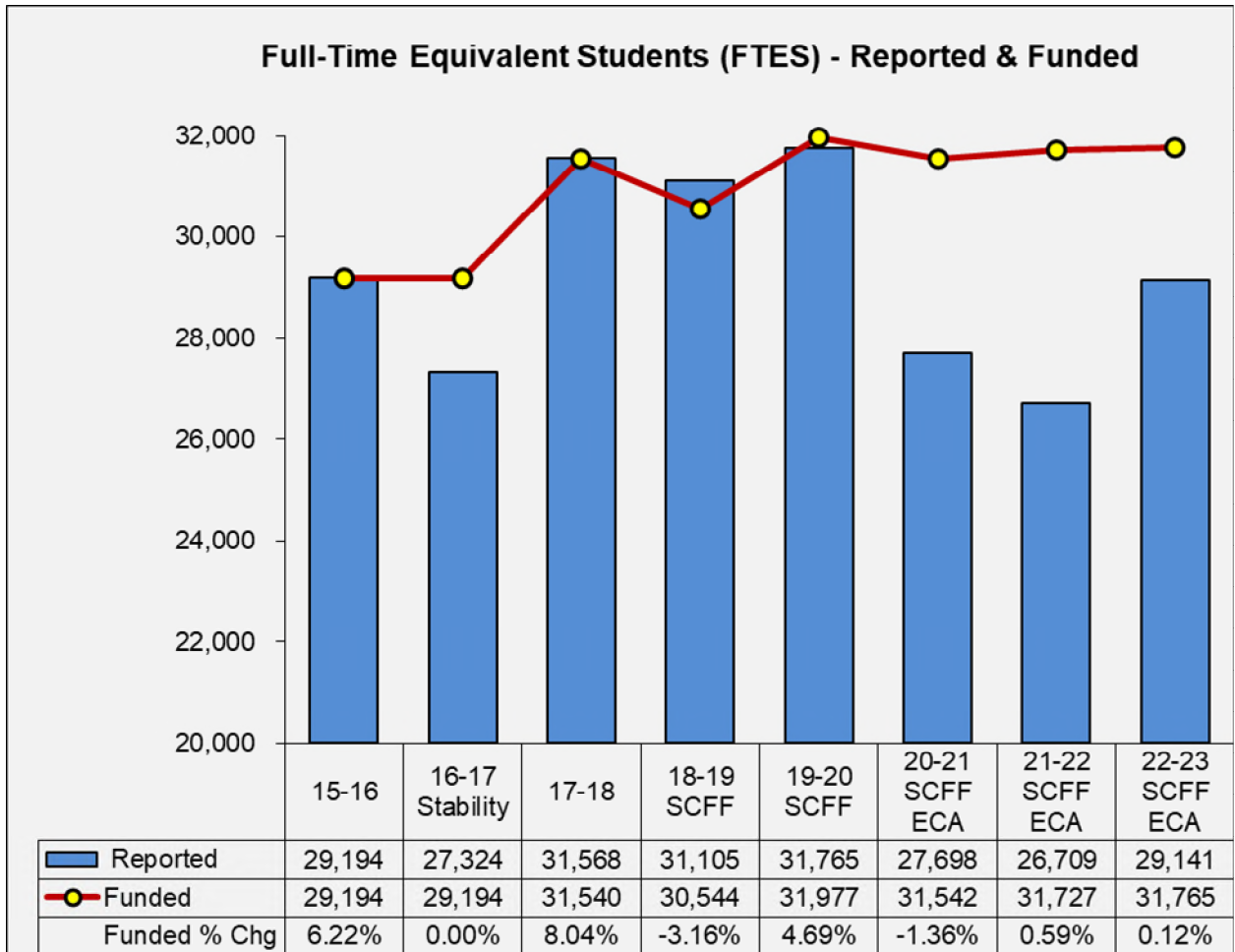
The District engaged Public Agency Retirement Services (PARS) back in late 2007 to establish an irrevocable trust for its other post-employment benefits (OPEB) retiree health benefits plan. The initial contribution establishing the trust was made on December 12, 2007. Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District is required to present the net OPEB liability in its audited financial statements. As of June 30, 2023, the total OPEB liability was \$54,774,787, offset by the irrevocable trust's plan asset balance of \$40,392,661, yielding a net OPEB liability of \$14,382,126. The District established the SCCCDC Retirement Board that meets semi-annually with staff from PARS and US Bank to review the OPEB Trust investments, actuarial studies, and other activities related to the District's OPEB Trust. During fiscal year 2022-2023, the discount rate used in the valuation was increased from 4.25% to 5.0% resulting in a lower overall OPEB liability.

## ATTENDANCE

With the implementation of the Student-Centered Funding Formula (SCFF), total funded FTES are calculated using a three-year average for all credit FTES and the current year only for all other FTES types. The graph below demonstrates the historical pattern and differences between reported and funded FTES for the District.

The actual FTES reported in 2022-2023 was 29,141; however, Emergency Conditions Allowance provisions allow for the District to be funded using the higher 2019-2020 FTES. Throughout the community college system, enrollments were significantly reduced because of the COVID-19 pandemic. Our colleges continue to focus on addressing this reduction in FTES by trying to minimize the obstacles/barriers that are preventing students from returning to the classroom, virtually or in person, and creating a safe campus environment. Reported FTES for the District increased by over 9% for the academic year 2022-2023 and 2023-2024 looks to be off to a strong start as well.

**ATTENDANCE (CONTINUED)**



**STATEMENT OF NET POSITION**

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the basis of accounting used by most private sector institutions. Net position, the difference between (assets and deferred outflow of resources) and (liabilities and deferred inflow of resources), is one way to measure the financial health of the District. This statement allows readers to determine the resources available to continue the operations of the District.

**STATEMENT OF NET POSITION (CONTINUED)**

The net position consists of three major categories:

- 1) Net investment in capital assets – The District's equity in property, plant, and equipment;
- 2) Restricted for expendable purposes – Resources restricted by use constraints placed by outside parties through agreements, laws, regulations of creditors or other governments, or imposed by law through constitutional provisions or enabling legislation; and
- 3) Unrestricted – Resources the District can use for any lawful purpose. Although unrestricted, the District's governing board may place internal restrictions on these resources, but it retains the power to change, remove, or modify these restrictions.

Highlights of the major changes include:

- Cash and Investments increased by approximately \$75.8 million, mostly due to the new bond issuance and expenditures related to the capital construction bond projects. Additional changes in cash are a result of all the District's operational activities and the impact of changes in receivables, payables, and deferred revenue account balances.
- Accounts receivable increased by \$10.9 million, which is primarily a result of routine operations. Student enrollment fees, state and federal grants, construction claims, state apportionment, and interest income account for the increase in the receivable balance.
- An increase of nearly \$171.5 million in net capital assets is offset by an increase in the accumulated depreciation expense of approximately \$16.2 million, yielding an overall increase in net capital assets of \$155.3 million. \$102.1 million is related to the various major construction projects that are in progress.
- Accounts payable and accrued liabilities increased by \$5.1 million due to the overall increase in outstanding invoices at fiscal year-end.
- Unearned revenues increased by \$25.6 million, primarily related to student financial aid and state grant funds being held for future expenditure.
- Long-term liabilities increased overall by approximately \$165.4 million. The District's net general obligation bonds increased by \$84.0 million due to the issuance of new bonds and the offsetting annual debt service payments. Net pension liability increased by \$95.3 million, based on the STRS/PERS pension plans' actuarial valuations. The District's OPEB liability decreased by \$14.2 million, based on the District's most recent OPEB valuation reports.
- Deferred Inflow from net pension liability decreased by \$75.4 million, while deferred outflow from net pension liability increased by \$26.6 million, based on the STRS/PERS pension plans' actuarial valuations. Deferred Inflow from OPEB liability increased by \$8.0 million, while deferred outflow from OPEB liability decreased by \$4.7 million, based on the District's most recent OPEB valuation reports.
- The Chancellor's Office recommends maintaining a general fund reserve balance of no less than 17% (or 2 months of operating expenditures), which is currently being met by the District. The restricted net position consists primarily of the net position held in the Capital Outlay Projects Fund for construction and scheduled maintenance and the Bond Interest and Redemption Funds.

**STATEMENT OF NET POSITION (CONTINUED)**

Condensed financial information is as follows:

<b>ASSETS</b>	<b>2023</b>	<b>As of June 30th 2022*</b>	<b>\$ Change</b>	<b>% Change</b>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 17,984,515	\$ 12,351,484	\$ 5,633,031	45.6%
Investments	543,682,603	473,536,476	70,146,127	14.8%
Accounts Receivable (net)	51,854,846	40,928,802	10,926,044	26.7%
Other Current Assets	4,639,634	4,902,244	(262,610)	-5.4%
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 618,161,598</u>	<u>\$ 531,719,006</u>	<u>\$ 86,442,592</u>	<u>16.3%</u>
Capital Assets, Net of Depreciation	646,486,829	491,210,835	155,275,994	31.6%
<b>TOTAL ASSETS</b>	<u>\$ 1,264,648,427</u>	<u>\$ 1,022,929,841</u>	<u>\$ 241,718,586</u>	<u>23.6%</u>
<b>DEFERRED OUTFLOWS</b>	<u>\$ 90,008,498</u>	<u>\$ 68,299,338</u>	<u>\$ 21,709,160</u>	<u>31.8%</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<u>\$ 1,354,656,925</u>	<u>\$ 1,091,229,179</u>	<u>\$ 263,427,746</u>	<u>24.1%</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 66,159,055	\$ 61,104,291	\$ 5,054,764	8.3%
Unearned Revenue	104,132,376	78,548,261	25,584,115	32.6%
Long Term Liabilities	26,270,104	24,693,904	1,576,200	6.4%
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 196,561,535</u>	<u>\$ 164,346,456</u>	<u>\$ 32,215,079</u>	<u>19.6%</u>
<b>LONG-TERM LIABILITIES</b>	<u>\$ 671,945,865</u>	<u>\$ 508,109,459</u>	<u>\$ 163,836,406</u>	<u>32.2%</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 868,507,400</u>	<u>\$ 672,455,915</u>	<u>\$ 196,051,485</u>	<u>29.2%</u>
<b>DEFERRED INFLOWS</b>	<u>\$ 35,052,371</u>	<u>\$ 102,475,985</u>	<u>\$ (67,423,614)</u>	<u>-65.8%</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<u>\$ 903,559,771</u>	<u>\$ 774,931,900</u>	<u>\$ 128,627,871</u>	<u>16.6%</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 340,367,619	\$ 278,834,564	\$ 61,533,055	22.1%
Restricted for Expendable Purposes	213,511,942	153,880,575	59,631,367	38.8%
Unrestricted	(102,782,407)	(116,417,860)	13,635,453	-11.7%
<b>TOTAL NET POSITION</b>	<u>\$ 451,097,154</u>	<u>\$ 316,297,279</u>	<u>\$ 134,799,875</u>	<u>42.6%</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>	<u>\$ 1,354,656,925</u>	<u>\$ 1,091,229,179</u>	<u>\$ 263,427,746</u>	<u>24.1%</u>

\*The balance sheet accounts for the year ended June 30, 2022 were restated to show the effects of the implementation of GASB Statement No. 96 for comparative purposes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the District. The purpose of this statement is to present the operating and non-operating revenues earned (whether received or not) by the District, the operating and non-operating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses paid to acquire goods and services for our students and stakeholders, and to carry out the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; such as, state appropriations are non-operating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services in return.

Condensed financial information is as follows:

	For the years Ended June 30th			
	2023	2022*	\$ Change	% Change
<b>OPERATING REVENUES</b>				
Tuition & Fees, Net	\$ 12,053,845	\$ 12,366,510	\$ (312,665)	-2.5%
Grants & Contracts, Non-Capital	104,842,670	102,617,018	2,225,652	2.2%
Auxiliary Enterprises & Other Oper. Revenues	2,499,139	2,423,181	75,958	3.1%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 119,395,654</b>	<b>\$ 117,406,709</b>	<b>\$ 1,988,945</b>	<b>1.7%</b>
<b>OPERATING EXPENDITURES</b>				
Salaries and Benefits	\$ 264,564,356	\$ 227,195,095	\$ 37,369,261	16.4%
Supplies, Maintenance & Other Oper. Expenses	74,205,158	59,883,073	14,322,085	23.9%
Student Financial Aid	139,229,337	101,257,696	37,971,641	37.5%
Depreciation & Amortization	17,110,001	13,590,537	3,519,464	25.9%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 495,108,852</b>	<b>\$ 401,926,401</b>	<b>\$ 93,182,451</b>	<b>23.2%</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (375,713,198)</b>	<b>\$ (284,519,692)</b>	<b>\$ (91,193,506)</b>	<b>32.1%</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State Apportionment, Noncapital	\$ 189,553,464	\$ 167,093,578	\$ 22,459,886	13.4%
Property Taxes	98,632,379	80,452,202	18,180,177	22.6%
State Revenues	23,066,148	17,388,916	5,677,232	32.6%
Federal & State - Student Financial Aid	129,805,594	95,801,119	34,004,475	35.5%
Net Interest Income (Expense)	(7,129,598)	(29,971,549)	22,841,951	-76.2%
Other Non-Operating Revenue (Expense)	1,195,486	300,009	895,477	298.5%
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$ 435,123,473</b>	<b>\$ 331,064,275</b>	<b>\$ 104,059,198</b>	<b>31.4%</b>
<b>CAPITAL REVENUE</b>				
Federal, State and Local Capital Income	\$ 75,389,600	\$ 21,211,781	\$ 54,177,819	255.4%
<b>CHANGE IN NET POSITION</b>	<b>\$ 134,799,875</b>	<b>\$ 67,756,364</b>	<b>\$ 67,043,511</b>	<b>98.9%</b>
<b>NET POSITION, BEGINNING</b>	<b>\$ 316,297,279</b>	<b>\$ 248,506,193</b>	<b>\$ 67,791,086</b>	<b>27.3%</b>
<b>GASB 96 - Restatement</b>	<b>-</b>	<b>34,722</b>	<b>\$ (34,722)</b>	
<b>NET POSITION, ENDING</b>	<b>\$ 451,097,154</b>	<b>\$ 316,297,279</b>	<b>\$ 134,799,875</b>	<b>42.6%</b>

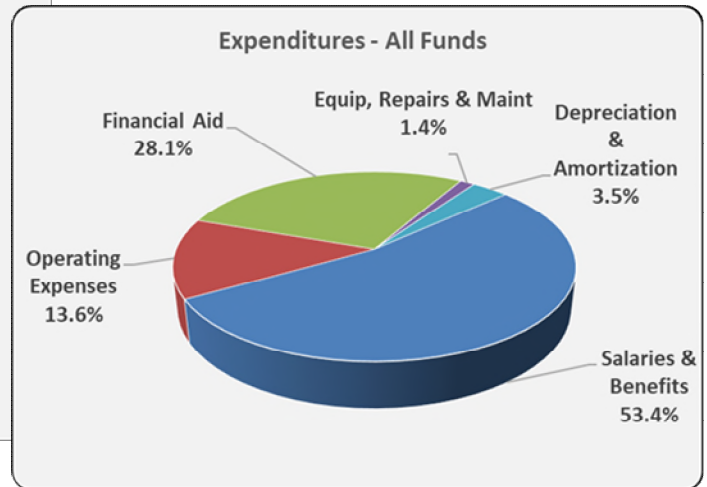
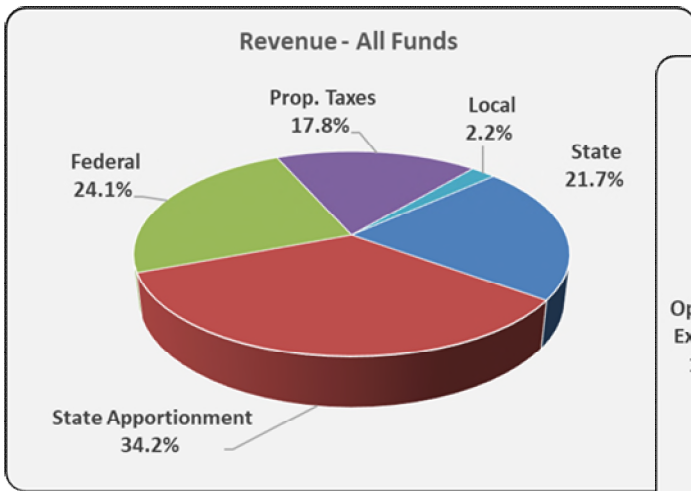
\*The revenue and expenses for the year ended June 30, 2022 were not restated to show the effects of the implementation of GASB Statement No. 96 for comparative purposes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**

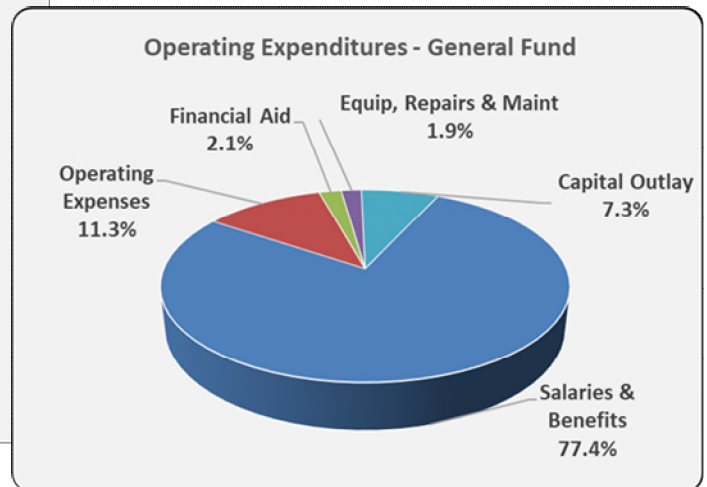
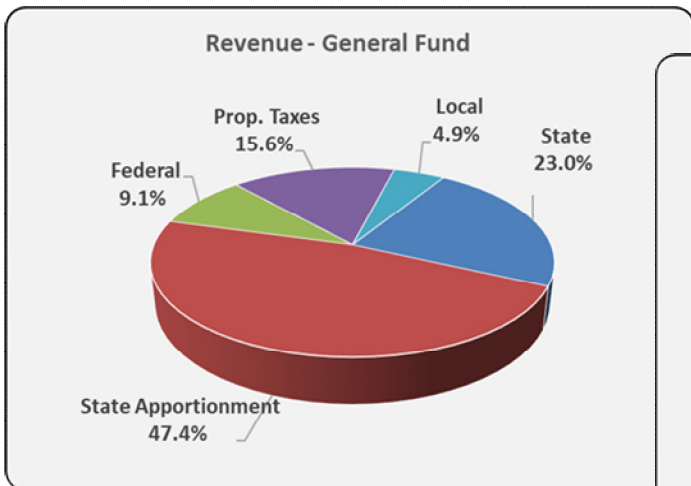
The District relies heavily on state apportionment, property taxes, federal grants, and state categorical programs to meet the needs of its students. It is important to understand the sources and uses of these funds.

The following graphs depict the District's major revenue sources and expenditures for all funds, which reflect the numbers reported in the audited financial statements. Also shown are the details of the general fund (unrestricted and restricted funds) stand-alone.

Districtwide (All Funds Combined)



General Fund (Unrestricted & Restricted)



**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

	Salary & Employee Benefits	Supplies, Services, Maintenance & Other Operating Expense	Student Financial Aid	Depreciation & Amortization	Total
Instructional Activities	\$ 118,728,690	\$ 18,597,757	\$ -	\$ -	\$ 137,326,447
Academic Support	33,218,617	3,592,758	-	-	36,811,375
Student Services	59,201,770	8,941,786	-	-	68,143,556
Operations and Maintenance of Plant	10,016,914	17,683,243	-	-	27,700,157
Institutional Support Services	34,309,190	11,966,144	-	-	46,275,334
Community Services and Economic Development	1,367,476	7,667,868	-	-	9,035,344
Ancillary Services and Auxiliary Operations	7,721,699	5,755,602	-	-	13,477,301
Student Aid	-	-	139,229,337	-	139,229,337
Depreciation & Amortization	-	-	-	17,110,001	17,110,001
<b>Total Operating Expenditures</b>	<b>\$ 264,564,356</b>	<b>\$ 74,205,158</b>	<b>\$ 139,229,337</b>	<b>\$ 17,110,001</b>	<b>\$ 495,108,852</b>

Highlights and other operational information include:

- Grant and contract program revenues increased just over \$2.2 million from the prior year. Some of the significant changes in funding include:

Increases:

- o Federal Title V – \$0.9 million
- o Federal CAMP – \$0.6 million
- o Federal Talent Search – \$0.5 million
- o State SEA – \$2.0 million
- o State DSP&S – \$1.6 million
- o State Student Retention & Outreach – \$1.1 million
- o State EOP&S – \$1.0 million
- o State CARE – \$0.7 million
- o State Mental Health – \$0.5 million
- o State Basic Needs – \$0.5 million
- o State Homeless & Housing – \$0.5 million

Decreases:

- o Federal HEERF – Institutional Emergency Relief Fund – \$3.9 million
- o State Strong Workforce Program – \$3.1 million
- o State COVID Block Grant – \$1.0 million

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**

- Salary and benefits expenditures appear to have increased by \$37.4 million, however, a significant portion of this increase is due to the prior year's GASB 68 pension liability and OPEB adjustments which significantly reduced prior year benefit expense by over \$30 million. The adjustments are a result of changes in the annual valuation reports. The actual cost of salaries and benefits increased by approximately \$20.4 million due to the cost of living (COLA) increase, pension rate increases, step and column shifts, and the addition of new positions.
- Supplies, maintenance, and other operational expenditures increased by \$14.3 million due to an increase in annual operating expenditures and a larger number of equipment purchases that fell below the capitalization threshold.
- State Apportionment increased by \$22.5 million due to the 6.56% COLA and a large base allocation increase, which was partially offset by the \$18.2 million increase in property taxes received. Of the property tax increase, \$13.3 million was related to the collection of property taxes earmarked to service the general obligation bond debt.
- State taxes and other revenues increased by \$5.7 million primarily due to the prior year's recognition of a negative GASB 68 STRS/PERS pension expense adjustment of \$9.2 million made in fiscal year 2021-2022. The current year adjustment is only \$4.8 million, resulting in what appears to be an inflated increase.
- Federal and state student financial aid funding increased by approximately \$34.0 million over the prior year. Correspondingly, student financial aid expenditures increased as well. Significant changes in funding include:
  - Increases:
    - Federal Pell Grants – \$11.1 million
    - Federal HEERF – SFA Emergency Relief Fund – \$4.3 million
    - Federal SFRF Emergency Financial Aid – \$2.0 million
    - State Student Success Completion Grant – \$9.9 million
    - State CAL Grants – \$1.8 million
- Net Interest Income is up by \$22.9 million due primarily to the prior year's recognition of a significant \$26.6 million reduction adjustment of the county treasury fair market value. During 2022-2023, actual interest income increased by \$4.0 million, while the fair market value adjustment was a \$6.5 million reduction.
- Federal, State, and local capital income increased by approximately \$54.2 million. This increase is attributable to State Construction Bond revenue reimbursements received during the fiscal year on the Fresno and Reedley College Child Development Centers (CDCs) and the Clovis Applied Tech building projects. Additionally, the District received \$35.0 million in State Student Housing Grant funding.

**STATEMENT OF CASH FLOWS**

The statement of cash flows provides additional information about the District's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into four parts:

- 1) operating cash flows, which illustrate the net cash used by the operating activities of the institution;
- 2) cash flows from non-capital financing activities, which illustrate the sources and uses of those funds;
- 3) cash flows from capital and related financing activities, which reflect the cash used for the acquisition and construction of capital and related items; and
- 4) cash flows from investing activities, which reflects the cash received and spent for short-term investments and any interest paid or received on those investments.

The District's primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows.

State apportionment revenues and property taxes are the primary sources of noncapital-related revenue, the GASB accounting standards require that this source of revenue be shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services – our students. The District depends upon the State's funding to continue its current level of operations.

Condensed financial information is as follows:

	<b>For the years Ended June 30th</b>		
	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>
Cash provided by (used in)			
Operating activities	\$ (341,185,771)	\$ (272,285,137)	\$ (68,900,634)
Non-capital financing activities	438,287,572	385,836,919	52,450,653
Capital financing activities	(23,097,473)	(135,771,612)	112,674,139
Investing activities	<u>1,774,767</u>	<u>(18,354,965)</u>	<u>20,129,732</u>
Net increase/(decrease) in cash	\$ 75,779,095	\$ (40,574,795)	\$ 116,353,890
Cash, Beginning of Year	\$ 485,885,680	\$ 526,460,475	\$ (40,574,795)
Cash, End of Year	<u>\$ 561,664,775</u>	<u>\$ 485,885,680</u>	<u>\$ 75,779,095</u>

## **ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT**

### Enrollments & COVID-19

The entire California Community College system experienced significant enrollment declines as a result of the pandemic, which negatively impacted the funding allocations calculated under the Student Center Funding Formula. The Chancellor's Office took steps to help mitigate the impacts of lower enrollments by establishing the Emergency Conditions Allowance which ends after fiscal year 2022-2023. The District fared well in the 2022-2023 academic year with enrollments increasing more than 9% over the prior academic year; however, we are not back to pre-pandemic levels. The colleges have taken focused steps toward outreach and retention efforts to get our students back on their educational paths. The colleges are confident that we will be able to increase (restore) our enrollments for the 2023-2024 academic year by another 6% or better. The District continues to focus on our students and the community we serve, trying to better understand how students are being affected and for whom the impacts are most severe. We are utilizing the resources that are being made available from the State most effectively and equitably to help our students continue their educational journeys with success.

### Economy

The U.S. Economy had been on one of the longest growth cycles in history, mostly growing since mid-2009. However, more recently the Legislative Analyst Office (LAO) has expressed some concerns indicating the softening of the state and national economies. California revenues estimates had gone from a \$97 billion dollar surplus early in 2022-2023 to a \$31 billion dollar deficit in 2023-2024. The 2023-2024 enacted budget was built based on revenue assumptions more than on factual amounts, due to the extension of the tax filing deadline pushed well into the new fiscal year. The LAO expressed concerns that the revenue assumptions used by the administration were likely to be too optimistic. Unfortunately, only time will tell. The strength of the economy and related stock market performance is the single largest influence on how much revenue the State will receive and that directly impacts how the state's educational system will be funded. Our State's revenue model relies heavily on the top 1% of earners who provide nearly 50% of the personal income tax revenue, which is strongly correlated to the gains and losses in the stock market. Instability in the stock market can dramatically change the state's realized revenues. Given the uncertainty and unpredictability of the stock market, our District must continue to be cognizant of the potential for an eventual economic downturn.

### Health Benefits

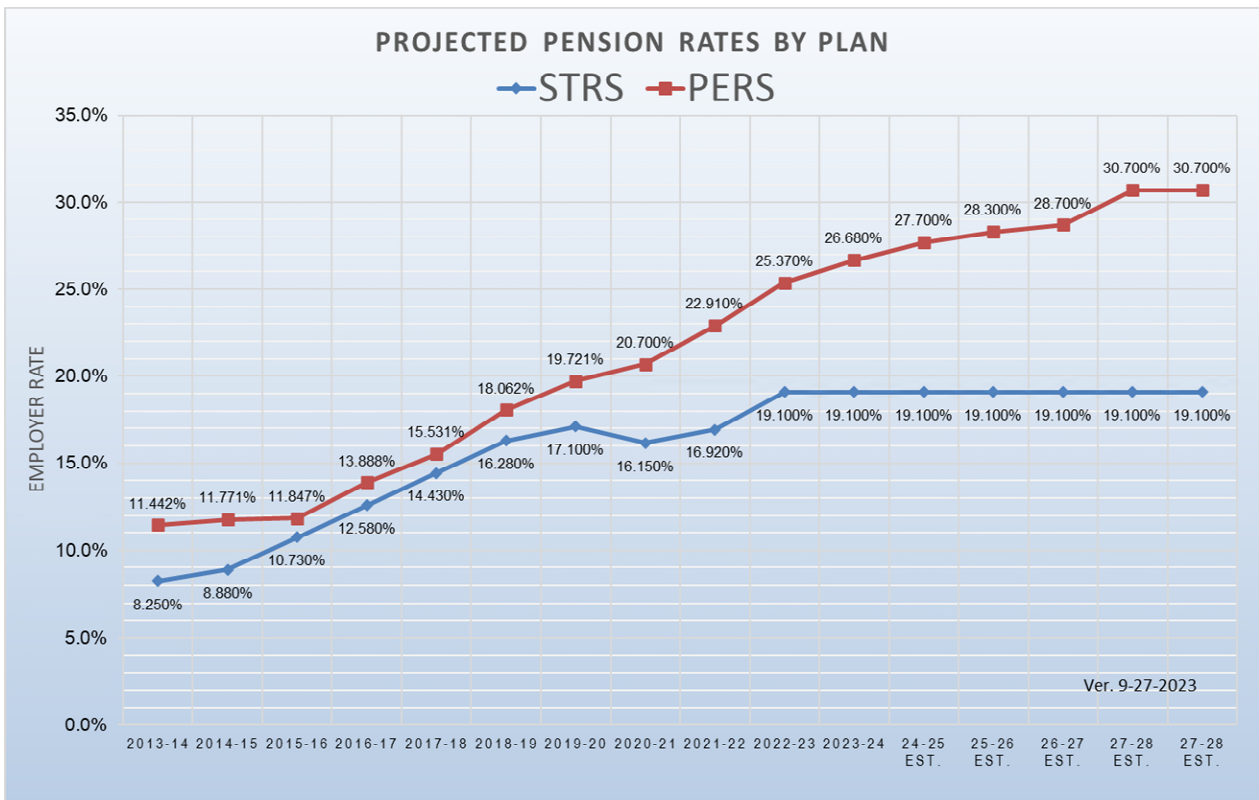
Employee health benefit cost increases continue to be a major concern for the District. The District is a member of the Fresno Area Self-Insurance Benefits Organization (FASBO), also known as EdCare. EdCare is a self-insured Joint Powers Authority (JPA) with one local K-12 partner for health-related benefits of medical, dental, and vision. EdCare premiums have been increasing over the past several years; however, strategically managed changes to the plan benefits (co-pays and deductibles) have been implemented in an effort to minimize premium increases. The District also offers HMO medical plan options through Kaiser Permanente. Effective October 2023, State Center employees have the option of choosing from four different healthcare plans from one of the two medical providers. All four plans require employees to pay a portion of their health care premium, costing from \$0.63 up to \$407.00 per month depending on the plan selected and bargaining unit membership.

**ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT (CONTINUED)**

Pension Liability

One of the more significant financial concerns facing the California educational system is the unfunded liability of the two major pension systems: the California Public Employees’ Retirement System (PERS) and the California State Teachers’ Retirement System (STRS). The PERS system has been adjusting its employer contribution rates over the years and has approved a multi-year rate increase plan to address the program's unfunded liabilities. For 2023-2024, the employer contribution rate rises to 26.68%, its highest level yet. In 2021-2022, the STRS Board was given the power to set future rates within specific constraints. Before this shift in authority, the STRS Board could not unilaterally increase employer or employee contribution rates as rate changes required legislative action. The STRS employer contribution rate for 2023-2024 remains at 19.1%. The estimated future rates are subject to changes based on plan participants and the results of each system’s investment returns.

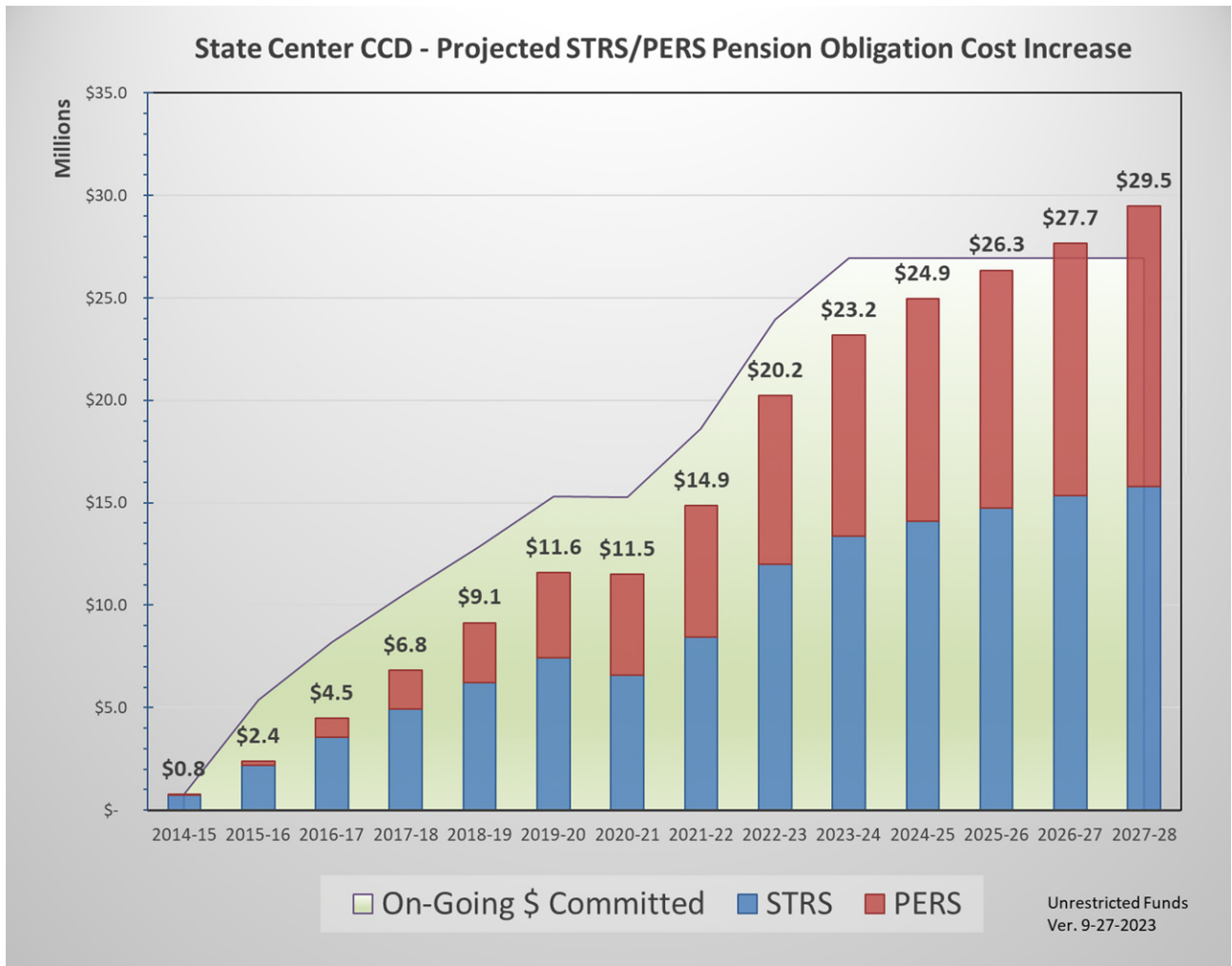
The graphic below shows the historical and estimated employer contribution rates for the two pension plans:



At the September 2023 board meeting, the District administration recommended, and the Board approved as part of the District’s final budget the continued funding (setting aside) of \$3.75 million of ongoing resources to address the District’s anticipated future pension cost increases. These funds may also be utilized for other one-time expenditures.

**ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT (CONTINUED)**

The following graphic reflects the District's anticipated pension cost increases over the next several years, along with the total amount of ongoing funding committed as of the 2023-2024 fiscal year budget toward funding these future pension cost increases:



**SUMMARY**

With the historically unreliable nature of the State's revenue, community colleges will continue to face challenges and the uncertainty of how our educational system will be funded each year, significantly affecting the District's ability to establish reliable, long-term budget planning. However, our District will continue to reflect on its mission, vision, and values to evaluate the level of services provided and assess what services are required to meet the needs of an increasingly diverse population of students seeking educational opportunities. The Board of Trustees and District administration have consistently established fiscally prudent management practices to ensure we strategically manage our financial resources to meet the current and future needs of our students, staff, and community.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show its accountability for the money it receives. If you have questions about this report or need any additional financial information, contact State Center Community College District, 1171 Fulton Street, Fresno, CA 93721.

State Center Community College District

Statement of Net Position

June 30, 2023

Assets	
Cash and cash equivalents	\$ 17,984,515
Investments	543,682,603
Accounts receivable, net	51,854,846
Prepaid expenses	3,385,873
Inventories	21,306
Note receivable	1,157,333
Lease receivables	75,122
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	
Nondepreciable capital assets	292,942,184
Depreciable capital assets, net of accumulated depreciation	351,261,914
Right-to-use leased assets, net of accumulated amortization	1,084,638
Right-to-use subscription IT assets, net of accumulated amortization	<u>1,198,093</u>
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	<u>646,486,829</u>
Total assets	<u>1,264,648,427</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	12,089,353
Deferred outflows of resources related to pensions	<u>77,919,145</u>
Total deferred outflows of resources	<u>90,008,498</u>
Liabilities	
Accounts payable	59,814,027
Accrued interest payable	6,345,028
Unearned revenue	104,132,376
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	26,270,104
Long-term liabilities other than OPEB and pensions, due in more than one year	417,521,937
Aggregate net other postemployment benefits (OPEB) liability	15,237,478
Aggregate net pension liability	<u>239,186,450</u>
Total liabilities	<u>868,507,400</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	74,103
Deferred inflows of resources related to OPEB	15,092,759
Deferred inflows of resources related to pensions	<u>19,885,509</u>
Total deferred inflows of resources	<u>35,052,371</u>
Net Position	
Net investment in capital assets	340,367,619
Restricted for	
Debt service	39,909,383
Capital projects	165,306,174
Educational programs	5,563,155
Other activities	2,733,230
Unrestricted deficit	<u>(102,782,407)</u>
Total net position	<u>\$ 451,097,154</u>

State Center Community College District  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2023

Operating Revenues	
Tuition and fees	\$ 38,070,733
Less: Scholarship discounts and allowances	<u>(26,016,888)</u>
Net tuition and fees	<u>12,053,845</u>
Grants and contracts, noncapital	
Federal	36,452,446
State	64,455,676
Local	<u>3,934,548</u>
Total grants and contracts, noncapital	<u>104,842,670</u>
Auxiliary enterprise sales and charges	
Cafeteria	1,078,932
Other operating revenues	<u>1,420,207</u>
Total operating revenues	<u>119,395,654</u>
Operating Expenses	
Salaries	195,794,402
Employee benefits	68,769,954
Supplies, materials, and other operating expenses and services	67,403,727
Student financial aid	139,229,337
Equipment, maintenance, and repairs	6,801,431
Depreciation and amortization	<u>17,110,001</u>
Total operating expenses	<u>495,108,852</u>
Operating Loss	<u>(375,713,198)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	189,553,464
Local property taxes, levied for general purposes	62,410,404
Taxes levied for other specific purposes	36,221,975
Federal and State financial aid grants	129,805,594
State taxes and other revenues	23,066,148
Investment income, net	3,887,515
Interest expense on capital related debt	(11,529,431)
Investment income on capital asset-related debt, net	512,318
Other nonoperating revenue	<u>1,195,486</u>
Total nonoperating revenues (expenses)	<u>435,123,473</u>
Income Before Other Revenues	<u>59,410,275</u>
Other Revenues	
State revenues, capital	67,487,026
Local revenues, capital	<u>7,902,574</u>
Total other revenues	<u>75,389,600</u>
Change In Net Position	134,799,875
Net Position, Beginning of Year, as Restated	<u>316,297,279</u>
Net Position, End of Year	<u>\$ 451,097,154</u>

State Center Community College District

Statement of Cash Flows

Year Ended June 30, 2023

Operating Activities	
Tuition and fees	\$ 11,509,141
Federal, state, and local grants and contracts, noncapital	102,763,936
Auxiliary sales	1,078,932
Payments to or on behalf of employees	(272,382,686)
Payments to vendors for supplies and services	(46,345,964)
Payments to students for scholarships and grants	(139,229,337)
Other operating receipts	<u>1,420,207</u>
Net cash flows from operating activities	<u>(341,185,771)</u>
Noncapital Financing Activities	
State apportionments	186,476,570
Federal and state financial aid grants	129,805,594
Property taxes	98,632,379
State taxes and other apportionments	24,393,855
Other nonoperating	<u>(1,020,826)</u>
Net cash flows from noncapital financing activities	<u>438,287,572</u>
Capital Financing Activities	
Purchase of capital assets	(171,603,060)
State revenue, capital	67,487,026
Local revenue, capital	7,902,574
Proceeds from capital debt	109,266,669
Principal paid on capital debt	(25,233,603)
Interest paid on capital debt	(11,429,397)
Interest received on capital asset-related debt	<u>512,318</u>
Net cash flows from capital financing activities	<u>(23,097,473)</u>
Investing Activities	
Change in fair market value of cash in county treasury	(6,471,716)
Interest received from investments	<u>8,246,483</u>
Net cash flows from investing activities	<u>1,774,767</u>
Change In Cash and Cash Equivalents	75,779,095
Cash and Cash Equivalents, Beginning of Year	<u>485,885,680</u>
Cash and Cash Equivalents, End of Year	<u>\$ 561,664,775</u>

State Center Community College District

Statement of Cash Flows

Year Ended June 30, 2023

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	<u>\$ (375,713,198)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	17,110,001
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable, net	(4,003,008)
Inventories	6,610
Prepaid expenses	(164,878)
Note receivable	496,000
Lease receivables	55,364
Deferred outflows of resources related to OPEB	4,690,439
Deferred outflows of resources related to pensions	(26,554,188)
Accounts payable	3,317,130
Unearned revenue	25,584,115
Compensated absences	465,917
Long term disability	(3,157)
Aggregate net OPEB liability	(14,332,584)
Aggregate net pension liability	95,283,280
Deferred inflows of resources related to leases	(55,577)
Deferred inflows of resources related to OPEB	7,995,588
Deferred inflows of resources related to pensions	<u>(75,363,625)</u>
Total adjustments	<u>34,527,427</u>
Net cash flows from operating activities	<u><u>\$ (341,185,771)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	\$ 17,984,515
Cash in county treasury	<u>543,680,260</u>
Total cash and cash equivalents	<u><u>\$ 561,664,775</u></u>
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	\$ 154,589
Amortization of debt premiums	\$ 1,792,189
Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	\$ 505,483
Recognition of lease liabilities arising from obtaining right-to-use leased assets	\$ 1,252,790

State Center Community College District

Fiduciary Fund

Statement of Net Position

June 30, 2023

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	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 40,392,661</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 40,392,661</u>

State Center Community College District

Fiduciary Fund

Statement of Changes in Net Position

Year Ended June 30, 2023

	Retiree OPEB Trust
	<u>                    </u>
Additions	
District contributions	\$ 6,508,616
Interest and investment income, net of fees	1,751,972
Net realized and unrealized losses	<u>858,826</u>
Total additions	<u>9,119,414</u>
Deductions	
Benefit payments	1,858,616
Administrative expenses	<u>137,808</u>
Total deductions	<u>1,996,424</u>
Change in Net Position	7,122,990
Net Position - Beginning of Year	<u>33,269,671</u>
Net Position - End of Year	<u><u>\$ 40,392,661</u></u>

**Note 1 - Organization**

State Center Community College District (the District) was established in 1964 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates four colleges and two campuses/centers located within the Fresno, Madera, Tulare and Kings Counties. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

**Note 2 - Summary of Significant Accounting Policies****Basis of Accounting**

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

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

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

### **Cash and Cash Equivalents**

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

### **Investments**

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

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

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$400,000 for the year ended June 30, 2023.

### **Prepaid Expenses**

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

**Inventories**

Inventories consist primarily of cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the lower of cost or market. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

**Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 for furniture, equipment or vehicles and \$49,000 for buildings and improvement, and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed.

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets ranging from 5 – 50 years depending on asset type.

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

**Right-to-use Leased Assets and Amortization**

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

**Right-to-use Subscription IT Assets and Amortization**

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

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

**Debt Premiums**

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

**Deferred Outflow of Resources and Deferred Inflows of Resources**

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

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

**Leases**

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

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

**Subscription-based IT Arrangements**

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

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Unearned Revenue**

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

**Noncurrent Liabilities**

Noncurrent liabilities include general obligation bonds, compensated absences, lease liability, subscription-based IT arrangements, long term disability, aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, right-to-use leased assets, right-to-use subscription IT assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$213,511,942 of restricted net position, and the fiduciary funds financial statements report \$40,392,661 of restricted net position.

## Operating and Nonoperating Revenues and Expenses

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

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.
- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

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

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.
- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

## State Apportionments

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

## Property Taxes

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

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

**Scholarship Discounts and Allowances**

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

**Financial Assistance Programs**

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

**Estimates**

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

**Interfund Activity**

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

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

## Change in Accounting Principles

### Implementation of GASB Statement No. 91

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

### Implementation of GASB Statement No. 94

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

### Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard are included in Notes 8 and 9.

## Note 3 - Deposits and Investments

### Policies and Practices

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

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

### General Authorizations

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

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

### Authorized Under Debt Agreements

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

**Summary of Deposit and Investments**

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

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 17,621,453	\$ -
Cash in revolving	28,800	-
Cash with fiscal agent	334,262	-
Investments	543,682,603	40,392,661
 Total deposits and investments	 <u>\$ 561,667,118</u>	 <u>\$ 40,392,661</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing primarily in the Fresno County Treasury Investment Pool and mutual funds. The Fresno County Treasury Investment Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$543,680,260 with the Fresno County Treasury Investment Pool, with an average weighted maturity of 862 days.

**Credit Risk**

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

## Custodial Credit Risk

### Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of approximately \$21.7 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District's investment balance of approximately \$39.9 million was exposed to custodial credit risk because it exceeded Securities Investor Protection Corporation (SIPC) insurance of \$500,000. The District manages these investments according to the Board authorized irrevocable trust for OPEB.

## Note 4 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

The District’s fair value measurements are as follows at June 30, 2023:

Investment Type	Fair Value	Level 1 Inputs
Mutual funds	\$ 40,392,661	\$ 40,392,661
Certificates of deposit	2,343	2,343
Total	\$ 40,395,004	\$ 40,395,004

**Note 5 - Accounts Receivable**

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

	Primary Government
Federal Government	
Categorical aid	\$ 12,933,499
Other federal sources	5,617
State Government	
Apportionment	3,076,894
Categorical aid	3,216,156
Lottery	2,000,789
Other state sources	10,819,649
Local Sources	
Interest	3,733,319
Other local sources	16,468,923
Less: allowance for bad debt	(400,000)
Accounts receivable, net	\$ 51,854,846

**Note 6 - Note Receivable**

In July 2019, the Board of Trustees approved to advance \$2,976,000 to EdCare Group (formally the Fresno Area Self-Insured Benefit Organization), a JPA of which the District is a member of for medical, dental, and vision insurance. The loan shall be paid back no later than October of 2025. At June 30, 2023, the outstanding balance was \$1,157,333.

<u>Fiscal Year</u>	<u>Payments</u>
2024	\$ 537,333
2025	496,000
2026	<u>124,000</u>
Total	<u>\$ 1,157,333</u>

**Note 7 - Lease Receivables**

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

<u>Lease Receivables</u>	<u>Balance, July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2023</u>
Farm Lease	<u>\$ 130,486</u>	<u>\$ -</u>	<u>\$ (55,364)</u>	<u>\$ 75,122</u>

**Farm Lease**

The District leases land for farming. This lease is noncancelable for a period of ten years, with one renewal period of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The monthly payments are based on acreage of undeveloped and developed parcels. During the fiscal year, the District recognized \$55,577 in lease revenue and \$1,578 in interest revenue related to these agreements. At June 30, 2023, the District recorded \$75,122 in lease receivables and \$74,103 in deferred inflows of resources for this arrangement. The District used an interest rate of 1.50%, based on the rates available to finance real estate over the same time periods.

**Note 8 - Capital Assets, Right-to-use Leased Assets, and Right-to-use Subscription IT Assets**

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

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 30,971,472	\$ -	\$ -	\$ 30,971,472
Construction in progress	159,835,643	160,566,728	(58,431,659)	261,970,712
Total capital assets not being depreciated	<u>190,807,115</u>	<u>160,566,728</u>	<u>(58,431,659)</u>	<u>292,942,184</u>
Capital Assets Being Depreciated				
Land improvements	33,539,648	4,957,623	-	38,497,271
Buildings and improvements	382,549,999	53,767,683	-	436,317,682
Furniture and equipment	51,626,353	8,347,862	(318,445)	59,655,770
Vehicles	3,492,944	2,336,085	-	5,829,029
Total capital assets being depreciated	<u>471,208,944</u>	<u>69,409,253</u>	<u>(318,445)</u>	<u>540,299,752</u>
Total capital assets	<u>662,016,059</u>	<u>229,975,981</u>	<u>(58,750,104)</u>	<u>833,241,936</u>
Less Accumulated Depreciation				
Land improvements	(17,057,328)	(1,640,971)	-	(18,698,299)
Buildings and improvements	(131,109,831)	(10,684,249)	-	(141,794,080)
Furniture and equipment	(22,974,669)	(3,649,604)	266,782	(26,357,491)
Vehicles	(1,730,445)	(457,523)	-	(2,187,968)
Total accumulated depreciation	<u>(172,872,273)</u>	<u>(16,432,347)</u>	<u>266,782</u>	<u>(189,037,838)</u>
Net capital assets	<u>489,143,786</u>	<u>213,543,634</u>	<u>(58,483,322)</u>	<u>644,204,098</u>
Right-to-use Leased Assets Being Amortized				
Equipment	969,972	1,252,790	(924,989)	1,297,773
Less Accumulated Amortization				
Equipment	(6,387)	(208,062)	1,314	(213,135)
Net right-to-use leased assets	<u>963,585</u>	<u>1,044,728</u>	<u>(923,675)</u>	<u>1,084,638</u>
Right-to-use Subscription IT Assets Being Amortized				
Right-to-use subscription IT assets	1,201,708	564,221	-	1,765,929
Accumulated amortization	(98,244)	(469,592)	-	(567,836)
Net right-to-use subscription IT assets	<u>1,103,464</u>	<u>94,629</u>	<u>-</u>	<u>1,198,093</u>
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	<u>\$ 491,210,835</u>	<u>\$ 214,682,991</u>	<u>\$ (59,406,997)</u>	<u>\$ 646,486,829</u>

**Note 9 - Long-Term Liabilities Other Than OPEB and Pensions****Summary**

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

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	\$ 318,565,000	\$ 100,000,000	\$ (23,655,000)	\$ 394,910,000	\$ 24,485,000
Bond premium	32,857,282	9,266,669	(1,792,189)	40,331,762	-
Lease liability	963,601	1,252,790	(1,130,876)	1,085,515	266,520
Subscription-based IT arrangements	921,009	505,483	(447,727)	978,765	456,607
Compensated absences	6,009,166	465,917	-	6,475,083	1,060,000
Long term disability	14,073	-	(3,157)	10,916	1,977
Total	<u>\$ 359,330,131</u>	<u>\$ 111,490,859</u>	<u>\$ (27,028,949)</u>	<u>\$ 443,792,041</u>	<u>\$ 26,270,104</u>

**Description of Long-Term Liabilities**

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The lease liability and subscription-based IT arrangement will be paid out of the General Fund. The compensated absences and long-term disability liability will be paid by the fund for which the employee worked.

**General Obligation Bonds**

During March 2012, the District issued 2012 General Obligation Refunding Bonds in the amount of \$23,880,000. The proceeds were used to advance refund a portion of the outstanding principal amount of the District's election of the 2002 General Obligation Bonds, Series 2003A and 2004A and to pay the costs of issuance associated with the 2012 Refunding Bonds. The bonds mature beginning on August 1, 2012 through August 1, 2028, with interest rates ranging from 2.00% to 5.00%. At June 30, 2023, the principal outstanding was paid in full.

During March 2015, the District issued 2015 General Obligation Refunding Bonds in the amount of \$56,955,000. The proceeds were used to advance refund a portion of the outstanding principal amount of the District's election of the 2002 General Obligation Bonds, Series 2007A and 2009A and to pay the costs of issuance associated with the 2015 Refunding Bonds. The bonds mature beginning on August 1, 2015 through August 1, 2031, with interest rates ranging from 2.00% to 5.00%. At June 30, 2023, the principal outstanding was \$45,905,000.

During September 2017, the District issued the 2016 General Obligation Bonds, Series A in the amount of \$75,000,000. The proceeds were used to finance the costs of acquiring, constructing, repairing, and equipping District buildings and facilities, and pay the costs of issuing the Series A Bonds. The bonds mature beginning on August 1, 2018 through August 1, 2042, with interest rates ranging from 2.00% to 5.00%. At June 30, 2023, the principal outstanding was \$32,710,000.

During September 2017, the District issued the 2017 General Obligation Refunding Bonds, Series 2017 in the amount of \$9,130,000. The proceeds were used to refund, on a crossover basis, a portion of the outstanding principal amount of the District's election of the 2002 General Obligation Bonds, Series 2009B (Build America Bonds) and to pay the costs of issuance associated with the Refunding Bonds. The bonds mature beginning on August 1, 2018 through August 1, 2033, with interest rates ranging from 3.00% to 5.00%. At June 30, 2023, the principal outstanding was \$9,130,000.

During November 2018, the District issued the 2002 General Obligation Bonds, Series 2018A in the amount of \$30,000,000. The proceeds were used to construct, equip, and repair District facilities. The bonds mature beginning on August 1, 2020 through August 1, 2029, with interest rates ranging from 4.00% to 5.00%. At June 30, 2023, the principal outstanding was \$20,655,000.

During September 2020, the District issued the 2016 General Obligation Bonds, Series 2020B in the amount of \$205,000,000. The proceeds were used to construct, equip, and repair District facilities. The bonds mature beginning on December 1, 2020 through August 1, 2045, with interest rates ranging from 0.25% to 4.00%. At June 30, 2023, the principal outstanding was \$174,770,000.

During September 2020, the District issued the 2020 General Obligation Refunding Bonds, Series 2020 in the amount of \$12,375,000. The proceeds were used to refund, a portion of the outstanding principal amount of the District's 2012 Refunding Bonds and to pay the costs of issuance associated with the Refunding Bonds. The bonds mature beginning on August 1, 2021 through August 1, 2028, with interest rates ranging from 0.45% to 1.50%. At June 30, 2023, the principal outstanding was \$11,740,000.

During November 2022, the District issued the 2016 General Obligation Bonds, Series 2022C in the amount of \$100,000,000. The proceeds were used to finance the costs of acquiring, constructing, repairing, and equipping District buildings and facilities, and pay the costs of issuing the Series 2022C Bonds. The bonds mature beginning August 1, 2024 through August 1, 2047, with an interest rate of 5.00%. At June 30, 2023, the principal outstanding was \$100,000,000.

State Center Community College District

Notes to Financial Statements

June 30, 2023

**Debt Maturity**

**General Obligation Bonds**

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
2012R	2012	8/1/2028	2.00%-5.00%	\$ 23,880,000	\$ 1,705,000	\$ -	\$ (1,705,000)	\$ -
2015R	2015	8/1/2031	2.00%-5.00%	56,955,000	48,765,000	-	(2,860,000)	45,905,000
2016A	2017	8/1/2042	2.00%-5.00%	75,000,000	33,145,000	-	(435,000)	32,710,000
2017R	2017	8/1/2033	3.00%-5.00%	9,130,000	9,130,000	-	-	9,130,000
2018A	2018	8/1/2029	4.00%-5.00%	30,000,000	23,395,000	-	(2,740,000)	20,655,000
2020B	2020	8/1/2045	0.25%-4.00%	205,000,000	190,390,000	-	(15,620,000)	174,770,000
2020R	2020	8/1/2028	0.45%-1.50%	12,375,000	12,035,000	-	(295,000)	11,740,000
2022C	2022	8/1/2047	5.00%	100,000,000	-	100,000,000	-	100,000,000
					<u>\$ 318,565,000</u>	<u>\$ 100,000,000</u>	<u>\$ (23,655,000)</u>	<u>\$ 394,910,000</u>

The bonds mature through 2048 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	\$ 24,485,000	\$ 14,836,024	\$ 39,321,024
2025	21,440,000	13,975,328	35,415,328
2026	20,020,000	13,075,160	33,095,160
2027	20,870,000	12,190,988	33,060,988
2028	14,430,000	11,433,235	25,863,235
2029-2033	73,400,000	46,524,250	119,924,250
2034-2038	54,620,000	34,374,663	88,994,663
2039-2043	80,475,000	22,731,869	103,206,869
2044-2048	85,170,000	7,897,988	93,067,988
Total	<u>\$ 394,910,000</u>	<u>\$ 177,039,505</u>	<u>\$ 571,949,505</u>

**Lease Liability**

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

Leases	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Copiers	\$ 923,675	\$ 1,251,176	\$ (1,120,341)	\$ 1,054,510
Mail Machine Leases	39,926	1,614	(10,535)	31,005
Total	<u>\$ 963,601</u>	<u>\$ 1,252,790</u>	<u>\$ (1,130,876)</u>	<u>\$ 1,085,515</u>

**Copiers Lease**

The District entered an agreement to lease copiers for five years, ending on July 1, 2027. Under the terms of the lease, the District pays the monthly payments of \$15,473. The annual interest rate charged on the lease is 0.20%. The agreement was terminated in July 2022 and a new agreement was put into place. The new agreement is for 4 years, ending June 2027. Under the terms of the lease, the District pays the monthly payment of \$16,135. The annual interest rate charged on the lease is 0.20%. In addition, the District entered additional agreements to lease copiers at the campuses for five years, ending between August 2027 and May 2028. Under the terms of the leases, the District pays monthly payments between \$172 and \$5,058. The annual interest rate charged on the leases is 0.20%. At June 30, 2023, the District has recognized a right-to-use leased asset of \$1,053,640, net of accumulated amortization and a lease liability of \$1,054,510 related to these agreements. During the fiscal year, the District recorded \$197,536 in amortization expense and \$28,975 in interest expense for the right-to-use leased asset.

**Mail Machine Leases**

The District entered into various agreements to lease mail machines for five years, beginning between July 2017 and June 2022. Under the terms of the lease, the District pays monthly payments between \$336 and \$385, which amounted to total principal and interest costs of \$10,000. The District entered into a new agreement to lease a mail machine for 16 months, beginning January 2023. Under the terms of the lease, the District pays monthly payments of \$934, which amounts to total principal and interest costs of \$11,213. The annual interest rate charged on the leases is 0.20%. At June 30, 2023, the District has recognized a right-to-use leased asset \$30,998, net of accumulated amortization and a lease liability of \$31,005 related to this agreement. During the fiscal year, the District recorded \$10,526 in amortization expense and \$71 in interest expense for the right to use of the copiers.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 266,520	\$ 1,889	\$ 268,409
2025	270,628	1,391	272,019
2026	267,233	851	268,084
2027	267,049	315	267,364
2028	14,085	5	14,090
	<u>\$ 1,085,515</u>	<u>\$ 4,451</u>	<u>\$ 1,089,966</u>
Total			

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

The District entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of \$1,198,093, net of accumulated amortization and a SBITA liability of \$978,765 related to these agreements. During the fiscal year, the District recorded \$469,592 in amortization expense. The District is required to make annual principal and interest payments of \$539,148 through February 2027. The subscription has a discount rate of 2.40%.

State Center Community College District

Notes to Financial Statements

June 30, 2023

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

Fiscal Year	Principal	Interest	Total
2024	\$ 456,607	\$ 16,723	\$ 473,330
2025	429,984	5,965	435,949
2026	72,437	1,860	74,297
2027	19,737	318	20,055
Total	<u>\$ 978,765</u>	<u>\$ 24,866</u>	<u>\$ 1,003,631</u>

**Note 10 - Aggregate Net Other Postemployment Benefit (OPEB) Liability**

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 14,382,126	\$ 12,089,353	\$ 15,092,759	\$ (1,521,207)
Medicare Premium Payment (MPP) Program	855,352	-	-	(125,350)
Total	<u>\$ 15,237,478</u>	<u>\$ 12,089,353</u>	<u>\$ 15,092,759</u>	<u>\$ (1,646,557)</u>

The details for each plan are as follows:

**District Plan**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is an agent multiple-employer OPEB defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. Benefit provisions are established and may be amended by District labor agreements, which are approved by the Board of Trustees.

**Plan Membership**

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	250
Active employees	1,464
	<hr/>
Total	1,714
	<hr/> <hr/>

**Retiree Health Benefit OPEB Trust**

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. During the year ended June 30, 2006, the District signed an irrevocable trust agreement. The District appointed a Board of Authority with authority to make decision on behalf of the District with respect to the Trust. Public Agency Retirement Services (PARS) was appointed as the trust administer, and US Bank as the trustee. The District’s contributions to the irrevocable trust are included in the Trust, which is included in the Public Agencies Post-Employment Benefits Trust financial statements. Copies of the Public Agencies Post-Employment Benefits Trust independent financial statements may be obtained from the Public Agency Retirement Services – 4350 Von Karman Ave – Newport Beach, CA 92660.

**Benefits Provided**

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

**Contributions**

The contribution requirements of the Plan members and the District are established and may be amended by the District. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District are based on availability of funds and the District contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. For the measurement period of June 30, 2023, the District contributed \$6,508,616 to the Plan, of which \$4,650,000 was used to fund the OPEB Trust, and \$1,858,616 was used for current premiums and the effect of the implicit rate subsidy.

**Investment**

**Investment Policy**

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

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	47%
Equity	46%
Real Estate	4%
Commodities	2%
Cash and Equivalents	1%

**Rate of Return**

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the District**

The District’s net OPEB liability of \$14,382,126 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	\$ 54,774,787
Plan fiduciary net position	<u>(40,392,661)</u>
Net OPEB liability	<u>\$ 14,382,126</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>73.74%</u>

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.75%
Discount rate	5.00%
Investment rate of return	5.00%
Healthcare cost trend rates	7.00%

The discount rate was based on using a building-block method in which best-estimate ranges of expected future real rates are developed for each major asset class.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous and School Employees Table for classified and miscellaneous employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, (see the discussion of the Plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	2.55%
Equity	11.29%
Real Estate	6.51%
Commodities	(5.35%)
Cash and Equivalents	0.19%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Change in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2022	\$ 61,859,031	\$ 33,269,671	\$ 28,589,360
Service cost	2,455,254	-	2,455,254
Interest	2,694,272	-	2,694,272
Changes of benefit terms	16,704	-	16,704
Difference between expected and actual experience	(5,984,041)	-	(5,984,041)
Contributions - employer	-	6,508,616	(6,508,616)
Expected investment income	-	2,610,798	(2,610,798)
Changes of assumptions	(4,407,817)	-	(4,407,817)
Benefit payments	(1,858,616)	(1,858,616)	-
Administrative expense	-	(137,808)	137,808
Net change in total OPEB liability	<u>(7,084,244)</u>	<u>7,122,990</u>	<u>(14,207,234)</u>
Balance, June 30, 2023	<u>\$ 54,774,787</u>	<u>\$ 40,392,661</u>	<u>\$ 14,382,126</u>

Changes of economic assumptions reflect a change in the discount rate and investment rate of return from 4.25% to 5.00% since the previous valuation. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (4.00%)	\$ 21,536,956
Current discount rate (5.00%)	14,382,126
1% increase (6.00%)	8,324,560

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

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

<u>Healthcare Cost Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (6.00%)	\$ 7,160,920
Current healthcare cost trend rate (7.00%)	14,382,126
1% increase (8.00%)	23,383,734

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 904,992	\$ 8,653,420
Changes of assumptions	9,587,077	6,439,339
Net difference between projected and actual earnings on OPEB plan investments	<u>1,597,284</u>	<u>-</u>
Total	<u>\$ 12,089,353</u>	<u>\$ 15,092,759</u>

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 9.65 years. The deferred outflows/(inflows) of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 1,123,585
2025	892,461
2026	723,173
2027	(1,010,608)
2028	(500,416)
Thereafter	<u>(4,231,601)</u>
Total	<u>\$ (3,003,406)</u>

## Medicare Premium Payment (MPP) Program

### Plan Description

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

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

### Benefits Provided

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

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

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

### Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of \$855,352 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.2597%, and 0.2459%, resulting in a net increase in the proportionate share of 0.0138%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(125,350).

### Actuarial Methods and Assumptions

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

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

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

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

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

### Discount Rate

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

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.54%)	\$ 932,498
Current discount rate (3.54%)	855,352
1% increase (4.54%)	788,554

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

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

<u>Medicare Costs Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 784,817
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	855,352
1% increase (5.50% Part A and 6.40% Part B)	935,307

**Note 11 - Risk Management****Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2023, the District contracted with the Valley Insurance Program Joint Powers Authority for property and liability, and workers, compensation insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Note 12 - Employee Retirement Systems**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Additionally, some full-time regular employees elected to participate in the District's Cash-in-lieu Plan, which is closed as of January 2021.

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

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 120,221,559	\$ 37,010,353	\$ 16,344,794	\$ 12,605,138
CalPERS	115,216,245	40,908,792	3,540,715	16,031,484
Cash-in-lieu Plan	3,748,646	-	-	107,262
Total	\$ 239,186,450	\$ 77,919,145	\$ 19,885,509	\$ 28,743,884

The details of each plan are as follows:

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

#### Plan Description

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

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

#### Benefits Provided

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

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

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

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

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

### Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were \$21,298,579.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 120,221,559
State's proportionate share of net pension liability associated with the District	<u>60,206,487</u>
Total	<u>\$ 180,428,046</u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1730% and 0.1636%, respectively, resulting in a net increase in the proportionate share of 0.0094%.

State Center Community College District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$12,605,138. In addition, the District recognized pension expense and revenue of \$4,855,613 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 21,298,579	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,651,041	1,451,620
Differences between projected and actual earnings on pension plan investments	-	5,879,067
Differences between expected and actual experience in the measurement of the total pension liability	98,619	9,014,107
Changes of assumptions	5,962,114	-
Total	\$ 37,010,353	\$ 16,344,794

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (4,318,611)
2025	(4,678,484)
2026	(7,028,035)
2027	10,146,063
Total	\$ (5,879,067)

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 5,762,449
2025	719,046
2026	(250,879)
2027	(691,351)
2028	(708,218)
Thereafter	<u>415,000</u>
Total	<u>\$ 5,246,047</u>

#### 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. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

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

### Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 204,180,796
Current discount rate (7.10%)	120,221,559
1% increase (8.10%)	50,510,149

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

**Plan Description**

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

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

**Benefits Provided**

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

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

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

## Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were \$14,079,838.

## Pension Liabilities, Pension Expense, and 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 \$115,216,245. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and 2021 was 0.3348% and 0.3237%, respectively, resulting in a net increase in the proportionate share of 0.0111%.

For the year ended June 30, 2023, the District recognized pension expense of \$16,031,484. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,079,838	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,181,296	673,987
Differences between projected and actual earnings on pension plan investments	13,603,905	-
Differences between expected and actual experience in the measurement of the total pension liability	520,710	2,866,728
Changes of assumptions	8,523,043	-
	<u>\$ 40,908,792</u>	<u>\$ 3,540,715</u>
Total		

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 2,268,699
2025	2,012,179
2026	1,027,846
2027	<u>8,295,181</u>
Total	<u>\$ 13,603,905</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 3,501,430
2025	3,606,069
2026	2,590,574
2027	<u>(13,739)</u>
Total	<u>\$ 9,684,334</u>

**Actuarial Methods and Assumptions**

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

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

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

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

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

### Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 166,435,700
Current discount rate (6.90%)	115,216,245
1% increase (7.90%)	72,885,248

**Cash-in-lieu Plan**

**Plan Description**

The District administers and contributes to a single-employer defined benefit pension plan for eligible retirees upon retirement from the District, reaching the age of 65, and completing at least fifteen years of service in the District. A quarterly payment ranging from \$800 to \$2,827, depending on years of service, is contributed by the District to eligible retirees. This plan is subject to the reporting requirements under GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The measurement date for the total pension liability is June 30, 2023. As of June 30, 2023, there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4.

**Plan Membership**

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	<u><u>188</u></u>
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**Benefits Provided**

The District provides a quarterly payment ranging from \$800 to \$2,827, depending on years of service, to eligible retirees to help offset the costs of healthcare coverage. To be eligible for the benefit, regular full-time employees of the District, excluding those classified as professional experts, must have completed at least 15 years of service in the District. Benefits take effect upon the eligible retiree reaching the age of 65. There is no requirement for the quarterly payments to be spent on health insurance. The payment is treated as taxable income to the retiree, and is thus considered to be a pension rather than a retiree health benefit falling within the scope of GASB Statement No. 75. The benefit is paid in full in the first year of eligibility and there are no spousal or survivor benefits paid under this plan. Benefit payments made in the 2022-2023 fiscal year were \$380,568.

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

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

	<u>Regular, Full-Time Employees</u>
Benefit formula	\$800 to \$2,827, depending on years of service
Benefit vesting schedule	15 years of service
Benefit payments	Quarterly for life
Vesting age	65
Required employer contribution rate	\$800 to \$2,827 per retiree

**Contributions**

The District provides a quarterly contribution ranging from \$800 to \$2,827, depending on years of service, to all eligible retirees in the Plan. Total District contributions for the year ending June 30, 2023, were \$380,568.

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

	<u>Total Pension Liability</u>
Balance at June 30, 2022	<u>\$ 3,641,384</u>
Interest	141,228
Difference between expected and actual experience	357,174
Changes of assumptions	(10,572)
Benefit payments	<u>(380,568)</u>
Net change in total pension liability	<u>107,262</u>
Balance at June 30, 2023	<u><u>\$ 3,748,646</u></u>

**Pension Expense**

For the year ended June 30, 2023, the District recognized expense of \$107,262.

**Actuarial Methods and Assumptions**

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Experience study	As of July 2023
Actuarial cost method	Entry age normal
Discount rate	4.13%

Mortality rates were based on the 2021 CalPERS Active Mortality for Miscellaneous and School Employees Table for classified and miscellaneous employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.)

**Discount Rate**

The discount rate used to measure the total pension liability was 4.13%. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

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

<u>Discount Rate</u>	<u>Total Pension Liability</u>
1% decrease (3.13%)	\$ 4,030,068
Current discount rate (4.13%)	3,748,646
1% increase (5.13%)	3,500,910

**Other Information**

**Tax Deferred Annuity/Social Security**

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.2% of an employee’s gross earnings. An employee is required to contribute 4.3% of his or her gross earnings to the plan.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$9,658,372 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Note 13 - Participation in Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of the Valley Insurance Program and the Fresno Area Self-Insured Benefit Organization Joint Powers Authority JPAs. The District pays annual premiums for its property liability, health, and workers’ compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

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

The District’s share of year-end assets, liabilities, or fund equity has not been calculated.

**Note 14 - Commitments and Contingencies**

**Grants**

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

**Litigation**

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

**Construction Commitments**

As of June 30, 2023, the District had approximately \$94 million in outstanding commitments on construction contracts. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor’s Office.

**Note 15 - Adoption of New Accounting Standard**

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

Primary Government	
Net Position - Beginning	\$ 316,262,557
Prepaid expenses	(147,733)
Right-to-use subscription IT assets, net of amortization	1,103,464
Subscription-based IT arrangements	(921,009)
	\$ 316,297,279
Net Position - Beginning, as Restated	\$ 316,297,279



Required Supplementary Information  
June 30, 2023

# State Center Community College District

State Center Community College District  
Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
Year Ended June 30, 2023

	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 2,455,254	\$ 2,720,965	\$ 1,956,290
Interest	2,694,272	2,533,738	2,426,910
Changes of benefit terms	16,704	-	(1,554,352)
Difference between expected and actual experience	(5,984,041)	(4,273)	1,244,944
Changes of assumptions	(4,407,817)	(3,131,259)	6,379,403
Transfer of liabilities	-	-	-
Benefit payments	(1,858,616)	(1,748,109)	(1,860,080)
Net change in total OPEB liability	(7,084,244)	371,062	8,593,115
Total OPEB Liability - Beginning	61,859,031	61,487,969	52,894,854
Total OPEB Liability - Ending (a)	<u>\$ 54,774,787</u>	<u>\$ 61,859,031</u>	<u>\$ 61,487,969</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 6,508,616	\$ 11,548,109	\$ 3,760,080
Expected investment income	2,610,798	(4,270,044)	3,332,324
Benefit payments	(1,858,616)	(1,748,109)	(1,860,080)
Administrative expense	(137,808)	(124,543)	(106,960)
Net change in plan fiduciary net position	7,122,990	5,405,413	5,125,364
Plan Fiduciary Net Position - Beginning	33,269,671	27,864,258	22,738,894
Plan Fiduciary Net Position - Ending (b)	<u>\$ 40,392,661</u>	<u>\$ 33,269,671</u>	<u>\$ 27,864,258</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 14,382,126</u>	<u>\$ 28,589,360</u>	<u>\$ 33,623,711</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>73.74%</u>	<u>53.78%</u>	<u>45.32%</u>
Covered Employee Payroll	<u>\$ 136,604,455</u>	<u>\$ 133,034,471</u>	<u>\$ 120,769,968</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

<sup>1</sup> The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

State Center Community College District  
Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
Year Ended June 30, 2023

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 2,073,137	\$ 1,962,678	\$ 1,497,775	\$ 1,491,292
Interest	2,308,089	2,525,982	1,560,009	1,523,921
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	164,670	(8,084,034)	(214,070)	-
Changes of assumptions	-	-	17,114,643	2,119,943
Transfer of liabilities	-	-	(3,173,149)	-
Benefit payments	(1,718,639)	(1,003,521)	(990,046)	(1,290,291)
Net change in total OPEB liability	2,827,257	(4,598,895)	15,795,162	3,844,865
Total OPEB Liability - Beginning	50,067,597	54,666,492	38,871,330	35,026,465
Total OPEB Liability - Ending (a)	<u>\$ 52,894,854</u>	<u>\$ 50,067,597</u>	<u>\$ 54,666,492</u>	<u>\$ 38,871,330</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 4,448,639	\$ 1,903,521	\$ 1,890,046	\$ 2,190,291
Expected investment income	455,166	947,299	1,069,047	1,551,934
Benefit payments	(1,718,639)	(1,003,521)	(990,046)	(1,290,291)
Administrative expense	(94,962)	(85,379)	(81,628)	(88,535)
Net change in plan fiduciary net position	3,090,204	1,761,920	1,887,419	2,363,399
Plan Fiduciary Net Position - Beginning	19,648,690	17,886,770	15,999,351	13,635,952
Plan Fiduciary Net Position - Ending (b)	<u>\$ 22,738,894</u>	<u>\$ 19,648,690</u>	<u>\$ 17,886,770</u>	<u>\$ 15,999,351</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 30,155,960</u>	<u>\$ 30,418,907</u>	<u>\$ 36,779,722</u>	<u>\$ 22,871,979</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	42.99%	39.24%	32.72%	41.16%
Covered Employee Payroll	\$ 115,770,920	\$ 108,490,065	\$ 92,846,249	\$ 98,270,799
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

State Center Community College District  
 Schedule of OPEB Investment Returns  
 Year Ended June 30, 2023

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	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	<u>7.29%</u>	<u>(13.34%)</u>	<u>14.15%</u>	<u>2.16%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

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

State Center Community College District  
 Schedule of OPEB Investment Returns  
 Year Ended June 30, 2023

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>4.82%</u>	<u>6.17%</u>	<u>10.73%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

State Center Community College District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2023

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Year ended June 30,	<u>2023</u>	<u>2022</u>
Proportion of the net OPEB liability	<u>0.2597%</u>	<u>0.2459%</u>
Proportionate share of the net OPEB liability	<u>\$ 855,352</u>	<u>\$ 980,702</u>
Covered payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>(0.94%)</u>	<u>(0.80%)</u>
Measurement Date	June 30, 2022	June 30, 2021

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

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

State Center Community College District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>					
Proportion of the net pension liability	0.1730%	0.1636%	0.1637%	0.1571%	0.1500%
Proportionate share of the net pension liability	\$ 120,221,559	\$ 74,437,942	\$ 158,678,738	\$ 141,864,157	\$ 137,934,000
State's proportionate share of the net pension liability associated with the District	<u>60,206,487</u>	<u>37,454,286</u>	<u>81,798,908</u>	<u>77,396,478</u>	<u>78,974,000</u>
Total	<u>\$ 180,428,046</u>	<u>\$ 111,892,228</u>	<u>\$ 240,477,646</u>	<u>\$ 219,260,635</u>	<u>\$ 216,908,000</u>
Covered payroll	<u>\$ 103,010,195</u>	<u>\$ 92,234,427</u>	<u>\$ 91,318,310</u>	<u>\$ 83,328,000</u>	<u>\$ 82,325,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>116.71%</u>	<u>80.71%</u>	<u>173.76%</u>	<u>170.25%</u>	<u>167.55%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>CalPERS</b>					
Proportion of the net pension liability	0.3348%	0.3237%	0.3110%	0.3106%	0.3070%
Proportionate share of the net pension liability	\$ 115,216,245	\$ 65,823,844	\$ 95,431,340	\$ 90,536,419	\$ 81,859,000
Covered payroll	<u>\$ 51,387,407</u>	<u>\$ 46,458,932</u>	<u>\$ 45,878,523</u>	<u>\$ 42,008,000</u>	<u>\$ 40,290,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>224.21%</u>	<u>141.68%</u>	<u>208.01%</u>	<u>215.52%</u>	<u>203.17%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

State Center Community College District  
Schedule of District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2023

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>				
Proportion of the net pension liability	<u>0.1480%</u>	<u>0.1490%</u>	<u>0.1560%</u>	<u>0.1520%</u>
Proportionate share of the net pension liability	<u>\$ 136,771,000</u>	<u>\$ 120,114,000</u>	<u>\$ 105,048,000</u>	<u>\$ 89,044,000</u>
State's proportionate share of the net pension liability associated with the District	<u>80,913,000</u>	<u>68,385,000</u>	<u>55,559,000</u>	<u>53,769,000</u>
Total	<u>\$ 217,684,000</u>	<u>\$ 188,499,000</u>	<u>\$ 160,607,000</u>	<u>\$ 142,813,000</u>
Covered payroll	<u>\$ 91,896,000</u>	<u>\$ 74,012,000</u>	<u>\$ 72,423,000</u>	<u>\$ 67,869,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>148.83%</u>	<u>162.29%</u>	<u>145.05%</u>	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>				
Proportion of the net pension liability	<u>0.2970%</u>	<u>0.2900%</u>	<u>0.2920%</u>	<u>0.3110%</u>
Proportionate share of the net pension liability	<u>\$ 70,828,000</u>	<u>\$ 57,179,000</u>	<u>\$ 43,009,000</u>	<u>\$ 35,271,000</u>
Covered payroll	<u>\$ 44,341,000</u>	<u>\$ 34,733,000</u>	<u>\$ 32,303,000</u>	<u>\$ 32,615,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>159.73%</u>	<u>164.62%</u>	<u>133.14%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

State Center Community College District  
Schedule of the District Contributions for Pensions  
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 21,298,579	\$ 17,429,325	\$ 14,895,860	\$ 15,615,431	\$ 13,565,752
Contributions in relation to the contractually required contribution	<u>(21,298,579)</u>	<u>(17,429,325)</u>	<u>(14,895,860)</u>	<u>(15,615,431)</u>	<u>(13,565,752)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 111,510,885</u>	<u>\$ 103,010,195</u>	<u>\$ 92,234,427</u>	<u>\$ 91,318,310</u>	<u>\$ 83,328,000</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 14,079,838	\$ 11,772,855	\$ 9,616,999	\$ 9,038,069	\$ 7,587,523
Contributions in relation to the contractually required contribution	<u>(14,079,838)</u>	<u>(11,772,855)</u>	<u>(9,616,999)</u>	<u>(9,038,069)</u>	<u>(7,587,523)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 55,497,982</u>	<u>\$ 51,387,407</u>	<u>\$ 46,458,932</u>	<u>\$ 45,878,523</u>	<u>\$ 42,008,000</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>

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

State Center Community College District  
Schedule of the District Contributions for Pensions  
Year Ended June 30, 2023

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>				
Contractually required contribution	\$ 11,879,468	\$ 11,560,517	\$ 7,941,453	\$ 6,431,132
Contributions in relation to the contractually required contribution	<u>(11,879,468)</u>	<u>(11,560,517)</u>	<u>(7,941,453)</u>	<u>(6,431,132)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 82,325,000</u>	<u>\$ 91,896,000</u>	<u>\$ 74,012,000</u>	<u>\$ 72,423,000</u>
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>				
Contractually required contribution	\$ 6,257,463	\$ 6,158,965	\$ 4,114,801	\$ 3,802,411
Contributions in relation to the contractually required contribution	<u>(6,257,463)</u>	<u>(6,158,965)</u>	<u>(4,114,801)</u>	<u>(3,802,411)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 40,290,000</u>	<u>\$ 44,341,000</u>	<u>\$ 34,733,000</u>	<u>\$ 32,303,000</u>
Contributions as a percentage of covered payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

State Center Community College District  
Schedule of the Changes in the District's Cash-in-Lieu Plan Total Pension Liability and Related Ratios  
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability			
Transfer of liabilities	\$ -	\$ -	\$ -
Interest	141,228	94,684	105,797
Difference between expected and actual experience	357,174	1,505	463,093
Changes of assumptions	(10,572)	(607,223)	177,006
Benefit payments	<u>(380,568)</u>	<u>(379,678)</u>	<u>(379,769)</u>
Net change in total pension liability	107,262	(890,712)	366,127
Total Pension Liability - Beginning	<u>3,641,384</u>	<u>4,532,096</u>	<u>4,165,969</u>
Total Pension Liability - Ending	<u>\$ 3,748,646</u>	<u>\$ 3,641,384</u>	<u>\$ 4,532,096</u>
Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total Pension Liability as a Percentage of Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

<sup>1</sup> As of January 1, 2021, active members are no longer eligible for future enrollment in the Cash-in-Lieu Plan; therefore, the covered payroll disclosure is not applicable.

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

State Center Community College District  
Schedule of the Changes in the District's Cash-in-Lieu Plan Total Pension Liability and Related Ratios  
Year Ended June 30, 2023

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability			
Transfer of liabilities	\$ -	\$ -	\$ 3,173,149
Interest	116,403	102,019	112,075
Difference between expected and actual experience	24,601	900,740	260,473
Changes of assumptions	44,976	70,098	355,417
Benefit payments	<u>(381,693)</u>	<u>(267,286)</u>	<u>(345,003)</u>
Net change in total pension liability	(195,713)	805,571	3,556,111
Total Pension Liability - Beginning	<u>4,361,682</u>	<u>3,556,111</u>	<u>-</u>
Total Pension Liability - Ending	<u><u>\$ 4,165,969</u></u>	<u><u>\$ 4,361,682</u></u>	<u><u>\$ 3,556,111</u></u>
Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total Pension Liability as a Percentage of Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> As of January 1, 2021, active members are no longer eligible for future enrollment in the Cash-in-Lieu Plan; therefore, the covered payroll disclosure is not applicable.

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

**Note 1 - Purpose of Schedules****Schedule of Changes in the District's Net OPEB Liability and Related Ratios**

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes in Assumptions* – Changes of economic assumptions reflect a change in the discount rate and investment rate of return from 4.25% to 5.00% since the previous valuation.

**Schedule of OPEB Investment Returns**

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

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

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

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

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

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

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

**Schedule of the District Contributions for Pensions**

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

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 4.09% to 4.13% since the previous valuation.



Supplementary Information  
June 30, 2023

# State Center Community College District

State Center Community College District was established on July 1, 1964, and is comprised of an area of approximately 5,580 square miles located in parts of Fresno, Madera, Tulare and Kings Counties. There were no changes in the boundaries of the District during the current year. The District operates four colleges, Fresno City College, Clovis College, Reedley college, and Madera College as well as two community college centers, Oakhurst Community College (Outreach) Center and Career Technology Center. The District’s colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

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

Member	Office	Term Expires
Nasreen Johnson	President	2024
Magdalena Gomez	Vice President	2026
Danielle Parra	Secretary	2024
Richard M. Caglia	Member	2024
Robert A. Fuentes	Member	2026
Deborah J. Ikeda	Member	2024
Destiny Rodriguez	Member	2026

**Administration as of June 30, 2023**

Dr. Carole Goldsmith	Chancellor
Dr. Robert Pimentel	President, Fresno City College
Dr. Jerry Buckley	President, Reedley College
Dr. Kim E. Armstrong	President, Clovis Community College
Dr. Angel Reyna	President, Madera Community College
Dr. Andy Dunn	Interim Vice Chancellor, Finance and Administration
Dr. Robert Frost	Interim Vice Chancellor, Educational Services and Institutional Effect
Ms. Julianna Mosier	Vice Chancellor, Human Resources
Ms. Christine Miktarian	Vice Chancellor, Operations

**Auxiliary Organizations in Good Standing**

State Center Community College Foundation, established February 13, 1987

Master Agreement revised September 2, 2014

Rico Guerrero, Executive Director

State Center Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 56,054,250
Federal Direct Student Loans	84.268		609,224
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		2,727,346
Federal Work-Study Program	84.033		1,129,390
Financial Aid Admin Allowance	84.063		199,610
Subtotal Student Financial Assistance Cluster			<u>60,719,820</u>
TRIO Cluster			
Upward Bound	84.047A		1,132,176
Upward Bound - Math and Science	84.047M		1,000,376
Student Support Services	84.042A		2,130,432
Talent Search	84.044A		781,555
Educational Opportunity Center (EOC) Program	84.066A		111,622
Subtotal TRIO Cluster			<u>5,156,161</u>
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		13,696,944
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		37,401,726
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		3,523,246
Subtotal			<u>54,621,916</u>
Passed through California Community Colleges Chancellor's Office Central Regional Consortium Grant	84.048A	[1]	56,860
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	22-C01-570	2,024,038
Subtotal			<u>2,080,898</u>
Higher Education Institutional Aid - Science, Technology, Engineering, Math Improvement Projects	84.031C		333,309
Higher Education Institutional Aid - Title V and Title V Collaborative	84.031S		3,217,761
Passed through California State University, Fresno Foundation Title V Cooperative - Teacher Prep Program	84.031S	P031S180093	448,010
Subtotal			<u>3,999,080</u>
Child Care Access Means Parents in School Program	84.335A		427,696
Centers of Excellence for Veteran Student Success	84.116G		85,706
Migrant Education College Assistance Migrant Program (CAMP)	84.149A		786,408
Passed through California Department of Rehabilitation College to Career	84.126A	31762	228,196
Rehabilitation Services - Workability	84.126A	31804	261,511
Subtotal			<u>489,707</u>
Total U.S. Department of Education			<u>128,367,392</u>
U.S. Department of Labor			
Passed through California Employment Development Department Employment Service/Wagner-Peyser	17.207	M67397-7100	11,730
Total U.S. Department of Labor			<u>11,730</u>

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

State Center Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Grants for the Benefits of Homeless Individuals	93.243		\$ 441,754
Health Workforce Initiative	93.493		175,831
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care and Development Block Grant	93.575	13609, 15136, 15554	24,932
COVID-19: Child Care and Development ARP			
One-Time Stipend	93.575	[1]	7,210
Passed through Yosemite Community College District			
Child Care and Development Block Grant			
- Training Consortium	93.575	[1]	<u>38,514</u>
Subtotal CCDF Cluster			<u>70,656</u>
Passed through California Community College Chancellor's Office			
Foster and Kinship Care Education	93.658	[1]	59,659
Temporary Assistance for Needy Families (TANF)	93.558	[1]	372,189
Passed through Madera County Department of Social Services			
Temporary Assistance for Needy Families (TANF) - Vocational Training	93.558	[1]	180,963
Passed through Fresno County Health and Human Services			
Temporary Assistance for Needy Families (TANF) - CalWorks			
Employment and Temporary Assistance	93.558	20-244	<u>367,354</u>
Subtotal			<u>920,506</u>
Passed through Foundation for California Community Colleges			
Chafee Foster Care Independence Program - Youth			
Empowerment Strategies for Success	93.674	00004761	<u>22,155</u>
Total U.S. Department of Health and Human Services			<u>1,690,561</u>
U.S. Department of Agriculture			
Training Opportunities in Ag Systems and Tech (TOAST)	10.310		122,815
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	[1]	37,073
Passed through California Department of Food and Agriculture			
California Specialty Crop - Developing Post COVID-19			
Export Markets	10.170	21SCBPCA1110	218,007
Passed through College of the Sequoias			
College of the Sequoias FSMA Training	10.328	2020-70020-33026	<u>28,576</u>
Total U.S. Department of Agriculture			<u>406,471</u>
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	2,012,017
Passed through California State University, Fresno Foundation			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	SC340960-22-01	195,549
Passed through the City of Fresno			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	ST080-148	<u>64,988</u>
Subtotal			<u>2,272,554</u>
Total U.S. Department of the Treasury			<u>2,272,554</u>

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

State Center Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Aeronautics and Space Administration			
Passed through Jet Propulsion Laboratory (JPL)			
Jet Propulsion Laboratory (JPL) - Investigate Ice Shell Evolution	43.001	80NMO018D0004	\$ 37,132
Total National Aeronautics and Space Administration			<u>37,132</u>
Research and Development Cluster			
National Science Foundation			
S-STEM: Enhancing the Transfer Experience thru a Collaborative Cohor Program	47.076		123,850
Advanced Technological Education Program	47.076		180,465
Passed through Arizona Board of Regents for and on behalf of Arizona State University			
STEM Education for Latinx	47.076	ASUB0001073	5,221
Passed through Texas A&M			
Technician Training for Industry 4.0 Technologies	47.076	M2203742	2,863
Passed through Carnegie Institution of Washington			
Exploring the Impacts of Data Science	47.076	2021013	31,117
Passed through California State University, Fresno Foundation			
Active Learning in intro STEM with eXended Reality (ALIS-XR)	47.050	2126723	12,515
Subtotal Research and Development Cluster			<u>356,031</u>
Small Business Administration			
Passed through University of California, Merced			
Central California Small Business Development Center	59.037	SBAHQ21B0069	303,197
Total Small Business Administration			<u>303,197</u>
U.S. Department of Veteran Affairs			
Veterans Information and Assistance - Reporting Fees	64.115		8,343
Total U.S. Department of Veteran Affairs			<u>8,343</u>
U.S. Department of Commerce			
Passed through Merced Community College District			
F3 Agrifood Technology and Engineering Collaborative (AgTEC) Workforce Development Program	11.307	MC 07889-03	22,032
Total U.S. Department of Commerce			<u>22,032</u>
Total Federal Financial Assistance			<u>\$ 133,475,443</u>

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

State Center Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

Program	Program Revenues				Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable		
Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program	\$ 301,394	\$ -	\$ 301,394	\$ -	\$ -	\$ -
Aviation Program	995,236	-	691,405	-	303,831	303,831
Basic Needs Center	2,249,477	7,591	1,811,608	-	445,460	437,869
Basic Needs Center - One Time Funds	2,046,434	-	1,808,145	-	238,289	238,289
BFAP	2,567,400	-	847,656	1	1,719,743	1,719,743
CA Learning Lab	-	72,847	-	-	72,847	72,847
Cal Fire	155,243	219,890	-	-	375,133	375,133
Cal Grant	10,927,518	618	83,646	-	10,844,490	10,844,490
California Adult Education Program	2,847,387	4	1,035,196	1	1,812,194	1,812,194
California Apprenticeship Initiative	100,000	-	39,963	-	60,037	60,037
California Community College Promise Fund	2,396,171	-	915,246	-	1,480,925	1,480,925
CalWORKs	3,220,774	-	1,064,718	1	2,156,055	2,156,055
CAPP Guided Pathways Alignment Project	40,411	-	-	-	40,411	40,411
CAPP Intersegmental Alignment Project	50,918	43,038	-	-	93,956	93,956
CARE	1,632,912	-	282,061	1	1,350,850	1,350,850
Central Valley College Corps - Dreamer	11,000	2,817	-	-	13,817	13,817
Child Care Food Program	1,618	112	-	-	1,730	1,730
Child Development Block Grant	642,168	-	-	-	642,168	642,168
Classified Professional Development Fund	62,462	-	43,647	-	18,815	18,815
CLCA - Low Cost Auto Program	1,500	-	1,500	-	-	-
College and Career Access Pathways - Dual Enrollment	339,131	-	320,714	-	18,417	18,417
COVID-19 Recovery Block Grant	17,802,340	-	17,152,558	-	649,782	649,782
Culturally Competent Faculty PD	351,739	-	307,978	-	43,761	43,761
Direct Assessment Competency-Based Education	304,813	-	258,377	-	46,436	46,436
Dream Resource Liaison Support Allocation	772,920	-	298,896	1	474,023	474,023
Disabled Students Services	8,144,752	1	2,421,011	1	5,723,741	5,723,741

State Center Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	
Early Action: Student Retention and Outreach	\$ 231,940	\$ -	\$ 14,122	\$ -	\$ 217,818	\$ 217,818
Economic Opportunity Programs & Services (EOP&S)	7,272,185	1	1,459,633	-	5,812,553	5,812,553
Education Planning Initiative (EPI)	81,115	-	45,619	-	35,496	35,496
Emergency Financial Aid	670,291	-	521,696	-	148,595	148,595
Equal Employment Opportunity Best Practices	208,333	-	203,385	-	4,948	4,948
Equal Employment Opportunity Fund	138,888	-	-	-	138,888	138,888
e-Transcript California Mini Grant	55,949	-	50,961	-	4,988	4,988
Financial Aid Technology Funds - Onetime Fund	38,145	-	1	-	38,144	38,144
Financial Aid Technology Funds - Ongoing Fund	324,108	-	206,173	-	117,935	117,935
Foster Care Education	130,492	-	2,164	-	128,328	128,328
Golden State Education and Training Grant Program (GSETGP) - Admin	2,825	-	2,650	-	175	175
Go-Biz	162,784	79,775	-	-	242,559	242,559
Guided Pathways	2,358,281	-	1,581,296	-	776,985	776,985
Homeless & Housing	1,863,225	82,339	505,500	82,338	1,357,726	1,357,726
Innovation and Effectiveness Grant	382,586	-	200,000	-	182,586	182,586
K-12 Strong Workforce Program-Ongoing Fund	479,046	-	440,040	-	39,006	39,006
K-12 Strong Workforce - Valley ROP MOU	60,000	-	-	-	60,000	60,000
K-16 Collaborative	31,000	-	21,406	-	9,594	9,594
Learning-Aligned Employment Program	10,157,721	-	10,152,973	-	4,748	4,748
LGBTQ+ Support	339,017	-	301,261	-	37,756	37,756
Library Services Platform	33,414	1	27,402	-	6,013	6,013
Local Systemwide Tech and Data Security - Ongoing	250,000	-	250,000	-	-	-
Math, Engineering, Science Achievement Grant	432,039	-	432,039	-	-	-
Mental Health Support Fund	1,903,869	-	1,256,179	-	647,690	647,690
Middle College High School Grant	402,815	1	172,930	-	229,886	229,886
Native American Student Support & Success Program	600,000	-	600,000	-	-	-
NextUP	2,196,674	-	581,256	-	1,615,418	1,615,418
Nursing Enrollment Growth and Assessment Grant	487,015	2	29,924	3	457,090	457,090

State Center Community College District  
Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	
Peace Officer Standards and Training	\$ 194,566	\$ 454,963	\$ 65,678	\$ -	\$ 583,851	\$ 583,851
Physical Plant & Instructional Support	12,046,108	-	3,218,530	-	8,827,578	8,827,578
PUENTE Project	56,504	-	55,000	-	1,504	1,504
Regional Equity and Recovery Partnerships	177,880	-	177,880	-	-	-
Report Streamlining Pilot Program	344,949	-	244,348	-	100,601	100,601
Rising Scholars	190,000	-	129,662	-	60,338	60,338
SCCCD Faculty Internship and Diversity Program	150,000	-	150,000	-	-	-
Song Brown	332,894	50,000	50,000	-	332,894	332,894
Strong Workforce Program	21,818,414	1,870,110	12,370,711	2	11,317,811	11,317,811
Student Equity & Achievement (SEA)	23,291,168	-	8,068,318	2	15,222,848	15,222,848
Student Retention and Outreach	6,255,390	-	4,785,451	1	1,469,938	1,469,938
Student Success Completion Grant	23,380,165	-	6,074,340	-	17,305,825	17,305,825
Systemwide Tech and Data Security - One Time	200,000	-	103,637	-	96,363	96,363
TCC - V.O.I.C.E	278,169	303,166	-	-	581,335	581,335
UMOJA Community Program	3,445	-	10	-	3,435	3,435
Upward Mobility Pathway Project	10,000	-	2,592	-	7,408	7,408
Veterans Resource Center One-Time Allocation	67,849	-	-	1	67,848	67,848
Veterans Resource Center On-Going Allocation	625,972	-	399,911	-	226,061	226,061
Wellness Vending machine Pilot	30,000	-	30,000	-	-	-
Workforce Development in Economically Distressed Communities Funds	1,040,681	-	1,035,419	-	5,262	5,262
Zero Emission Vehicle Grant	-	28,880	-	-	28,880	28,880
Zero Textbook Cost Program	80,000	-	74,355	-	5,645	5,645
Zero Textbook Cost Program - One Time Fund	720,000	-	713,284	-	6,716	6,716
<b>Total state programs</b>	<b>\$ 180,553,629</b>	<b>\$ 3,216,156</b>	<b>\$ 86,493,455</b>	<b>\$ 82,353</b>	<b>\$ 97,193,977</b>	<b>\$ 97,186,386</b>

State Center Community College District  
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance  
Year Ended June 30, 2023

CATEGORIES	**Revised Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2022 only)</b>			
1. Noncredit*	12.63	-	12.63
2. Credit	2,949.95	-	2,949.95
<b>B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
1. Noncredit*	7.04	-	7.04
2. Credit	439.32	-	439.32
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,093.94	-	10,093.94
(b) Daily Census Contact Hours	1,518.85	-	1,518.85
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	263.82	-	263.82
(b) Credit	1,573.49	-	1,573.49
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	8,718.08	-	8,718.08
(b) Daily Census Procedure Courses	3,505.58	-	3,505.58
(c) Noncredit Independent Study/Distance Education Courses	58.77	-	58.77
<b>D. Total FTES</b>	<b>29,141.47</b>	<b>-</b>	<b>29,141.47</b>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. In-Service Training Courses (FTES)</b>	1,015.85	-	1,015.85
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit*	262.47	-	262.47
2. Credit	453.82	-	453.82
<b><u>CCFS-320 Addendum</u></b>			
CDCP Noncredit FTES	138.62	-	138.62
<b>Centers FTES</b>			
1. Noncredit*	85.60	-	85.60
2. Credit	1,793.71	-	1,793.71

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

\*\*Annual report revised as of October 30, 2023.

State Center Community College District  
Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
Year Ended June 30, 2023

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			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	\$ 56,735,023	\$ -	\$ 56,735,023	\$ 56,735,023	\$ -	\$ 56,735,023
Other	1300	22,397,266	-	22,397,266	22,397,266	-	22,397,266
Total Instructional Salaries		79,132,289	-	79,132,289	79,132,289	-	79,132,289
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	23,306,248	-	23,306,248
Other	1400	-	-	-	4,113,503	-	4,113,503
Total Noninstructional Salaries		-	-	-	27,419,751	-	27,419,751
Total Academic Salaries		79,132,289	-	79,132,289	106,552,040	-	106,552,040
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	36,793,518	-	36,793,518
Other	2300	-	-	-	2,387,649	-	2,387,649
Total Noninstructional Salaries		-	-	-	39,181,167	-	39,181,167
Instructional Aides							
Regular Status	2200	2,082,033	-	2,082,033	2,082,033	-	2,082,033
Other	2400	1,303,658	-	1,303,658	1,303,658	-	1,303,658
Total Instructional Aides		3,385,691	-	3,385,691	3,385,691	-	3,385,691
Total Classified Salaries		3,385,691	-	3,385,691	42,566,858	-	42,566,858
Employee Benefits	3000	31,557,889	-	31,557,889	60,808,836	-	60,808,836
Supplies and Material	4000	-	-	-	2,565,949	-	2,565,949
Other Operating Expenses	5000	3,016,770	-	3,016,770	22,508,959	-	22,508,959
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		117,092,639	-	117,092,639	235,002,642	-	235,002,642

State Center Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2023

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 808,702	\$ -	\$ 808,702	\$ 808,702	\$ -	\$ 808,702
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	499,597	-	499,597
Objects to Exclude							
Rents and Leases	5060	-	-	-	550,176	-	550,176
Lottery Expenditures							
Academic Salaries	1000	-	-	-	803	-	803
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	131	-	131
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	9,035	-	9,035
Books, Magazines, and Periodicals	4200	-	-	-	264	-	264
Instructional Supplies and Materials	4300	-	-	-	125,895	-	125,895
Noninstructional Supplies and Materials	4400	-	-	-	110,875	-	110,875
Total Supplies and Materials		-	-	-	246,069	-	246,069

State Center Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2023

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 4,096,078	\$ -	\$ 4,096,078
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		808,702	-	808,702	6,201,556	-	6,201,556
Total for ECS 84362, 50% Law		\$ 116,283,937	\$ -	\$ 116,283,937	\$ 228,801,086	\$ -	\$ 228,801,086
% of CEE (Instructional Salary Cost/Total CEE)		50.82%		50.82%	100.00%		100.00%
50% of Current Expense of Education					\$ 114,400,543		\$ 114,400,543

State Center Community College District  
 Proposition 30 Education Protection Account (EPA) Expenditure Report  
 Year Ended June 30, 2023

Activity Classification	Object Code				Unrestricted
EPA Revenues:	8630				\$ 15,870,891
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 15,870,891	\$ -	\$ -	\$ 15,870,891
Total Expenditures for EPA		\$ 15,870,891	\$ -	\$ -	\$ 15,870,891
Revenues Less Expenditures					\$ -

State Center Community College District  
Reconciliation of Governmental Funds to the Statement of Net Position  
Year Ended June 30, 2023

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Amounts reported for governmental activities in the Statement of Net Position are different because

Total fund balance and retained earnings		
General Funds	\$ 101,382,369	
Special Revenue Funds	2,733,230	
Capital Project Funds	296,493,006	
Debt Service Funds	46,254,411	
Internal Service Funds	33,463,628	
Fiduciary Funds	<u>40,392,661</u>	
Total fund balance and retained earnings - all District funds		\$ 520,719,305
Amounts held in trust on behalf of others (OPEB Trust)		(40,392,661)
Fair market value adjustment of Cash in County treasury		(25,836,597)
Adjustment to student accounts for uncollectible amounts		(202,241)
Prepaid expenses are reported in District's CCFS-311 report, however are reported as right-to-use subscription IT assets in the Statement of Net Position.		(147,733)
Lease receivables and deferred inflows of resources related to leases are reported in the Statement of Net Position, but were not reported in District's CCFS-311 report.		
Lease receivables	75,122	
Deferred inflows of resources related to leases	<u>(74,103)</u>	
Total		1,019
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	833,241,936	
Accumulated depreciation is	(189,037,838)	
The cost of right-to-use leased assets is	1,297,773	
Accumulated amortization is	(213,135)	
The cost of right-to-use subscription IT assets	1,765,929	
Accumulated amortization is	<u>(567,836)</u>	
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net		646,486,829
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to OPEB	12,089,353	
Deferred outflows of resources related to pensions	<u>77,919,145</u>	
Total deferred outflows of resources		90,008,498

State Center Community College District  
 Reconciliation of Government Funds to the Statement of Net Position  
 Year Ended June 30, 2023

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In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.

\$ (6,345,028)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

General obligation bonds	\$ (435,241,762)
Lease liability	(1,085,515)
Subscription-based IT arrangements	(978,765)
Compensated absences	(6,475,083)
Long term disability	(10,916)
Aggregate net other postemployment benefits (OPEB) liability	(15,237,478)
Aggregate net pension liability	<u>(239,186,450)</u>

Total long-term liabilities	<u>(698,215,969)</u>
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Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.

Deferred inflows of resources amount to and related to

Deferred inflows of resources related to OPEB	(15,092,759)
Deferred inflows of resources related to pensions	<u>(19,885,509)</u>

Total deferred inflows of resources	<u>(34,978,268)</u>
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Total net position	<u><u>\$ 451,097,154</u></u>
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**Note 1 - Purpose of Schedules****District Organization**

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

**Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

**Schedule of Expenditures of State Awards**

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

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

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

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

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

**Proposition 30 Education Protection Account (EPA) Expenditure Report**

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

**Reconciliation of Governmental Funds to the Statement of Net Position**

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



Independent Auditor's Reports  
June 30, 2023

# State Center Community College District



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

To the Board of Trustees  
State Center Community College District  
Fresno, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the remaining fund information of the State Center Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 16, 2023.

**Adoption of New Accounting Standard**

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

**Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 16, 2023



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

To the Board of Trustees  
State Center Community College District  
Fresno, California

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

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

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

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

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

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

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

#### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance finding in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Rancho Cucamonga, California  
December 16, 2023



## Independent Auditor's Report on State Compliance

To the Board of Trustees  
State Center Community College District  
Fresno, California

### Report on State Compliance

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

### Opinion

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

### Basis for Opinion

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

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

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***Compliance Requirements Tested***

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

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

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



Rancho Cucamonga, California  
December 16, 2023



Schedule of Findings and Questioned Costs  
June 30, 2023

# State Center Community College District

**Financial Statements**

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

**Federal Awards**

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
Higher Education Institutional Aid - Science, Technology, Engineering, Math Improvement Projects	84.031C
Higher Education Institutional Aid - Title V and Title V Collaborative	84.031S
Title V Cooperative - Teacher Prep Program	84.031S
Dollar threshold used to distinguish between type A and type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	No

**State Compliance**

Type of auditor's report issued on compliance for state programs	Unmodified
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None reported.

The following finding represents a significant deficiency in internal control over compliance and an instance of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

**2023-001      Special Tests and Provisions**

**Program Name:** Student Financial Assistance Cluster

**Federal Financial Assistance Listing Number:** 84.007, 84.033, 84.063, and 84.268

Direct Funded by the U.S. Department of Education

**Criteria or Specific Requirements**

34 CFR 668.173(b): Return of Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic funds transfer initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew, or the date on the cancelled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

34 CFR section 668.22(j)(2): For an institution that is not required to take attendance, the institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the period of enrollment, the academic year in which the student withdrew or the educational program from which the student withdrew.

**Condition**

*Significant Deficiency in Internal Control over Compliance* – We noted the following noncompliance for Fresno City College:

1. Thirteen of the forty-five Return to Title IV calculations tested from Fresno City College's portion of the Return to Title IV funds were not returned within the 45 day requirement.
2. Two of the forty-five Return to Title IV calculations tested were not performed within the thirty days of the end of the period of enrollment.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

There were approximately 1,400 Return to Title IV calculations completed for Fresno City College during the year ending June 30, 2023.

**Effect**

Without proper monitoring of Title IV returns, the District is at risk of noncompliance with the above referenced criteria.

**Cause**

The District's internal controls associated with the Return to Title IV procedures failed to ensure that all required funds were returned and calculations were performed in a timely manner.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should strengthen procedures to ensure that the Return to Title IV funds are returned within 45 days from the date the District determines the student withdrew from all classes. Additionally, the District should strengthen procedures to ensure the calculations are performed within the 30 days after the end of the period of enrollment.

**View of Responsible Officials and Corrective Action Plan**

Return of Funds

The Campus Business Office and the Financial Aid Office met to review the untimely return of funds. We determined and immediately implemented a restructured process where the R2T4 specialist in financial aid will review student accounts that require R2T4 calculations on a weekly basis. The students will be posted to the shared database between Financial Aid and the Business Office. The dedicated weekly time will expedite the calculation process. The Business Office, as part of the updated process will continue to treat the R2T4 award adjustments as a priority. In addition to the existing process of end of month reconciliation and return of funds, a mid-month returning of funds was added and implemented. The dedicated weekly timeline to calculate, as well as the added mid-month return of funds, will ensure that we meet the required return of funds within the 45 day window. The offices will meet to review this updated process and make any additional changes should they be necessary to maintain compliance.

Calculations

To ensure compliance with calculations processed timely, we will relieve the R2T4 specialist of other responsibilities so he can dedicate 100% of his time to calculate within the required timeframe. In addition, there will be additional staff assisting with calculations because the institution closes for a 10-day period which impacts the 30-day timeframe. This will ensure that all calculations are done.

None reported.

State Center Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023

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