# BUDGET COMMITTEE

Mt. SAC
Mt. San Antonio College

**MEETING AGENDA**

**March 3, 2021**

**3:00 p.m.**

**Location: Zoom Video Conferencing** **Time: 3:00 p.m. – 4:30 p.m.**

**Committee Members:**

| | | | |
|---|---|---|---|
| Morris Rodrigue, Chair | Rosa Royce | Anthony Stanisci | Vivian Ruiz (Notes) |
| Joan Sholars, Co-Chair | Gary Nellesen | Brandon Gillett | |
| Audrey Yamagata-Noji | Traci Ebue | Lisa Romo | |
| Irene Malmgren | Mary McGuire | Victoria Streitenberger | |
| Doug Jenson | Vacant (Faculty) | Vacant (Student) | |

**AGENDA ITEMS:**

1. **Agenda Check**
2. **Review the Budget Committee Meeting Summary of December 2, 2020**
3. **CARES/CRRSAA – Institutional Funds**
4. **Budget 2021-2022**
5. **2020 Audit Report**

**FUTURE BUDGET COMMITTEE MEETINGS (3:00 p.m. – 4:30 p.m.):**
**March 3, 2021**
**March 17, 2021**
**April 7, 2021**
**April 21, 2021**
**The committee does not meet during Summer or Winter Intersessions, unless needed.**

# Mt. San Antonio College
# Budget Committee Summary of
# March 3, 2021
# Location: Zoom Video Conferencing
# Time: 3:00 p.m. – 4:30 p.m.

**Committee Members[13]:**

| | | | |
|---|---|---|---|
| ☐ **Morris Rodrigue- Co-Chair** | ☒ **Rosa Royce** | ☒ **Brandon Gillett** | |
| ☐ **Joan Sholars, Co-Chair** | ☒ **Gary Nellesen** | ☒ **Lisa Romo** | ☒ **Vivian Ruiz (Notes)** |
| ☒ **Audrey Yamagata-Noji** | ☒ **Traci Ebue** | ☐ **Anthony Stanisci** | |
| ☒ **Irene Malmgren** | ☒ **Mary McGuire** | ☒ **Victoria Streitenberger (Student)** | |
| ☒ **Doug Jenson** | ☐ **Vacant (Faculty)** | ☐ **Vacant (Student)** | |

| ITEM | DISCUSSION/COMMENTS | ACTION/OUTCOME |
|---|---|---|
| **1. Agenda check** | Agenda checked. | **Agenda approved.** |
| **2. Review the Budget Committee Meeting Summary of December 2, 2020** | The Budget Committee Meeting Summary of December 2, 2020, was reviewed and approved. | **Meeting summary approved.** |
| **3. CRRSAA/CARES-Institutional Funds** | Rosa Royce presented the CRRSAA/CARES Institutional Funds. Below are some highlights (PowerPoint is attached):<br><br>• The Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA) was signed into law on December 27, 2020 provides a higher emergency relief fund (HERFF II) of $81.88 billion for support of education.<br>• Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed into law on March 27, 2020 provides higher emergency relief fund (HERFF) OF $30.8 billion for education.<br>• Allocation and performance period for CRRSAA is $34,267,707.<br>    ▪ Student portion $8,728,980 (12/27/20 to 12/31/21)<br>    ▪ Requires Student Financial Aid grants to be the same as the CARES allocation<br>    ▪ Institutional portion $25,538,727 (12/27/20 to 12/31/21)<br>• Allocation and performance period for CARES is $17,457,959. | **Accreditation Standard - IIID.** |

| | | |
|---|---|---|
| | ▪ Student portion \$8,728,980 (04/24/20 to 04/23/21)<br>▪ Requires 50% of Institution's allocation be spend in Students Financial Aid Grants<br>▪ Institutional portion \$25,538,727 (03/13/20 to 05/13/21)<br>• CRRSAA defraying expenses associated with the coronavirus. The expanded flexibility applies to unspent funds from CARES as of December 27, 2020. CRRSAA allows indirect cost and reasonable direct administrative cost.<br>• CARES covers any cost associated with significant changes to the delivery of instruction due to the coronavirus. It may use unspent funds of December 27, 2020 in the same way expenses are allowed under CRRSAA. It allows indirect cost and reasonable direct administrative cost. | |
| **4. Budget 2021-2022** | Doug Jenson presented the Budget Update. Below are some highlights (PowerPoint is attached):<br><br>• The 2020 Budget Act was affected by public health emergency associated with the COVID-19 pandemic.<br>• The estimated shortfall was \$54.3 billion, and a \$13.6 billion drop in the Proposition 98 guarantee.<br>• The budget prevented immediate cuts to community college apportionments and categorical by deferring approximately \$1.5 billion in funding.<br>• There was hope that a portion of the deferrals would be rescinded if Congress approved a fourth stimulus package by October 15, 2020. That relief did not get approved until December.<br>• The governor is proposing a 1.50% for 2021-22 Cost-of-living adjustments (COLA). | **Accreditation Standard - IIID.** |
| **5. 2020 Audit Report** | Rosa Royce presented the 2020 Audit Report. Below are some highlights (PowerPoint is attached): | **Accreditation Standard - IIID.** |

| | | |
|---|---|---|
| | • An annual financial and compliance external audit is required by Ed code 84040 (b).<br>• It is the final examination of the annual financial statements' fairness and reliability.<br>• Must be done by a CPA.<br>• Required by Mt. SAC BP6400 and AP6400<br>• It is required for the College's Accreditation<br>• Required to issue bonds and includes Continuing Disclosure information | |

Accreditation Standard - IIID. Financial Resources—Plans and manages financial affairs with integrity and in support of all institutional planning.

## FUTURE AGENDA ITEMS

- **Budget Review and Development Guide – last updated September 2016.**

## FUTURE MEETING DATES

**March 17, 2021**
**April 7, 2021**
**April 21, 2021**
**May 5, 2021**
The committee does not meet during summer or winter Intersessions, unless needed.

# Budget Committee
# March 3, 2021

# CRRSAA
# CARES

Prepared by: Rosa Royce

# CRRSAA/CARES
# Approval of Bill into Law

| CRRSAA | CARES |
|---|---|
| • Coronavirus Response and Relief Supplemental Appropriation Act, 2021 | • Coronavirus Aid, Relief, and Economic Security Act |
| • Higher Emergency Relief Fund (HERFF II) was provided with $81.88 billion in support for education | • Higher Education Emergency Relief Fund (HERFF) was provided with $30.8 billion for education |
| • Passed on December 27, 2020 | • Passed on March 27, 2020 |

# CRRSAA/CARES Allocations and Performance Period

| CRRSAA | CARES |
| --- | --- |
| **$34,267,707** | **$17,457,959** |

**CRRSAA**

- **Student Portion**
  - $8,728,980
  - Period 12/27/20 to 12/31/21
  - Requires Student Financial Aid grants to be same as the CARES allocation
- **Institutional Portion**
  - $25,538,727
  - Period 12/27/20 to 12/31/21

**CARES**

- **Student Portion**
  - $8,728,980
  - Period 04/24/20 to 04/23/21
  - Requires 50% of Institution's allocation be spent in Student Financial Aid Grants
- **Institutional Portion**
  - $8,728,979
  - Period 03/13/20 to 05/13/21

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Mt. San Antonio College

# CRRSAA/CARES
# Student Portion Uses of Funds

| CRRSAA | CARES |
|---|---|
| • Student Portion requires to prioritize students with exceptional need | • Student Portion was silent |
| • Student financial aid grants may be provided to students exclusively enrolled in distance education | • Students enrolled exclusively in distance education courses are ineligible to receive student financial aid grants |
| • Institutions can use more than the minimum allocation amount for financial aid grants<br>  • More than the $8,728,980 | • Institutions can use more than the minimum allocation amount for financial aid grants<br>  • More than the $8,728,980 |

# CRRSAA/CARES
# Institutional Portion Use of Funds – Expanded Flexibility

| CRRSAA | CARES |
|---|---|
| • Defraying expenses associated with coronavirus<br>   ◦ Lost revenue<br>   ◦ Reimbursement for expenses already incurred<br>   ◦ Technology costs associated with a transition to distance education<br>   ◦ Faculty and staff trainings<br>   ◦ Payroll<br>• Expanded flexibility applies to unspent funds from CARES as of December 27, 2020<br>• Allows Indirect Costs<br>• Allows reasonable direct administrative costs | • Cover any costs associated with significant changes to **the delivery of instruction** due to the coronavirus<br>   ◦ Refund to Students tuition and other fees<br>   ◦ Laptops, hotspots, technology equipment, software to enable students participate in distance learning<br>   ◦ Personal Protective Equipment and cleaning for safety of students<br>• May use unspent funds as of December 27, 2020 in the same way expenses are allowed under CRRSAA<br>• Allows Indirect Costs<br>• Allows reasonable direct administrative costs |

# CRRSAA/CARES
# Institutional Portion Use of Funds – Prohibited

## CRRSAA

- Does not allow to fund
  - contractors for the provision of pre-enrollment recruitment activities
  - marketing or recruitment
  - endowments
  - capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship
  - senior administrator or executive salaries, benefits, bonuses, contracts, incentives, or any order benefit.

## CARES

- Does not allow to fund
  - contractors for the provision of pre-enrollment recruitment activities
  - marketing or recruitment
  - endowments
  - capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship
  - senior administrator or executive salaries, benefits, bonuses, contracts, incentives, or any order benefit.

# CRRSAA/CARES Reporting Requirements

## CRRSAA

- Reporting guidelines have not been released in detail
- Use of Funds must be reported within 6 months after the date of the supplemental award

## CARES

- Quarterly,
  - Due the 10th day after quarter ends
  - Mt. CARES Webpage
- Annual Data Collection
  - Due February 1, 2021
  - Due February 1, 2022
  - Due February 1, 2023

# QUESTIONS

MT. SAC
Mt. San Antonio College

# SCFF and State Budget Update

## Budget Committee

## March 3, 2021

# Recap of 2020-21

- The 2020 Budget Act was affected by the public health emergency associated with the COVID-19 pandemic.
- The estimated shortfall was $54.3 billion, and a $13.6 billion drop in the Proposition 98 guarantee.
- The budget prevented immediate cuts to community college apportionments and categoricals by deferring approximately $1.5 billion in funding.
- There was hope that a portion of the deferrals would be rescinded if Congress approved a fourth stimulus package by October 15, 2020.  That relief did not get approved until December.

# Update: Yet Caution Reigns

- The budget outlook has improved since the 2020 Budget Act despite dramatic increase in COVID-19 cases and continuing shutdowns.
- State revenues continue to outperform earlier projections related to improving employment, growing housing market, and sales of taxable goods.
- The economic recovery has been unequal with the wealthy benefitting from a strong stock market, while the state’s low-wage workers are left behind.
- The Governor’s Budget summary notes that, despite higher-than-expected revenues, the State continues to face an operating deficit as General Fund expenditures grow faster than the “big three revenues.”

# 2020-21 Relief Funds and Revenue Protections

- In December 2020, Congress approved an additional $900 billion economic relief package, of which CCC's will receive $1.28 billion, plus additional allocations for minority serving institutions.
- The flexible funds can be used to defray expenses with COVID-19, student support activities, cover lost revenue, and provide financial aid grants to students.
- In California, emergency conditions under Title 5, Section 58146 will continue to be in effect to prevent districts from losing apportionment as a result of emergency conditions.
- FTES protections are applied to the SCFF, and existing hold harmless as been extended by two years, through 2023-24.

# Proposed State Budget

- On January 8, Governor Newsom released his budget proposal for the State for 2021-22:
  - The overall state budget would remain fairly flat
  - Continued commitment to pay down liabilities and maintain reserves
  - Relief to low-income Californians from the impact of COVID-19
  - “Golden State Stimulus” of up to $600 to individuals
  - Grants to small businesses
  - Tax credits and other incentives for job creation
  - Investments in workforce development strategies in collaboration with higher education institutions
  - Support to facilitate re-opening schools for in-person learning

# Proposed CCC Budget

- Governor's budget proposal for CCC's for 2020-21 include:
  - Ongoing adjustments including enrollment growth and COLA
  - Proposal to buy down a significant portion of the 2020-21 deferrals
  - $100M for emergency financial assistance to low-income students
  - $20M to support retention and re-enrollment strategies for former, current, or prospective students in the context of COVID-19 impacts
  - $3.1M for financial aid administration

# Proposed CCC Budget, cont.

- Governor’s budget proposal for CCC’s for 2020-21 include (continued):
  - Launch of SCFF Dashboard – tracks, analyzes, displays trends, metrics and key data points
    - Preliminary findings illustrate that even absent the hold harmless, 87% of districts would have received more revenue through SCFF than under prior formula
    - Across the last three years, many districts have had declining enrollments over this period
    - Some districts with declining enrollment have been able to mitigate losses in funding by additional funds through the other two allocation streams (supplemental and student success) in the SCFF

# Proposed Categorical Changes

- The 2021–22 Governor's Budget includes additional programmatic funding sources:
  - $100M for early budget action
  - $150M for emergency financial assistance for full-time, low-income community college students and others meeting criteria
  - $100M one-time to address food and housing insecurity for students
  - $35M (of which $20M is one-time) to augment the California Apprenticeship Initiative and expand work-based learning
  - $30M in ongoing funds to support student technology access
  - $20M in one-time funding, proposed for early budget action, to improve student retention, particularly those whose enrollment is impacted by COVID-19
  - $20M in one-time funds to provide culturally competent online professional development for faculty
  - $15M in one-time funds for zero textbook cost degrees
  - $10.6M in ongoing funds to support distance learning and online student support services
  - $2.5M in one-time funds to provide instructional materials for dual enrollment students

# Total Computational Revenue (TCR)

Base Allocation

Non-Credit

Special Admit

(Dual Enrollment)

Supplemental Allocation

Student Success Allocation

# Proposed SCFF Rates (per FTE)

**Table 3: Proposed 2021-22 Student Centered Funding Formula Rates (rounded)**

| Allocations | 2018-19 Rates | 2019-20 and 2020-21 Rates | 2021-22 Rates | Change From 2020-21 | Percent Change |
|---|---|---|---|---|---|
| Base Credit[a] | $3,727 | $4,009 | $4,069 | $60 | 1.5% |
| Supplemental Point Value | 919 | 948 | 962 | 14 | 1.5% |
| Student Success Main Point Value | 440 | 559 | 567 | 8 | 1.5% |
| Student Success Equity Point Value | 111 | 141 | 143 | 2 | 1.5% |
| Incarcerated Credit[a] | 5,444 | 5,622 | 5,706 | 84 | 1.5% |
| Special Admit Credit[a] | 5,444 | 5,622 | 5,706 | 84 | 1.5% |
| CDCP | 5,444 | 5,622 | 5,706 | 84 | 1.5% |
| Noncredit | 3,274 | 3,381 | 3,432 | 51 | 1.5% |

# Proposed Deferral Repayment

## Table 4: Apportionment Deferrals for the California Community Colleges in 2021-22 Proposed Budget

| Fiscal Year | Deferral Action | Amount | Net Deferral |
|---|---|---|---|
| 2020-21[a] | New deferral | $1,453.0 | $1,453.0 |
| 2021-22 | Repayment | -$1,126.5 | $326.5 |

# Proposed PERS/STRS Rates

## Table 5: Estimated CalPERS and CalSTRS Rates

| Pension System | 2019-20 | 2020-21 | 2021-22 |
|---|---|---|---|
| CalSTRS Employer Rate | 17.10% | 16.15% | 15.92% |
| CalPERS Employer Rate | 19.721% | 20.70% | 23.00% |

California State Teachers’ Retirement System (CalSTRS) and California Public Employees’ Retirement System (CalPERS) rates in 2020–21 and 2021–22 were bought down by a $2.3 billion payment from the state of California. Rates in the following years are subject to change based on determination by the respective governing boards.

# Factors used for 2021-22 Proposal

## Table 8: Planning Factors for Proposed 2021-22 Budget

| Factor | 2019-20 | 2020-21 | 2021-22 |
|---|---|---|---|
| Cost-of-living adjustment (COLA) | 3.26% | 0.00% | 1.50% |
| State Lottery funding per FTES[a] | $191.00 | $199.00 | |
| Mandated Costs Block Grant funding per FTES | $30.16 | $30.16 | $30.16 |
| RSI reimbursement per hour | $6.45 | $6.44 | $6.54 |
| Financial aid administration per College Promise Grant | $0.91 | $0.91 | $0.91 |
| Public Employees' Retirement System (CalPERS) employer contribution rates | 19.72% | 20.70% | 23.00% |
| State Teachers' Retirement System (CalSTRS) employer contribution rates | 17.10% | 16.15% | 15.92% |

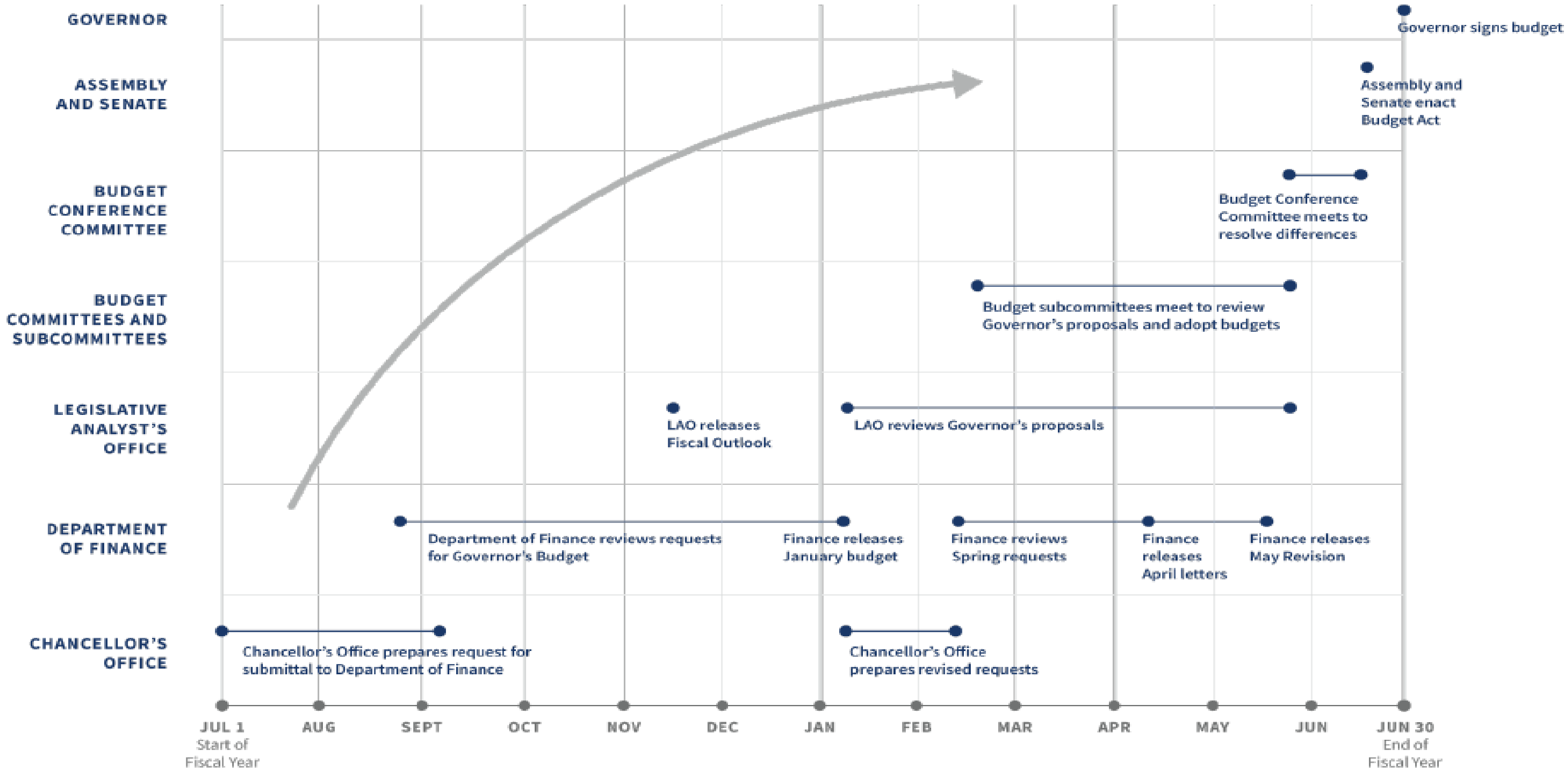
# Proposed Reporting Deadlines Return to Normal

## Table 9: Standard Financial Reporting Deadlines in Place for 2021-22

| Activity | Regulatory Due Date | Title 5 Section |
|---|---|---|
| Submit tentative budget to county officer. | July 1, 2021 | 58305(a) |
| Make available for public inspection a statement of prior year receipts and expenditures and current year expenses. | September 15, 2021 | 58300 |
| Hold a public hearing on the proposed budget. Adopt a final budget. | September 15, 2021 | 58301<br>58305(c) |
| Complete the adopted annual financial and budget report and make public. | September 30, 2021 | 58305(d) |
| Submit an annual financial and budget report to Chancellor's Office. | October 10, 2021 | 58305(d) |
| Submit an audit report to the Chancellor's Office. | December 31, 2021 | 59106 |

# Sequence of the Annual State Budget Process

## Next Step? Wait patiently for the Governor's May Revision



# Questions

Budget Committee

March 3, 2021

# District Audit FY 2019-20

Prepared: Rosa Royce

# AUDITS

- An annual financial and compliance external audit is required by Ed code 84040 (b).
- It is the final examination of the annual financial statements' fairness and reliability.
- Must be done by a CPA.
- Required by Mt. SAC BP6400 and AP6400
- It is required for the College's Accreditation
- Required to issue bonds and includes Continuing Disclosure information

# BOARD POLICY (BP) 6400 - AUDITS

**BP 6400 Audits**

**Reference:**

Education Code Section 84040(b)

There shall be an annual outside audit of all funds, books, and accounts of the College in accordance with the regulations of Title 5. The College President/CEO shall assure that an annual outside audit is completed. The College President/CEO shall recommend a certified public accountancy firm to the Board of Trustees with which to contract for the annual audit.

# ACCREDITATION

## Certification of Continued Institutional Compliance with Eligibility Requirements

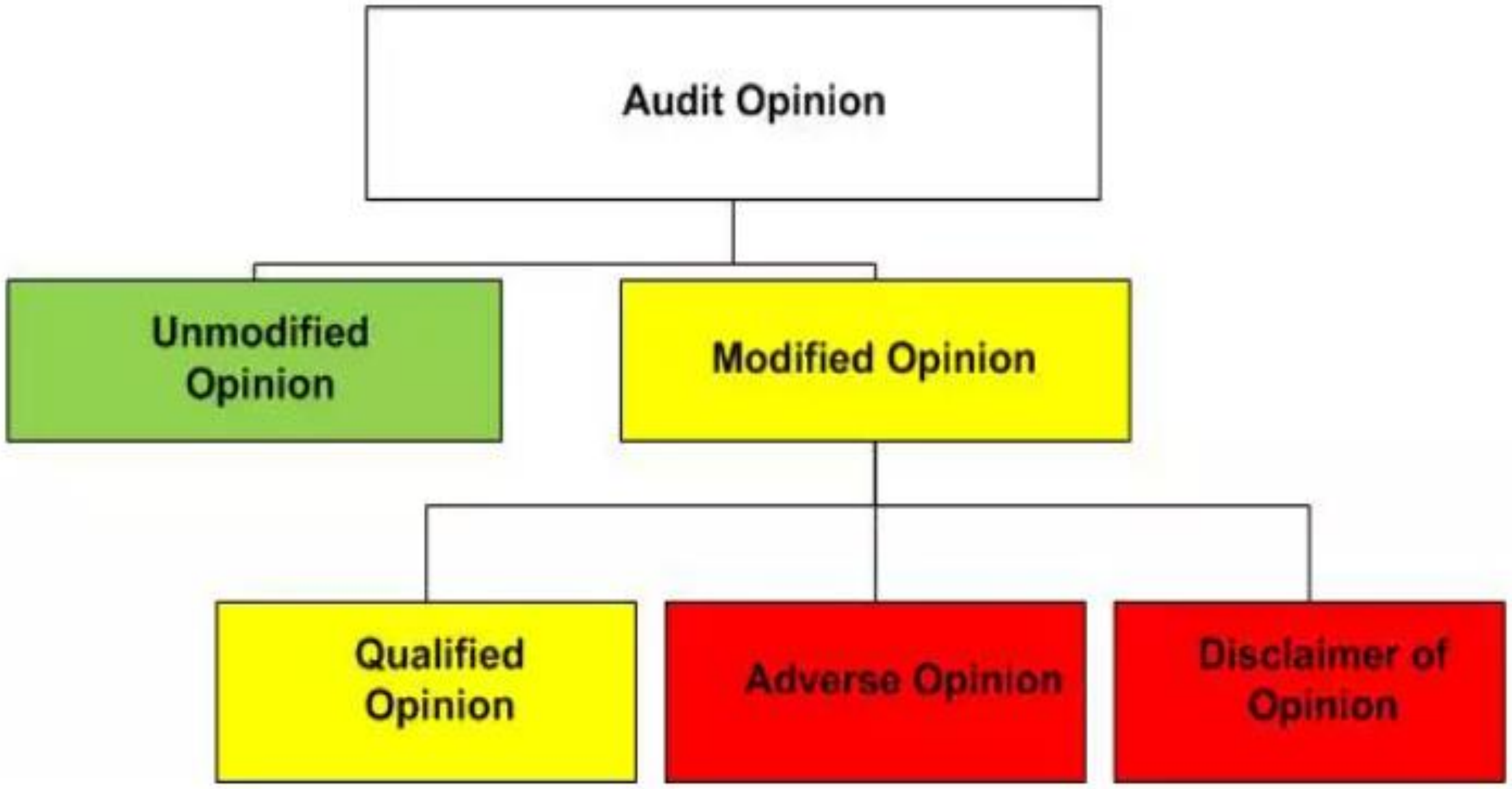
### 5. Financial Accountability

***The institution annually undergoes and makes available an external financial audit by a certified public accountant or an audit by an appropriate public agency. Institutions that are already Title IV eligible must demonstrate compliance with federal requirements.***

# AUDITED FINANCIAL STATEMENTS VERSUS CCFS-311

- The Annual Financial Audited Statements and the CSFS-311 have distinct purpose.
- The entity-wide financial statements are prepared under GASB 35 and are presented using economic resources measurement focus and the full accrual basis of accounting.
- The CSFS-311 report is use primarily as an internal report within the System for comparing financial results across California Community Colleges prepared using modified accrual basis.

# TYPES OF AUDIT OPINIONS



# MT. SAC - THREE AUDIT OPINIONS

- Financial statements are in accordance with accounting principles generally accepted in the United Stated of America (Page 2 audit report).
- Federal Compliance: Audit conform with Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (Page 109 audit report).
- State compliance: Audit conform with the California Community Colleges Chancellor's Office District Audit Manual (CDAM) (Page 112 of audit report).

# MT. SAC - 2019-20 UNMODIFIED OPINION BEST OPINION

EideBailly.

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
Mt. San Antonio Community College District
Walnut, California

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2020, 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.

# WHAT TO LOOK IN AN AUDIT REPORT

(Page 113 of Audit Report)

Mt. San Antonio Community College District
Summary of Auditor's Results
Year Ended June 30, 2020

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

**Identification of major Federal programs:**

| Name of Federal Program or Cluster | CFDA Number |
|---|---|
| Student Financial Assistance Cluster | 84.007, 84.033, 84.063, 84.268 |
| COVID-19: Cares Act Higher Education Emergency Relief Funds, Student Portion | 84.425E |
| COVID-19: Cares Act Higher Education Emergency Relief Funds, Institutional Portion | 84.425F |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 1,810,111 |
| Auditee qualified as low-risk auditee: | Yes |

**STATE AWARDS**

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

# Questions

Financial Statements
June 30, 2020

# Mt. San Antonio Community College District

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CPAs & BUSINESS ADVISORS

# Independent Auditor's Report

Board of Trustees
Mt. San Antonio Community College District
Walnut, California

## Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Mt. San Antonio College Auxiliary Services), and the aggregate remaining fund information of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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**Opinions**
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2020, 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.

**Other Matters**

*Required Supplementary Information*
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 23, and other required supplementary schedules on pages 82 through 87, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other accompanying supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Expenditures of Federal Awards and other accompanying supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying unaudited supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 17, 2021

Mt. San Antonio College

1100 North Grand Avenue
Walnut, CA 91789-1399

909-274-7500
www.mtsac.edu

## Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Mt. San Antonio Community College District (the District) for the year ended June 30, 2020. This discussion is prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

Mt. San Antonio Community College District is a public Community College district that offers a diversified program designed to develop qualities of general education essential for citizens in a democratic society. The mission of the College is to support and empower all students in achieving their educational goals in an environment of academic excellence. Specifically, the College is committed to providing quality education, services, and workforce training so that students become contributing members of a diverse, sustainable, global society. The College pledges to serve students so that they may achieve their full educational potential for lifelong learning, for attaining associate degrees and certificates, for employment, and for the completion of career and transfer pathways. The College will carry out this commitment by providing an engaging and supportive teaching and learning environment for students of diverse origins, experiences, needs, abilities, and goals. The College is dedicated to serving our community through improving economic achievement, advancing civic engagement, enhancing personal well-being, developing critical thinking, and enriching aesthetic and cultural experiences.

Mt. San Antonio Community College District has emerged as a leader in education not only in the San Gabriel Valley, but in the State of California. The District is the largest, single-campus community college district in the State. The District proudly celebrates over 72 years of educational excellence. The District will continue to offer access to quality programs and services, as well as provide an environment for educational excellence throughout the 21st century.

## Accounting Standards

In June 1999, the Governmental Accounting Standard's Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and in November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which have been amended by GASB Statements No. 37, No. 38, and No. 39. These statements established that for financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow the standards under the Business Type Activity (BTA) model. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows; instead of the fund group perspective previously required. The District is reporting its financial statements according to these standards.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement impacts the accounting and reporting (accrual basis) of pension expense and net pension liability by reflecting the amounts on the government-wide financial statements. The California Community Colleges Chancellor's Office recommended that all California community colleges follow these new standards to reflect the proportionate share of the CalSTRS and CalPERS pension expense and net pension liability. The District has implemented the provisions of this statement.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting Postemployment Benefit Plans Other than pensions Plans.* The principal objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports (financial reports) of State and local governmental benefit plans for making decisions and assessing accountability. These benefits are referred to as other postemployment benefits (OPEB), and the plans through which the benefits are provided are referred to as OPEB plans. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. GASB Statement No. 75 also establishes requirements for reporting information about financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. GASB Statements No. 74 and No. 75 are closely related in some areas, and certain provisions of this GASB Statement No. 74 refer to GASB Statement No. 75. The District has implemented the provisions of this Statement as of June 30, 2018.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees (both active employees and inactive employees) are provided with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB). One aspect of that objective is to provide information about the effects of OPEB-related transactions and other events on the elements of the basic financial statements. This information will assist users in assessing accountability and the relationship between a government's inflows of resources and its total cost (including OPEB expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's OPEB obligations and the resources, if any, available to satisfy those obligations. An additional objective of this Statement, is to improve the information provided in government financial reports about OPEB-related financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. Finally, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes standards of financial reporting for defined benefit OPEB plans and defined contribution OPEB plans. GASB Statements No. 74 and No. 75 are closely related in some areas, and certain provisions of this Statement refer to GASB Statement No. 74. The District has implemented the provisions of this Statement as of June 30, 2018.

## FINANCIAL HIGHLIGHTS

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

### Selected Highlights

- Prior to July 2009, the Los Angeles County Superintendent of Schools provided the District with fiscal, budgetary, and financial management services through a contractual agreement for many years. On August 27, 2008, the Board of Trustees approved the District's application to the Los Angeles County Superintendent of Schools requesting Fiscal Accountability Status. The District began this process by following the steps as defined in Education Code Section 85266, which required adhering to statutory requirements with specific deadlines. Part of this approval process was to demonstrate to the Los Angeles County Superintendent of Schools that the District had a financial management system in place, as it would no longer be using the County's Finance and Payroll Systems. The integrity and security of the new Banner Finance and Human Resources/Payroll systems were validated by a team of external auditors prior to obtaining Fiscal Accountability Status. In addition, the auditors also validated that the District had a system of adequate internal controls, processes and procedures.

  Effective July 1, 2009 the District obtained Fiscal Accountability Status as approved by the Los Angeles County Superintendent of Schools. Achieving the Fiscal Accountability Status was necessary, because it allowed the District to implement an integrated management information system without the need for extensive interfaces with the County's systems. This transition has given departments the ability to obtain accurate and timely information that is required to monitor budgets and analyze current financial data in order to ensure sound financial decision making.

  As a result of the Fiscal Accountability Status, the District assumed the majority of the responsibilities previously performed by the Los Angeles County Superintendent of Schools for fiscal, budget, human resources/payroll, and financial management systems processing. In addition, the District assumed oversight for the internal audit function for the issuance of payroll and commercial warrants. With the Fiscal Accountability Status, the Los Angeles County Superintendent of Schools retained high-level oversight of the District, but was no longer involved in the day-to-day activities. Their role was to ensure that the District complied with the approved Fiscal Accountability Plan.

  This transfer of responsibilities from the Los Angeles County Superintendent of Schools to the District was an enormous undertaking. The time and effort required to obtain Fiscal Accountability Status was achieved by hard work, collaboration, and dedication by the District's staff.

- In August 2011, after two years of operation, under the Fiscal Accountability Status, the District submitted an application to the County Superintendent of Schools and the State Chancellor's Office to obtain Fiscal Independence Status.

Under *Education Code* Section 85266.5, Fiscal Independence is granted upon the approval of the Board of Governors of the California Community College Systems Office, based largely on the recommendation from the Los Angeles County Superintendent of Schools and the Los Angeles County Auditor/Controller, supported by the results of an assigned independent Certified Public Accountant firm's survey of Mt. San Antonio College's accounting controls. Obtaining Fiscal Independence Status allows the District to have broad authority to issue warrants without the review or approval of the Los Angeles County Superintendent of Schools or the Los Angeles County Auditor/Controller.

Based on the District's excellent reputation for fiscal management, validation of the internal controls by a team of external auditors, a recommendation from the Los Angeles County Superintendent of Schools, and a recommendation from the Los Angeles Auditor-Controller, the State Chancellor's Office submitted a request to the Board of Governors to grant Fiscal Independence Status to Mt. San Antonio Community College District. On November 7, 2011, the Board of Governors approved Mt. San Antonio College Fiscal Independence Status, effective July 1, 2012.

In March 2017, the College received a commendation from the Accrediting Commission for Community and Junior Colleges for successfully completing the rigorous testing and implementation required to achieve fiscal independence status. The College has been operating under the fiscal independence status since the fiscal year 2012-2013, evidence of compliance is included in the Fiscal Independence oversight reports issued by the Los Angeles County Office of Education.

- On November 6, 2001, the voters of the District approved a $221 million general obligation bond (Measure R) under Proposition 39 to provide better facilities for the students, faculty, and the community. Originally, there were 17 construction projects planned, but due to the increase in construction costs, three of these projects were eliminated; which left 14 major projects to be undertaken. Ground breaking began, for some of the projects, during 2001-2002 and continued through 2015-2016. The proceeds of these general obligation bond funds were completely expensed in June 30, 2015, and the bonds have been paid off. The following bonds were issued:

  - $40 million Series A were issued in May 2002.
  - $75 million Series B were issued in February 2004.
  - $80 million Series C were issued in September 2006.
  - $26 million Series D were issued in July 2008.

- On November 4, 2008, the voters of the District approved a $353 million general obligation bond (Measure RR) under Proposition 39 to finance the repair, upgrade and acquisition of equipment and instructional facilities for the science and computer labs, library, fire academy training facility, classrooms for nursing, paramedics and police officers, classrooms for education and vocational job training, a new computer technology center, and the establishment of a 2008 lease revenue bonds escrow account. The following bonds were issued:

  - $205.6 million Series A and $11.7 million Series B were issued in August 2013.
  - $20 million Series C were issued in September 2015.
  - At June 30, 2020, the principal balance outstanding from the Measure RR bonds was $279.2 million and unamortized premium received on the bonds was $9.2 million.

- On May 1, 2010, the District issued $65 million in bond anticipation notes. This was the result of the District's inability to issue bonds from the 2008 election (Measure RR) due to the decreased property valuations and the need to continue with scheduled construction projects. These bond anticipation notes financed the repair, upgrade, acquisition, construction and equipment of certain District property and facilities, and an escrow account was established to retire the debt for the 2008 lease revenue bonds. The District retired these bond anticipation notes obligation in August 2013 with the issuance of Series A and B 2008 Election general obligation bonds (Measure RR).

- On April 6, 2017, the District issued $90 million, under the Measure RR authorization, in bond anticipation notes. These bond anticipation notes were issued to finance the remaining cost of the Business Project, the startup cost of the Athletics Complex, the design of the Campus Center, and other campus-wide improvements. At June 30, 2020, the principal balance outstanding was $96.6 million and unamortized premium received on the bonds was $145.8 thousand.

- On January 29, 2019, the District issued $25.7 million, under the Measure RR authorization, in bond anticipation notes. These bond anticipation notes financed facility improvements. The District paid in full these bond anticipation notes on April 4, 2019 from the proceeds of Series 2019A 2018 Election general obligation bonds (Measure GO).

- On November 6, 2018, the voters of the District approved a $750 million general obligation bonds (Measure GO) under Proposition 39 to finance facilities to support more students, help local students transfer to four-year universities, train more workers, and improve safety. The following bonds were issued:

    - $310.7 million Series 2019A were issued in April 2019.
    - At June 30, 2020, the principal balance outstanding was $310.7 million and unamortized premium received on the bonds was $32.4 million.

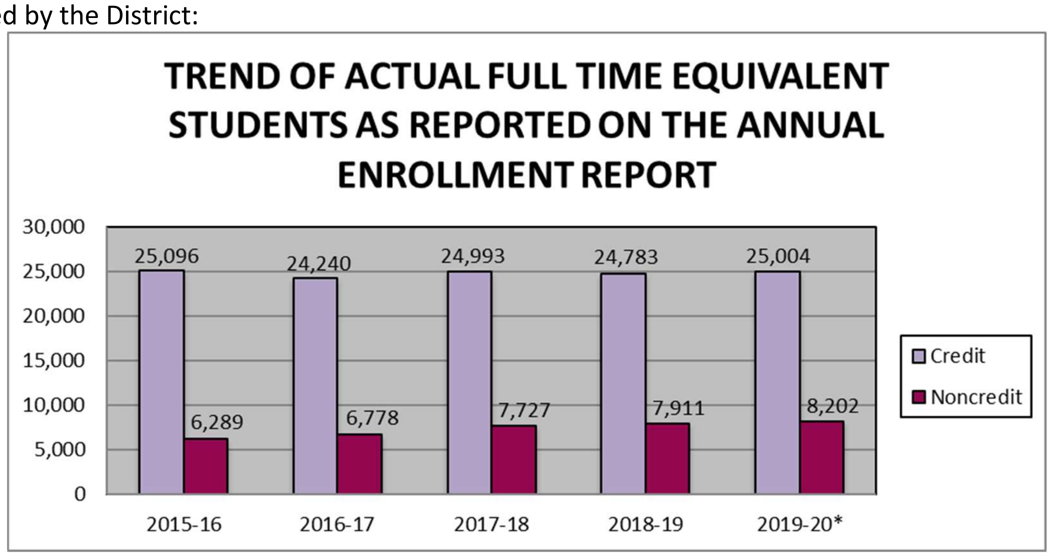
The following general obligation bonds have been issued to refund bonds for the election 2001 (Measure R) and election 2008 (Measure RR):

- $75.7 million refunding bonds were issued in September 2005. This issuance refunded certain Series A and B bonds.
- $29.9 million refunding bonds were issued in June 2012. This issuance refunded certain 2005 refunding bonds.
- $74.9 million Series A and $48.2 million Series B refunding bonds were issued in August 2013. These issuances refunded certain 2006 Series C bonds, 2005 refunding bonds, and 2012 refunding bonds.
- $19.4 million 2015 refunding bonds were issued in September 2015. This issuance refunded certain 2008 Series D bonds.
- $60.4 million 2020A refunding bonds were issued in February 2020. Portion of this issuance refunded certain 2013 Series A bonds.
- $30.1 million crossover refunding bonds were issued in February 2020. This issuance advance refunded certain 2013 Series A bonds.
- At June 30, 2020, the principal balance outstanding was $158.6 million and unamortized premium received on the bonds was $7.0 million.

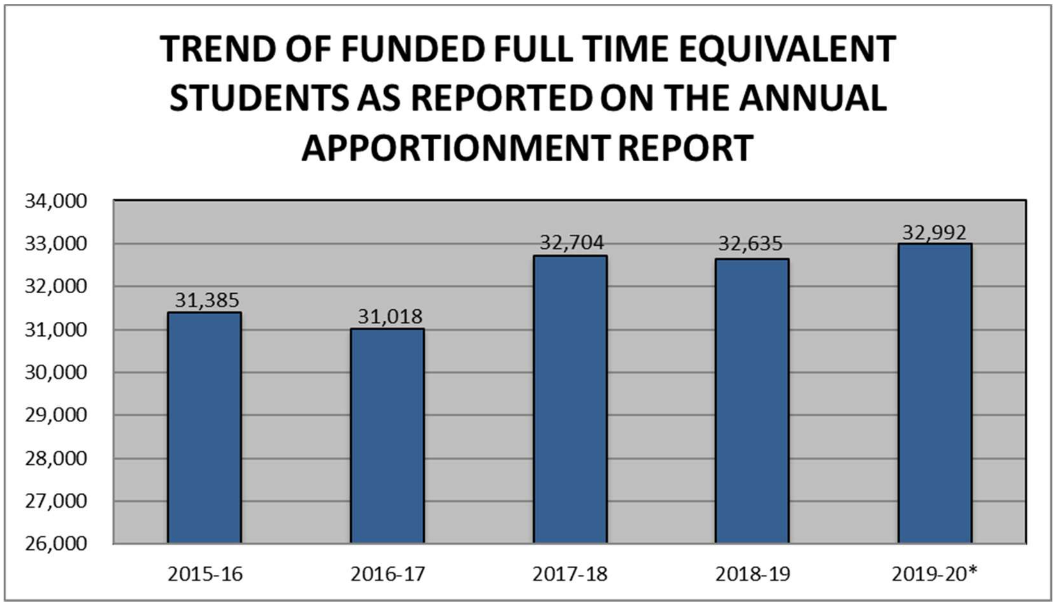
- Apportionment revenues are calculated based on the Student-Centered Funding Formula (SCFF), effective since the fiscal year 2018-19. The formula uses three allocations. The first portion is the Base allocation, which primarily includes average counts of credit FTEs of the current budget year, prior year, and prior prior year. The base allocation also includes a basic allocation, noncredit, CDCP, and Special Admit FTEs. The basic allocation is established on the number of colleges and comprehensive centers. The Noncredit, CDCP (Enhanced Noncredit Career Development and College Preparation), and Special Admit Credit FTEs are funded at full rates. The second portion is the Supplemental allocation, which includes counts of low-income students or students that receive Pell grants, Promise grants, and Nonresident tuition exemptions. The third portion is the Student Success allocation, which includes counts of outcomes in the form of certificates, degrees, and transfers with premiums for outcomes of low-income students. All counts are multiplied by established rates. Cost-of-living adjustment (COLA) is applied to these rates. The combination of the base allocation, supplemental allocation, and student success allocation results in the Total Computational Revenue or TCR.

- In accordance to the enacted 2019-20 Budget Act, the funding rates for the Student-Centered Funding Formula (SCFF) were based on a 70/20/10 percent split for the base, supplemental, and student success allocations. These rates were recalculated and established by the Chancellor's Office and released in the 2019-20 first principal apportionment (P-1) of February 2020. The College made great progress with the SCFF and had an ongoing increase of $10 million calculated at the 2019-20 first principal apportionment. As a result of the COVID-19 pandemic declared in March 2020, the College applied for Emergency Conditions and maintained its February 2020 level of funding for the fiscal year 2019-20.

- Credit and noncredit FTES continue to be the basis for which the District receives the biggest portion of State apportionment under the new the Student-Centered Funding formula. As of June 30, 2020, FTES were measured at the February 2020 level for the fiscal year 2019-20 because the District applied for Emergency Conditions due to COVID-19. The total actual full-time equivalent students (FTES) increased from 32,694 to 33,206, a 1.6 percent increase for credit and noncredit students. Credit increased from 24,783 in 2018-2019 to 25,004 in 2019-2020, and noncredit increased from 7,911 in 2018-2019 to 8,202 in 2019-2020. The District is offering more dual enrollment and noncredit courses and has become the largest Community College District in the State offering noncredit classes. The following shows a five year trend for actual FTES produced by the District:




*Measured as of February 2020 due to applying for Emergency Conditions.




*Measured as of February 2020 due to applying for Emergency Conditions.

The District ended the fiscal year 2019-2020 with an ending fund balance of $62.0 million in the Unrestricted General Fund, which represents 28.2 percent of the total expenditures, well above the 10 percent unassigned fund balance board policy.

Mt. SAC received $17.5 million Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. Half of the aid was for emergency grants for students to help them pay for housing, food, and other basic essentials. The other half is to help the College with expenditures related to significant changes to the delivery of instruction due to the coronavirus. Mt. SAC distributed $8.7 million emergency grants for students, including Dreamer students. The College has been consistently investing the remaining half of the funds in laptops, hot-spots, personal protective equipment, instructional materials, faculty training to teach online, and student fee reimbursements.

**Financial Statement Presentation and Basis of Accounting**

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

The financial statements noted above are prepared in accordance with GASB Statements No. 34 and No. 35 which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District funds including Student Financial Aid Programs.

Also, in accordance with GASB Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2020 Annual Financial and Budget Report (CCFS-311), based upon governmental accounting principles and the modified accrual basis of accounting, and the total net position recorded on the full accrual basis of accounting is as follows:

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Total fund balance: | | |
| General funds | $ 65,324,618 | |
| Child development | 977,162 | |
| Health services | 1,326,601 | |
| Debt service | 96,160,891 | |
| Capital outlay | 23,013,747 | |
| Bond construction | 196,140,566 | |
| Farm operations | 129,450 | |
| Fiduciary funds | 3,305,034 | |
| Total fund balance per CCFS-311 report | 386,378,069 | |
| Funds not included in the CCFS-311 report | 114,568,976 | |
| Total fund balance - all district funds | | 500,947,045 |
| Amounts held in trust on behalf of others (Trust and Agency Funds) | | (117,866,683) |
| Capital 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 | 817,811,969 | |
| Accumulated depreciation is | (192,137,170) | 625,674,799 |
| 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. | | (7,500,477) |
| Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of: | | |
| Deferred charges on refunding | 7,987,217 | |
| Deferred outflows of resources related OPEB | 32,100,608 | |
| Deferred outflows of resources related to pensions | 65,578,651 | |
| Total Deferred Outflows of Resources | | 105,666,476 |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of: | | |
| Deferred inflows of resources related OPEB | (26,882,045) | |
| Deferred inflows of resources related to pensions | (11,809,694) | |
| Total Deferred Inflows of Resources | | (38,691,739) |

| | | |
|---|---|---|
| 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: | | |
| Bonds and notes payable | $(751,557,466) | |
| Premium on bonds and notes payable | (48,752,828) | |
| Compensated absences | (3,022,111) | |
| Aggregate net other postemployment benefits (OPEB) liability | (59,389,851) | |
| Aggregate net pension liability | (250,636,119) | |
| In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following: | (93,532,236) | |
| | | (1,206,890,611) |
| Total Net Position | | $ (138,661,190) |

**Statement of Net Position**

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

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

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

The Net Position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net position; this net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

Our analysis below focuses on net position and change in net position of the District's business-type activities.

| | 2020 | 2019 | Change |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments | $ 409,246,067 | $ 464,275,806 | $ (55,029,739) |
| Accounts receivable and other current assets | 22,243,525 | 10,636,774 | 11,606,751 |
| Capital assets (net) | 625,674,799 | 553,387,637 | 72,287,162 |
| Total assets | 1,057,164,391 | 1,028,300,217 | 28,864,174 |
| **Deferred Outflows of Resources** | | | |
| Deferred charge on refunding | 7,987,217 | 1,890,913 | 6,096,304 |
| Deferred outflows related to OPEB | 32,100,608 | 35,839,564 | (3,738,956) |
| Deferred outflows related to pensions | 65,578,651 | 70,867,338 | (5,288,687) |
| Total deferred outflows of resources | 105,666,476 | 108,597,815 | (2,931,339) |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | 29,668,093 | 29,829,395 | (161,302) |
| Unearned revenue | 16,079,129 | 16,148,136 | (69,007) |
| Current portion of long-term liabilities | 45,563,500 | 16,160,000 | 29,403,500 |
| Long-term liabilities | 1,171,489,596 | 1,162,265,119 | 9,224,477 |
| Total liabilities | 1,262,800,318 | 1,224,402,650 | 38,397,668 |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows related to OPEB | 26,882,045 | 15,272,562 | 11,609,483 |
| Deferred inflows related to pensions | 11,809,694 | 8,999,361 | 2,810,333 |
| Total deferred inflows of resources | 38,691,739 | 24,271,923 | 14,419,816 |
| **Net Position** | | | |
| Net investment in capital assets | 47,718,494 | 64,137,431 | (16,418,937) |
| Restricted | 83,676,424 | 69,934,716 | 13,741,708 |
| Unrestricted deficit | (270,056,108) | (245,848,688) | (24,207,420) |
| Total Net Position (Deficit) | $(138,661,190) | $(111,776,541) | $ (26,884,649) |

This schedule has been prepared from the District *Statement of Net Position* (page 24), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated and all liabilities of the District are recognized.

Cash and short-term investments consist primarily of funds held in the County Treasury. The changes in cash position are explained in the *Statement of Cash Flows* (pages 26-27).

- The total cash and investments balance decreased by $55.0 million. The General Fund cash decreased by $8.9 million primarily as result of a decrease in the 2019-20 Education Protection Account (EPA) statewide funding of $455 million, payments to essential workers, payments to cover the Parking Services operations due to losses in student parking permits funding, payments for the COVID-19 Block Grant federal portion expenditures, and CARES Act Institutional expenditures. The EPA funding is expected to be recovered when the 2020-21 Budget Act is approved. The COVID-19 Block Grant federal portion and CARES Act Institutional expenditures were reimbursed in the 2020-21 fiscal year. The Bond Interest Redemption Fund increased by $44.9 million mainly due to property tax collections from the Series 2019A 2018 Election (Measure GO) general obligation bonds and investments in Series 2020B 2008 Election (Measure RR) Crossover Refunding bonds issued in February 2020. The Capital Outlay and the Bond Construction funds had a decrease of $91.0 million. The cash decreased for payments made to contractors essentially centered in the Athletics Complex Phase 2, the Athletic Complex Scoreboard, the Public Transportation Center, the Parking Structure Lot S, the Parking Lot A Improvements, and the Utility Infrastructure Central Campus project.

- Total account receivables and other assets had a net increase of $11.6 million. The General Fund increased by $11.3 million mostly due to the accrual of the 2019-20 apportionment and the CARES Act Institutional funding. The Capital Outlay Fund decreased by $0.8 million for the Physical Education Complex accruals when compared to the 2018-19 fiscal year. The interest receivable increased by $1.1 million for the Series 2019A Measure GO general obligation bonds issued in April 2019.

- Capital assets had a net increase of $72.3 million. The District had additions of $238.9 million related to equipment purchases, site and site improvement, and construction in progress. The District recognized a depreciation expense of $20.2 million during 2019-2020. The capital asset section of this discussion and analysis provides additional information.

- In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District accounted for deferred outflows and deferred inflows related to OPEB. The deferred outflows of resources related to OPEB decreased by $3.7 million and the deferred inflows of resources related to OPEB increased by $11.6 million. The deferred outflows of resources decreased due to amortization of prior year balances. The deferred inflows of resources increased due to a change in assumptions related to the change in benefit providers, which lowered the total OPEB liability.

- Changes in net pension liability attributable to experience gain/losses, assumption changes, and differences between projected and actual earnings on investments not recognized as expenses during the 2019-2020 fiscal year are accounted for as deferred inflows and outflows of resources.

  The deferred outflows of resources related to pensions had a net decrease of $5.3 million. CalSTRS deferred outflows of resources decreased by $0.3 million, while CalPERS deferred outflows decreased by $5.0 million. The deferred outflows of resources related to pensions decreased due to the amortization of the deferred outflows netted with increased benefit contributions for the 2019-2020 fiscal year.

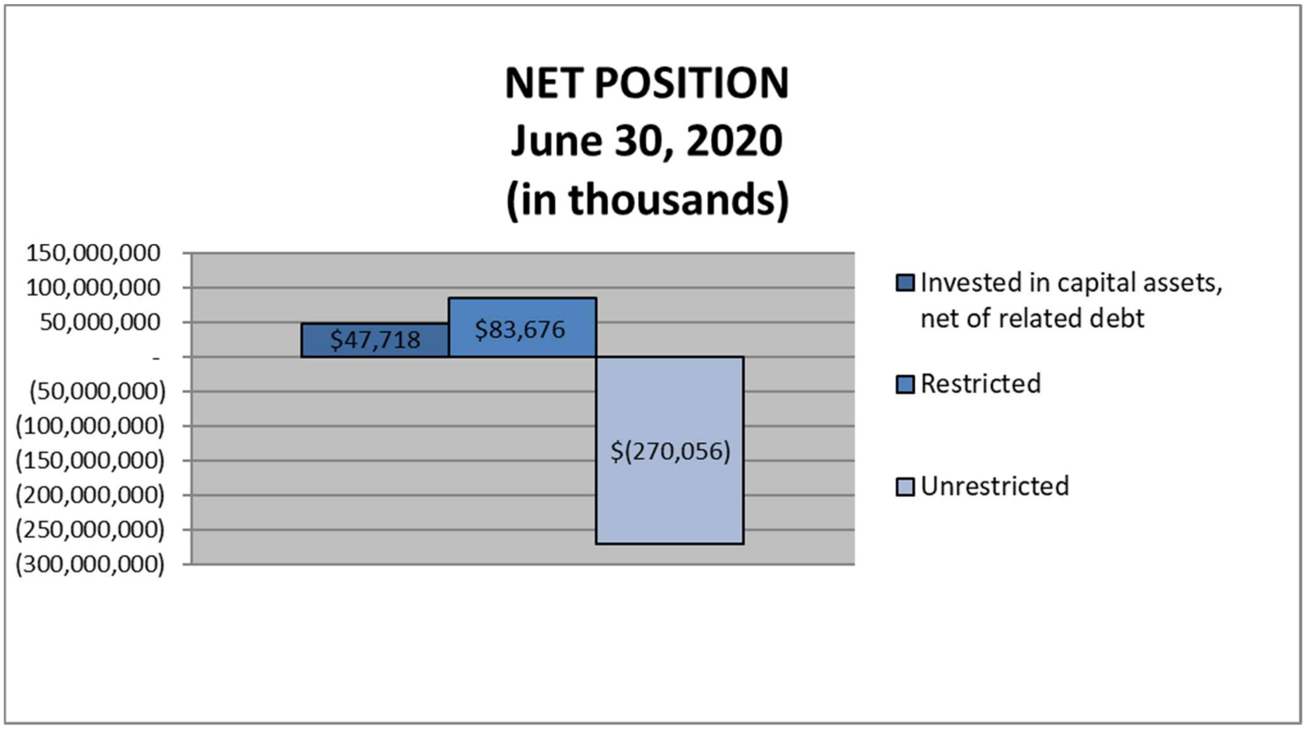
  The deferred inflows of resources related to pensions increased by $2.8 million. CalSTRS deferred inflows of resources increased by $1.4 million due to differences between expected and actual experience. CalPERS deferred inflows increased by $1.4 million due the actual rate of return exceeding the expected rate of return, resulting in an increase of deferred inflows and a decrease of the net pension liability. See Note 13 for detailed information related to the aggregate net pension obligation and the associated deferred inflows and outflows of resources.

- Accounts payable and accrued liabilities had a net decrease of $161 thousand. While accounts payable decreased by $1.9 million, the accrued interest payable increased by $1.7 million. The College had a reduction in the accounts payable because the College did not have an accounts payable apportionment accrual or payments of increases in health and welfare contributions for full-time faculty as it did in the previous fiscal year. The accrued interest payable increased primarily due to the interest accrual of the 2019A Measure GO general obligation bonds.

- The long-term liabilities (current and noncurrent) had a net increase of $38.6 million mainly attributed to the issuance of the Series 2020A Measure R and Measure RR general obligation refunding bonds and 2020B Measure RR crossover refunding bonds issued in February 2020.

- The District's net position was $(138.7) million for the fiscal year ended June 30, 2020. Of this amount, $(270.1) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board's ability to use that net position for day-to-day operations.

The following is a graphic representation of the Net Position as of June 30, 2020:




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

Change in net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Change in Net Position (page 25). The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not, by the District, the operating and nonoperating expenses incurred, whether paid or not, by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

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

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

| | 2020 | 2019 | Change |
|---|---|---|---|
| Operating Revenues | | | |
| Tuition and fees | $ 18,110,692 | $ 20,916,412 | $ (2,805,720) |
| Grants and contracts | 54,673,436 | 53,958,987 | 714,449 |
| Enterprise sales and charges | 102,962 | 166,731 | (63,769) |
| Total pperating revenues | 72,887,090 | 75,042,130 | (2,155,040) |
| Operating Expenses | | | |
| Salaries and benefits | 263,496,420 | 244,321,263 | 19,175,157 |
| Supplies, materials, and other operating expenses | 33,681,788 | 40,348,228 | (6,666,440) |
| Student financial aid | 62,490,761 | 46,593,917 | 15,896,844 |
| Depreciation | 20,182,015 | 16,614,293 | 3,567,722 |
| Total operating expenses | 379,850,984 | 347,877,701 | 31,973,283 |
| Loss on operations | (306,963,894) | (272,835,571) | (34,128,323) |
| Nonoperating Revenues (Expenses) | | | |
| State apportionments | 131,591,582 | 124,235,808 | 7,355,774 |
| Property taxes | 103,178,400 | 78,653,882 | 24,524,518 |
| Federal and State financial aid grants | 57,852,568 | 42,994,057 | 14,858,511 |
| State taxes and other revenues | 8,616,419 | 9,035,382 | (418,963) |
| Net interest expense | (24,271,123) | (22,968,638) | (1,302,485) |
| Other nonoperating revenues (expenses) | 1,992,807 | 2,268,624 | (275,817) |
| Total nonoperating revenues (expenses) | 278,960,653 | 234,219,115 | 44,741,538 |
| Other Revenues | | | |
| State, local capital income, and loss on disposal of capital assets | 1,118,592 | 7,178,321 | (6,059,729) |
| Net Change in Net Position | $ (26,884,649) | $ (31,438,135) | $ 4,553,486 |

The operating revenues for the District are specifically defined as revenues from users of the College's facilities and programs. Excluded from operating revenues are the components of the primary source of District funding: the State apportionment process which includes the State general apportionment and local property taxes. As these resources of revenues are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of $307.0 million is balanced by other funding sources. Total District expenses exceeded total revenues by $26.9 million for the year ended June 30, 2020.

Grants and contract revenues relate Federal and State grants received for programs serving students of the District. These grants and program revenues are restricted as to the allowable expenses related to the programs.

Interest income is primarily the result of cash held at the County Treasury. Interest expense relates to interest payments on the general obligation bonds as described in Note 10 of the financial statements.

- Net enrollment, tuition and fees decreased by $2.8 million. This reduction is attributed to the student fee refunds, including the parking permit refunds, in the Spring 2020 as a result of the COVID-19 pandemic campus closure.

- Grants and Contracts had a net increase of $714.4 thousand. This is increase is primarily due to the increase in funding of the CARES Institutional Act and decreases in funding for the Instructional Equipment grant and the Strong Workforce Program.

- The net increase in operating expenses of $32.0 million is mainly due to the following items: an ongoing 3.26 percent salary and benefit increases for all employee groups; health and welfare changes to tier rates; new faculty positions; increases in CalSTRS and CalPERS employer contributions due to rate increases; increase in pension obligations as established by GASB; increases in Pell, Cal Grants, and CARES Act Emergency financial aid grant to students; and an increase in depreciation expense. There were decreases in operating expenses as a result of the COVID-19 pandemic primarily centered in staff and student travel and contracted services.

- Since the fiscal year 2012-2013, the District's base apportionment sources of funding include property taxes, enrollment fees, State apportionment, and the Education Protection Account (EPA). Districts' State aid is reduced by one dollar for each dollar received from EPA, local property taxes, and enrollment fees. The EPA was created in November 2012 by Proposition 30 and was amended with Proposition 55 on November 2016. Proposition 55 extends the temporary personal income tax increases enacted in 2012 until December 2030. The State apportionment noncapital increased by $7.4 million as a result of increases in the SCFF due to the recalculation of the rates released in February 2020, strong FTES counts accounting for 75 percent of the total District’s SCFF funding, and FTES growth in the noncredit programs.

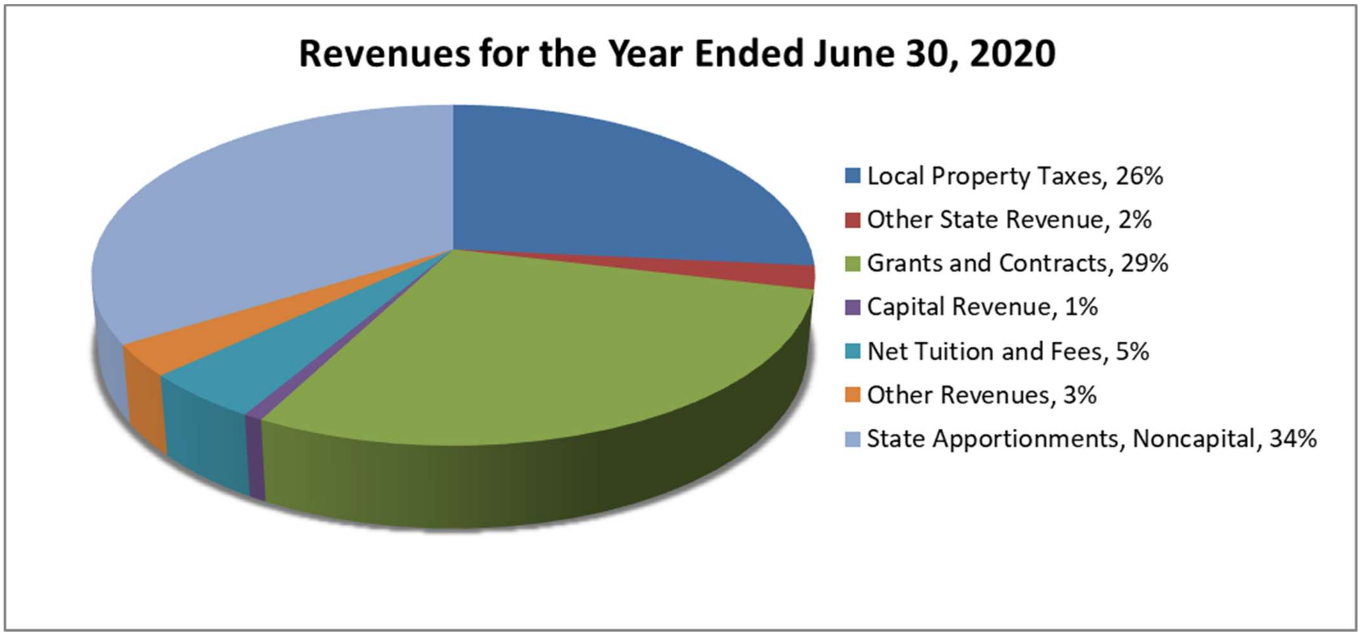
- Property taxes levied for general purposes and for other specific purposes had a net increase of $24.5 million. The property taxes levied for general purposes increased by $2.1 million as a result of higher collections of the Property Taxes Secured Roll, Education Revenue Augmentation Fund (ERAF), and Redevelopment Agency Asset Liquidation. Property taxes for other specific purposes increased by $22.4 million due to the collections of the Measure GO Series 2019A general obligation bond repayments.

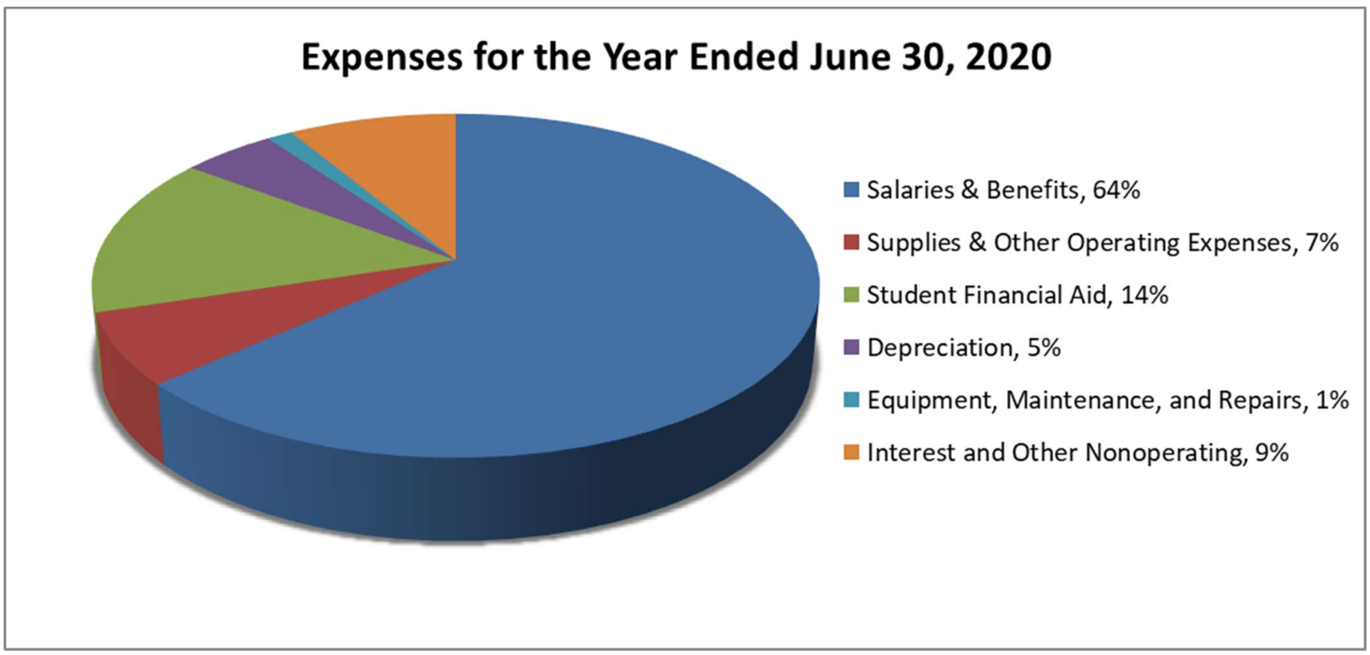
- Federal and State financial aid increased by $14.9 million. The increases primarily include Pell Grants, Cal Grants, and CARES Emergency Grants. The increases in Pell and Cal Grants are the result of higher student applications and increases in the annual awards. The Pell Grant increased from $6,095 to $6,195, and the Cal Grant increased from $1,672 to $6,024. The increase in CARES emergency grants are the result of the COVID-19 pandemic as part of the Higher Education Emergency Relief funds to higher education institutions to directly support students facing urgent needs.

- Net interest expenses increased by $1.3 million essentially as a result of the recognition of the interest expense as of June 30, 2020 of the Series 2019A 2018 Election (Measure GO) general obligation bonds.

- State, local capital income had a net decreased of $6.1 million. This decrease is primarily attributed to decreases in Proposition 39 Energy Efficiency, Capital Outlay Block Grant funds, and Physical Education Complex State funding (funded on a one-time basis); and an increase in Loss on Disposal of Capital Assets.

- Functional expenses are detailed in Note 16 of the financial statements.


Revenues for the Year Ended June 30, 2020
Local Property Taxes, 26%
Other State Revenue, 2%
Grants and Contracts, 29%
Capital Revenue, 1%
Net Tuition and Fees, 5%
Other Revenues, 3%
State Apportionments, Noncapital, 34%


Expenses for the Year Ended June 30, 2020
Salaries & Benefits, 64%
Supplies & Other Operating Expenses, 7%
Student Financial Aid, 14%
Depreciation, 5%
Equipment, Maintenance, and Repairs, 1%
Interest and Other Nonoperating, 9%

**Statement of Cash Flows**

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

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

| | 2020 | 2019 | Change |
|---|---|---|---|
| Cash Provided by (Used in) | | | |
| Operating activities | $(259,398,008) | $(234,277,388) | $ (25,120,620) |
| Noncapital financing activities | 245,547,384 | 234,075,639 | 11,471,745 |
| Capital financing activities | (47,842,852) | 276,945,110 | (324,787,962) |
| Investing activities | (24,617,309) | 3,417,550 | (28,034,859) |
| Net Increase (Decrease) in Cash | (86,310,785) | 280,160,911 | (366,471,696) |
| Cash, Beginning of Year | 464,275,806 | 184,114,895 | 280,160,911 |
| Cash, End of Year | $ 377,965,021 | $ 464,275,806 | $ (86,310,785) |

The primary operating receipts are student tuition and fees and enterprise sales and charges. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

- Cash receipts from "operating activities" are from student enrollment, tuition and other fees. Uses of cash include payments to employees, vendors and students related to the instructional programs. The net increase in cash used by operating activities is primarily due to the timing of when revenue is received and payments are paid.

- Cash received from "noncapital financing activities" had a net increase of $11.5 million. The main contributors to this net increase are Pell Grants, Cal Grants, CARES Emergency Grants given to students as well as property taxes that is part of the State apportionment to the College.

- The cash from "capital financing activities" had a net decrease of $324.8 million. Cash primarily decreased because the College did not issue general obligation bonds in the 2019-20 fiscal year compared to the 2018-19 fiscal year. The college issued 2019 general obligation bond anticipation notes for $25.7 million in January 2019 and Series 2019A 2018 Election (Measure GO) general obligation bonds for $310.7 million in April 2019.

- Cash provided by "investing activities" decreased by $28 million mainly due to the purchase of the Series 2020B Crossover Refunding bonds in February 2020.

**District's Fiduciary Responsibility**

The District includes Mt. San Antonio Auxiliary Services as a component unit. The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. Separate financial statements for the Auxiliary can be obtained through the District.

The Mt. San Antonio Community College District OPEB Trust was established in 2008-2009. The Trust is an irrevocable government trust for the purpose of funding post-employment health benefits. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been discretely presented in the financial statements.

The District has the responsibility of accounting for the Associated Student Trust, Student Loans and Scholarships, Student Representation Fee, Other Trusts, and Student Clubs. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and Change in Fiduciary Net Position. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Mt. San Antonio College CalSTRS/CalPERS Trust was established in 2015-2016. The Trust is an irrevocable trust to fund CalSTRS and CalPERS pension obligations. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been also discretely presented in the financial statements.

**Capital Assets**

As of June 30, 2020, the District had over $625.7 million invested in depreciable capital assets. The total cost of capital assets of $817.8 million are comprised of land, buildings and building improvements, construction in progress, vehicles, data processing equipment and other office equipment. These assets have accumulated depreciation of $192.1 million. During 2019-2020, net capital asset additions and deletions were $91.2 million. This consists of a net decrease in construction in progress totaling $53.4 million, a net increase in equipment totaling $3.7 million, and an increase in buildings and site improvements totaling $140.8 million. Depreciation expense of $20.2 million was recorded for the fiscal year.

During 2019-2020, the following projects were capitalized:

Athletics Complex Phase 2
Building 26 Air Handlers
Parking Lot B Improvements
Parking Lot A Improvements
Athletics Site Improvements
Temporary Space Building Upgrade
Temporary Space Portable Building 40
Portable Building 46A
Portable Buildings Athletics
Building 66 Language Lab Expansion
Building 26A Restroom Renovation
Building 26D Restroom Renovation

Construction in progress during 2019-2020 includes the following projects:

Heritage Hall
Student Center
Athletics Complex Phase 2
Athletics Complex Scoreboard
Aquatics Complex
Parking Structure Lot R
Parking Structure Lot S
Utility Infrastructure Central Campus
Parking Lot A Improvements
West Counseling Modulars
Bookstore
Physical Education, Wellness Facility

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below:

| | 2020 | 2019 |
|---|---|---|
| Land, collections, and construction in progress | $ 70,132,723 | $ 123,493,169 |
| Buildings and improvements | 690,385,428 | 549,546,115 |
| Furniture and equipment | 57,293,818 | 53,596,043 |
| Total capital assets | 817,811,969 | 726,635,327 |
| Less accumulated depreciation | (192,137,170) | (173,247,690) |
| Capital assets, net | $ 625,674,799 | $ 553,387,637 |

**Long-term Liabilities**

On June 30, 2020, the District had $1,217.1 million in long-term liabilities. The balance includes the remaining principal debt for the 2001 Election (Measure R) bonded debt, the 2008 Election (Measure RR) bonded debt, the 2018 Election (Measure GO) bonded debt, the 2017 (Measure RR) bond anticipation notes, the aggregate net OPEB liability, and the aggregate net pension liability for CalSTRS and CalPERS. The outstanding bond debt of 2008 Election (Measure RR) consists of $264.5 million Series A general obligation bonds, $3.8 million Series B general obligation bonds issued in August 2013, and $10.9 million Series C general obligation bonds issued in September 2015. The outstanding bond debt of 2018 Election (Measure GO) consists of $310.7 million Series A general obligation bonds issued in April 2019. The outstanding refunding bond debt consists of $23.5 million Series A general obligation refunding bonds issued August 2013, $27.2 million Series B general obligation refunding bonds issued August 2013, $17.4 million general obligation refunding bonds issued September 2015, $60.4 million Series 2020A general obligation refunding bonds issued in February 2020, and $30.1 million Series 2020B general obligation crossover refunding bonds issued February 2020. The general obligation bonds were issued to finance the repair, upgrade, acquisition, construction and equipment of certain District property and facilities. The balance also includes $96.6 million in 2017 (Measure RR) bond anticipation Notes issued in April 2017. The general obligation bonds and net pension liability comprise approximately 94 percent of the District's total long-term liabilities. Debt payments on the bonds will be funded through property tax receipts collected over the term of the bonds.

Notes 10, 11, and 13 in the financial statements provide additional information on long-term liabilities. A summary of long-term liabilities is presented below:

| | 2020 | 2019 |
|---|---|---|
| General obligation bonds and notes payable | $ 893,842,530 | $ 857,897,062 |
| Compensated absences and load banking | 13,184,596 | 11,728,968 |
| Aggregate net OPEB liability | 59,389,851 | 67,700,190 |
| Aggregate net pension liability | 250,636,119 | 241,098,899 |
| Total long-term liabilities | $ 1,217,053,096 | $ 1,178,425,119 |

## Economic Factors that May Affect the Future

As of June 30, 2020, the District's overall financial position is strong due to prior year's prudent fiscal management, which resulted in a healthy balance of $62.0 million in the Unrestricted General Fund.

Given the dire economic circumstances, the 2019-20 State budget was better than expected for the California Community College System. However, there are challenges within the budget. Primarily there is no COLA to support ongoing expense increases, and there are historic-levels deferrals included at approximately $1.45 billion. Deferrals cause cash flow problems, requiring districts to deplete reserves and use internal and external short-term borrowing to meet ongoing obligations. The deferrals are estimated for Mt. SAC to be $45.1 million. This is a significant but manageable cash flow challenge. The College has been proactive with a hiring frost and reducing budgets freeing up cash. The other challenge with the deferrals is that they are one-time fixes, and worsening economic problems over the 2021-22 fiscal year would result in reductions of state funding for the California Community College System instead of higher-level deferrals.

The College’s financial position moving into this downturn is strong, setting up to effectively manage the negative impacts of the 2020-21 State budget. The College will continue to focus on budget resiliency and preservation of cash. The precise impact of the pandemic on the state’s economic condition is still uncertain. We are confident that our conservative approach to preserve sufficient cash and an ending balance will enable the College to sustain programs and services for the new fiscal year.

## Subsequent Events

On August 18, 2020, the District issued $59.7 million Election of 2008 (Measure RR) Series 2020D general obligation bonds and $30.5 million Election of 2018 (Measure GO) Series 2020B general obligation bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of the College facilities.

Mt. SAC will receive $34.3 million Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds. $8.7 million will provide emergency grants for students to help them pay for housing, food, and other basic essentials; and $25.5 million will help the College to defray expenses associated with coronavirus.

| | |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 1,020,391 |
| Investments | 408,225,676 |
| Accounts receivable | 21,016,036 |
| Student receivable, net | 1,207,548 |
| Due from Auxiliary | 17,979 |
| Prepaid expenses | 1,962 |
| Capital Assets | |
| Nondepreciable capital assets | 70,132,723 |
| Depreciable capital assets, net of depreciation | 555,542,076 |
| Total capital assets | 625,674,799 |
| Total assets | 1,057,164,391 |
| **Deferred Outflows of Resources** | |
| Deferred charge on refunding | 7,987,217 |
| Deferred outflows of resources related to OPEB | 32,100,608 |
| Deferred outflows of resources related to pensions | 65,578,651 |
| Total deferred outflows of resources | 105,666,476 |
| **Liabilities** | |
| Accounts payable | 22,132,590 |
| Accrued interest payable | 7,500,477 |
| Due to Auxiliary | 35,026 |
| Unearned revenue | 16,079,129 |
| Long-term liabilities | |
| Long-term liabilities other than OPEB and pensions, due within one year | 45,563,500 |
| Long-term liabilities other than OPEB and pensions, due in more than one year | 861,463,626 |
| Aggregate net other postemployment benefits (OPEB) liability | 59,389,851 |
| Aggregate net pension liability | 250,636,119 |
| Total liabilities | 1,262,800,318 |
| **Deferred Inflows of Resources** | |
| Deferred inflows of resources related to OPEB | 26,882,045 |
| Deferred inflows of resources related to pensions | 11,809,694 |
| Total deferred inflows of resources | 38,691,739 |
| **Net Position** | |
| Net investment in capital assets | 47,718,494 |
| Restricted for: | |
| Debt service | 59,939,239 |
| Capital projects | 18,061,693 |
| Educational programs | 3,364,402 |
| Other | 2,311,090 |
| Unrestricted (deficit) | (270,056,108) |
| **Total Net Position (Deficit)** | $ (138,661,190) |

See Notes to Financial Statements

| | | |
|---|---|---|
| Operating Revenues | | |
| Student tuition and fees | $ | 34,864,835 |
| Less: scholarship discount and allowance | | (16,754,143) |
| Net tuition and fees | | 18,110,692 |
| Grants and contracts, noncapital | | |
| Federal | | 7,373,109 |
| State | | 45,265,435 |
| Local | | 2,034,892 |
| Total grants and contracts, noncapital | | 54,673,436 |
| Enterprise sales and charges | | |
| Farm operations | | 102,962 |
| Total operating revenues | | 72,887,090 |
| Operating Expenses | | |
| Salaries | | 174,703,421 |
| Employee benefits | | 88,792,999 |
| Supplies, materials, and other operating expenses and services | | 28,222,219 |
| Student financial aid | | 62,490,761 |
| Equipment, maintenance, and repairs | | 5,459,569 |
| Depreciation | | 20,182,015 |
| Total operating expenses | | 379,850,984 |
| Operating loss | | (306,963,894) |
| Nonoperating Revenues (Expenses) | | |
| State apportionments, noncapital | | 131,591,582 |
| Local property taxes, levied for general purposes | | 57,729,419 |
| Taxes levied for other specific purposes | | 45,448,981 |
| Federal financial aid grants, noncapital | | 52,963,922 |
| State financial aid grants, noncapital | | 4,888,646 |
| State taxes and other revenues | | 8,616,419 |
| Investment income | | 7,607,474 |
| Interest expense on capital related debt | | (33,991,570) |
| Investment income on capital asset-related debt | | 2,112,973 |
| Transfer to fiduciary funds | | (68,991) |
| Other nonoperating revenue | | 2,061,798 |
| Total nonoperating revenues (expenses) | | 278,960,653 |
| Loss Before Other Revenues and (Losses) | | (28,003,241) |
| Other Revenues (Losses) | | |
| State revenues, capital | | 1,721,049 |
| Local revenues, capital | | 1,207,357 |
| Loss on disposal of capital assets | | (1,809,814) |
| Total other revenues (losses) | | 1,118,592 |
| Change in Net Position | | (26,884,649) |
| Net Position, Beginning of Year | | (111,776,541) |
| Net Position, End of Year | $ | (138,661,190) |

| | |
|---|---|
| Operating Activities | |
| Tuition and fees | $ 18,527,093 |
| Payments to vendors for supplies and services | (32,030,734) |
| Payments to or on behalf of employees | (237,680,825) |
| Payments to students for scholarships and grants | (62,490,761) |
| Federal, State, and local grants and contracts | 54,174,257 |
| Enterprise sales and charges | 102,962 |
| Net Cash Flows from for Operating Activities | (259,398,008) |
| Noncapital Financing Activities | |
| State apportionments | 122,111,906 |
| Federal and State financial aid grants | 57,852,568 |
| Property taxes - nondebt related | 57,729,419 |
| State taxes and other apportionments | 7,100,035 |
| Other nonoperating | 753,456 |
| Net Cash Flows from Noncapital Financing Activities | 245,547,384 |
| Capital Financing Activities | |
| Purchase of capital assets | (96,140,184) |
| Proceeds from capital debt | 108,547,878 |
| State revenue, capital projects | 1,977,283 |
| Local revenue, capital projects | 1,207,357 |
| Property taxes - related to capital debt | 45,448,981 |
| Principal paid on capital debt | (72,602,410) |
| Interest paid on capital debt | (38,394,730) |
| Interest received on capital asset-related debt | 2,112,973 |
| Net Cash Flows from Capital Financing Activities | (47,842,852) |
| Investing Activities | |
| Purchase of investments | (31,281,046) |
| Interest received from investments | 6,663,737 |
| Net Cash Flows from Investing Activities | (24,617,309) |
| Net Change in Cash and Cash Equivalents | (86,310,785) |
| Cash and Cash Equivalents, Beginning of Year | 464,275,806 |
| Cash and Cash Equivalents, End of Year | $ 377,965,021 |

| | |
|---|---|
| Reconciliation of net operating loss to net cash flows from operating activities | |
| Operating Loss | $(306,963,894) |
| Adjustments to reconcile operating loss to net cash flows from operating activities | |
| Depreciation expense | 20,182,015 |
| Changes in assets, deferred outflows, liabilities, and deferred inflows | |
| Accounts receivable | 298,666 |
| Student receivable, net | (56,203) |
| Prepaid expenses | (1,962) |
| Deferred outflows of resources related to OPEB | 3,738,956 |
| Deferred outflows of resources related to pensions | 5,288,687 |
| Accounts payable | 1,338,643 |
| Unearned revenue | (325,241) |
| Compensated absences and load banking | 1,455,628 |
| Aggregate net OPEB liability | (8,310,339) |
| Aggregate net pension liability | 9,537,220 |
| Deferred inflows of resources related to OPEB | 11,609,483 |
| Deferred inflows of resources related to pensions | 2,810,333 |
| Net Cash Flows from Operating Activities | $(259,398,008) |
| | |
| Cash and Cash Equivalents Consist of the Following: | |
| Cash in banks | $ 1,020,391 |
| Cash in county treasury | 376,944,630 |
| Total cash and cash equivalents | $ 377,965,021 |

| | District Retiree OPEB Trust | STRS and PERS Trust | Other Trusts | Component Unit Auxiliary Retiree OPEB Trust | Agency |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 705,442 | $ 895,927 | $ - | $ 22,887 | $ 1,046 |
| Investments | 71,732,929 | 9,953,632 | 3,283,434 | 3,666,020 | 110,115 |
| Accounts receivable | - | - | 105,669 | - | - |
| Student receivables, net | - | - | 29,793 | - | - |
| Total assets | 72,438,371 | 10,849,559 | 3,418,896 | 3,688,907 | $ 111,161 |
| **Liabilities** | | | | | |
| Accounts payable | - | - | 16,008 | - | $ - |
| Amounts held on behalf of others | - | - | 105,181 | - | 111,161 |
| Total liabilities | - | - | 121,189 | - | $ 111,161 |
| **Net Position** | | | | | |
| Restricted | 72,438,371 | 10,849,559 | - | 3,688,907 | |
| Unrestricted | - | - | 3,297,707 | - | |
| Total net position | $ 72,438,371 | $ 10,849,559 | $ 3,297,707 | $ 3,688,907 | |

| | District Retiree OPEB Trust | STRS and PERS Trust | Other Trusts | Component Unit Auxiliary Retiree OPEB Trust |
|---|---|---|---|---|
| Additions | | | | |
| Local revenues | $ - | $ - | $ 1,623,328 | $ - |
| District contributions | 2,835,764 | - | - | 273,785 |
| Interest and investment income | 4,041,262 | 608,252 | - | 230,346 |
| Net realized and unrealized gains (losses) | (4,309,007) | (740,625) | - | (316,267) |
| Transfer from primary government | - | - | 68,991 | - |
| Total additions | 2,568,019 | (132,373) | 1,705,637 | 187,864 |
| Deductions | | | | |
| Classified salaries | - | - | 299,348 | - |
| Employee benefits | 4,551,156 | - | 91,845 | 273,785 |
| Books and supplies | - | - | 24,401 | - |
| Services and operating expenditures | 107,437 | 16,412 | 1,360,140 | 7,506 |
| Capital outlay | - | - | 18,193 | - |
| Total deductions | 4,658,593 | 16,412 | 1,793,927 | 281,291 |
| Change in Net Position | (2,090,574) | (148,785) | (88,290) | (93,427) |
| Net Position, Beginning of Year | 74,528,945 | 10,998,344 | 3,385,997 | 3,782,334 |
| Net Position, End of Year | $ 72,438,371 | $ 10,849,559 | $ 3,297,707 | $ 3,688,907 |

| | |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 123,897 |
| Investments | 3,146,654 |
| Accounts receivable | 204,799 |
| Due from District | 35,026 |
| Notes receivable | 10,588 |
| Depreciable capital assets, net of depreciation | 286,200 |
| Total assets | 3,807,164 |
| **Deferred Outflows of Resources** | |
| Deferred outflows of resources related to OPEB | 209,414 |
| Deferred outflows of resources related to pensions | 898,667 |
| Total deferred outflows of resources | 1,108,081 |
| **Liabilities** | |
| Accounts payable | 113,459 |
| Due to District | 17,979 |
| Long-term liabilities | |
| Compensated absences payable | 60,901 |
| Net other postemployment benefits (OPEB) liability | 760,922 |
| Net pension liability | 4,124,846 |
| Total liabilities | 5,078,107 |
| **Deferred Inflows of Resources** | |
| Deferred inflows of resources related to OPEB | 205,011 |
| Deferred inflows of resources related to pensions | 213,617 |
| Total deferred inflows of resources | 418,628 |
| **Net Position** | |
| Net investment in capital assets | 286,200 |
| Unrestricted deficit | (867,690) |
| Total Net Position (Deficit) | $ (581,490) |

Statement of Revenues, Expenses, and Changes in Net Position - Component Unit
Year Ended June 30, 2020

| | |
|---|---|
| Operating Revenues | |
| Bookstore commissions | $ 412,708 |
| Reimbursement of Bookstore salaries | 545,410 |
| Food service commissions | 124,706 |
| Vending | 59,000 |
| Book rentals | 1,723 |
| Miscellaneous revenues | 313,075 |
| Total operating revenues | 1,456,622 |
| Operating Expenses | |
| Salaries | 404,582 |
| Employee benefits | 1,029,748 |
| Supplies and materials | 147,961 |
| Other operating expenses and services | 157,165 |
| Financial aid | 40,500 |
| Depreciation | 27,868 |
| Total operating expenses | 1,807,824 |
| Net Operating Loss | (351,202) |
| Nonoperating Income | |
| Interest income | 57,553 |
| Change in Net Position | (293,649) |
| Net Position, Beginning of Year | (287,841) |
| Net Position, End of Year | $ (581,490) |

| | |
|---|---|
| Operating Activities | |
| Auxiliary enterprise sales and charges | $ 1,507,714 |
| Payments to vendors for supplies and services | (320,203) |
| Payments to or on behalf of employees | (1,070,219) |
| Payments to students for aid | (40,500) |
| Net Cash Flows from Operating Activities | 76,792 |
| Investing Activities | |
| Interest received from investments | 58,626 |
| Net Change in Cash and Cash Equivalents | 135,418 |
| Cash and Cash Equivalents, Beginning of Year | 3,135,133 |
| Cash and Cash Equivalents, End of Year | $ 3,270,551 |
| Reconciliation of net operating loss to net cash from operating activities | |
| Operating loss | $ (351,202) |
| Adjustments to reconcile operating loss to net cash from operating actvities | |
| Depreciation expense | 27,868 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources | |
| Accounts receivable | 86,118 |
| Due from District | (35,026) |
| Deferred outflows of resources related to OPEB | 179,824 |
| Deferred outflows of resources related to pensions | 249,571 |
| Accounts payable | (76,007) |
| Due to District | (3,287) |
| Compensated absences | 3,470 |
| Net other postemployment benefits (OPEB) liability | (399,345) |
| Net pension liability | 283,917 |
| Deferred inflows of resources related to OPEB | 131,861 |
| Deferred inflows of resources related to pensions | (20,970) |
| Net Cash from Operating Activities | $ 76,792 |
| Cash and cash equivalents consist of the following: | |
| Cash in banks | $ 123,897 |
| Cash in County treasury | 3,146,654 |
| | $ 3,270,551 |

## Note 1 - Organization

Mt. San Antonio Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Los Angeles (the County), in the State of California (the State). The District is governed by a locally elected seven-member Board of Trustees, 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, as well as all other funds. These budgets are the responsibility of management. The District consists of one community college located in Walnut, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

## Note 2 - Summary of Significant Accounting Policies

### Financial Reporting Entity

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

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

Based on the application of the criteria listed above, the following component unit has been discretely presented in this report:

### Mt. San Antonio College Auxiliary Services

The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. The Board of Directors is comprised of the Vice President of Administrative Services and Vice President of Student Services of the District, along with the Associated Students President and two other members appointed by the Vice President of Administrative Services. In addition, the Auxiliary may not carry on any activities not approved by the Vice President of Administrative Services of the District. Upon dissolution of the Auxiliary, net position, other than trust funds, will be distributed to the District. The financial activities of the Auxiliary have been discretely presented. Separate financial information for the Auxiliary can be obtained through the District.

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

**Mt. San Antonio College Foundation**

The Mt. San Antonio College Foundation (the Foundation) is a legally separate, not-for-profit corporation. The Foundation provides financial support for various college-related programs including student scholarships and awards and general department and program support. The Board of the Foundation consists of community members, alumni, and other supporters of the Foundation. The Foundation is not included as a component unit because the economic resources received and held by the Foundation are not significant to the District and because the District does not control the timing or amount of receipts from the Foundation. Separate financial statements for the Foundation can be obtained from the District.

**Basis of Accounting - Measurement Focus and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, 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 prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. For the District, operating revenues consist primarily of student fees, grants and contracts.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance, low-income student counts, and student success metrics. Revenue from Federal and State grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose restrictions.

Operating expenses are costs incurred to provide instructional services including support costs, ancillary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's 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,* as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
- Statement of Net Position - Primary Government
- Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
- Statement of Cash Flows - Primary Government
- Financial Statements for the Fiduciary Funds including:
- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

**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 with original maturities greater than one year 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 are stated at cost or amortized cost.

**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 ancillary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District has recorded an allowance for uncollectible accounts related to student receivables. The allowance is based on management's estimate and analysis. The amount of allowance for doubtful accounts was $642,499 at June 30, 2020. When receivables are determined to be uncollectible, a direct write-off is recorded.

**Prepaid Expenses**

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

**Capital Assets and Depreciation**

Capital assets are stated at cost at the date of acquisition or fair value at the date of gift. The District's capitalization policy includes all items with a unit cost of $5,000 (for equipment) and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements that cost more than $150,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred. The cost of capital assets includes ancillary charges necessary to place an asset in its intended location and condition for use.

The following estimated useful lives are used to compute depreciation:

| | |
|---|---|
| Land improvements | 10 years |
| Buildings and improvements | 50 years |
| Equipment and vehicles | 8 years |
| Technology | 3 years |

**Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements.

**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 District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements. At year end, there were balances of $7,555,611 and $5,628,985 outstanding for accrued vacation and load banking liabilities, respectively.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Sick leave with pay is provided when employees are absent for health or personal 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 school 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.

**Deferred Outflows/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 for deferred charges on the refunding of general obligation bonds, OPEB related items, and pension related items. Deferred charges on refunding are amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

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

**Pensions**

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

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

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and 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 MPP. For this purpose, the District Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid by the General Fund and the irrevocable trust.

**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 primarily includes (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 and notes payable, compensated absences, load banking, aggregate net other postemployment benefits (OPEB) liability, and the aggregate net pension liability with maturities greater than one year.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their 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 $83,676,424 of restricted net position, and the fiduciary fund financial statements report $83,287,930 of restricted net position.

**Operating 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 Statements No. 34 and No. 35. Classifications are as follows:

- *Operating revenues* include activities that have the characteristics of exchange transactions such as student 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* include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

**State Apportionments**

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the current year as of June 30.

**Property Taxes**

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

The voters of the District passed General Obligation bonds in 2001, 2008, and 2018 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.

**Scholarships, Discounts, and Allowances**

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

**Federal Financial Assistance Programs**

The District participates in federally funded Pell Grants, Direct Student Loans, Federal Supplemental Educational Opportunity Grants (FSEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Estimates**

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

**Interfund Activity**

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

**Change in Accounting Principles**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District has already implemented this standard as of June 30, 2020.

**New Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.

- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The effects of this change on the District's financial statements have not yet been determined.

## Note 3 - Deposits and Investments

### Policies and Practices

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

### Investment in County Treasury

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

The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

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

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

**Authorized Under Debt Agreements**

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

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2020, consist of the following:

| | |
|---|---|
| Primary government | $ 409,246,067 |
| Fiduciary funds | 86,682,525 |
| Total deposits and investments | $ 495,928,592 |
| | |
| Cash on hand and in banks | $ 658,601 |
| Cash in revolving | 100,000 |
| Cash with fiscal agent | 1,864,205 |
| Investments | 493,305,786 |
| Total deposits and investments | $ 495,928,592 |

**Interest Rate Risk and Credit 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 policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. 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.

| Investment Type | Reported Amount | Weighted Average Maturity in Days | Average Credit Rating |
|---|---|---|---|
| Mutual funds | $ 2,894,077 | No maturity | Not applicable |
| Equities | 33,754,535 | No maturity | Not applicable |
| Preferred stock | 4,891,224 | No maturity | Not applicable |
| Municipal bonds | 460,984 | 1,280 | Not rated |
| Corporate and other bonds | 39,685,741 | 3,460 | BB+ |
| U.S. Treasury notes | 31,281,046 | 1,098 | AA+ |
| Los Angeles County Investment Pool | 380,338,179 | 590 | Not rated |
| | $ 493,305,786 | | |

**Custodial Credit Risk – Deposits and Investments**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. 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 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of approximately $2.7 million was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

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, 2020, the District's investment balance of $112.5 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

## Note 4 - Fair Value Measurements

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

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

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

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

The District categorizes the fair value measurements of its investments as follows at June 30, 2020:

| Investment Type | Fair Value | Level 1 |
|---|---|---|
| Mutual funds | $ 2,894,077 | $ 2,894,077 |
| Equities | 33,754,535 | 33,754,535 |
| Preferred stock | 4,891,224 | 4,891,224 |
| Municipal bonds | 460,984 | 460,984 |
| Corporate and other bonds | 39,685,741 | 39,685,741 |
| U.S. Treasury notes | 31,281,046 | 31,281,046 |
| | $ 112,967,607 | $ 112,967,607 |

All assets have been valued using a market approach, with quoted market prices.

## Note 5 - Accounts Receivable

Accounts receivable at June 30, 2020, consisted of the following:

| | Primary Government | Fiduciary Funds |
|---|---|---|
| Federal Government | | |
| Categorical aid | $ 4,575,043 | $ - |
| State Government | | |
| Apportionment | 10,234,241 | - |
| Categorical aid | 960,887 | - |
| Lottery | 1,497,255 | - |
| Other State sources | 1,305,643 | - |
| Local Sources | | |
| Interest | 1,759,486 | 13,169 |
| Other local sources | 683,481 | 92,500 |
| | $ 21,016,036 | $ 105,669 |
| Student receivables | $ 1,849,513 | $ 30,327 |
| Less allowance for bad debt | (641,965) | (534) |
| Student receivables, net | $ 1,207,548 | $ 29,793 |

## Note 6 - Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 619,480 | $ - | $ - | $ 619,480 |
| Collections - art | 128,058 | 33,430 | - | 161,488 |
| Construction in progress | 122,745,631 | 91,259,086 | (144,652,962) | 69,351,755 |
| Total capital assets not being depreciated | 123,493,169 | 91,292,516 | (144,652,962) | 70,132,723 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 549,546,115 | 143,718,037 | (2,878,724) | 690,385,428 |
| Furniture and equipment | 53,596,043 | 3,921,400 | (223,625) | 57,293,818 |
| Total capital assets being depreciated | 603,142,158 | 147,639,437 | (3,102,349) | 747,679,246 |
| Less accumulated depreciation | | | | |
| Buildings and improvements | (132,955,325) | (15,559,760) | 1,069,170 | (147,445,915) |
| Furniture and equipment | (40,292,365) | (4,622,255) | 223,365 | (44,691,255) |
| Total accumulated depreciation | (173,247,690) | (20,182,015) | 1,292,535 | (192,137,170) |
| Total capital assets | $ 553,387,637 | $ 218,749,938 | $(146,462,776) | $ 625,674,799 |

Depreciation expense for the year was $20,182,015.

## Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

| | Primary Government | Fiduciary Funds |
|---|---|---|
| Accrued payroll | $ 7,239,952 | $ 3,677 |
| Construction | 11,500,147 | - |
| Vendor payables | 3,373,419 | 12,331 |
| Sales and use tax payable | 19,072 | - |
| | $ 22,132,590 | $ 16,008 |

## Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

| | Primary Government |
|---|---|
| Federal categorical aid | $ 841 |
| State categorical aid | 11,597,475 |
| Other state | 954,049 |
| Enrollment fees | 1,698,727 |
| Other local | 1,828,037 |
| | $ 16,079,129 |

## Note 9 - Interfund Transactions

### Interfund Receivables and Payables (Due To/Due From)

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 governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. As of June 30, 2020, the primary government owed the Auxiliary Services $35,026 and the Auxiliary Services owed the primary government $17,979.

**Interfund Operating Transfers**

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 funds of the District have been eliminated in the consolidation process. Transfers between the primary government, the fiduciary funds, and Auxiliary Services are not eliminated in the consolidation process. During the year ended June 30, 2020, the amount transferred to the fiduciary funds from the primary government amounted to $68,991.

## Note 10 - 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 2020 fiscal year consisted of the following:

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 | Due in One Year |
|---|---|---|---|---|---|
| Bonds and Notes Payable | | | | | |
| General obligation bonds | $711,712,264 | $106,287,420 | $ (69,500,000) | $748,499,684 | $ 41,030,000 |
| Unamortized bond premium | 51,636,484 | - | (3,029,492) | 48,606,992 | - |
| 2017 General Obligation Bond Anticipation Note | 94,329,560 | 2,260,458 | - | 96,590,018 | - |
| Unamortized debt premium | 218,754 | - | (72,918) | 145,836 | - |
| Total Bonds and Notes Payable | 857,897,062 | 108,547,878 | (72,602,410) | 893,842,530 | 41,030,000 |
| Other Liabilities | | | | | |
| Compensated absences and load banking | 11,728,968 | 5,861,861 | (4,406,233) | 13,184,596 | 4,533,500 |
| Total Long-Term Liabilities | $869,626,030 | $114,409,739 | $ (77,008,643) | $907,027,126 | $ 45,563,500 |

**Description of Long-term Liabilities**

General Obligation Bond debt is paid from property taxes collected by the County Treasurer and is recorded in the Bond Interest and Redemption Fund. Compensated absences and load banking are paid by the fund for which the employee worked or the District's General Fund.

**Measure R General Obligation Bonds**

In November 2001, voters authorized a total of $221,000,000 in general obligation bonds. In August 2013, the District issued 2013 General Obligation Refunding Bonds, Series A and Series B, in the amount of $74,910,000 and $48,190,000, respectively. The bonds were issued to refund certain general obligation refunding bonds (2005 Refunding, Series C, and 2012 Refunding). The bonds bear interest rates of 0.72 to 5.00 percent. Principal and interest payments for Series A are due each September 1 and March 1 through September 1, 2028. Principal and interest payments for Series B are due each August 1 and February 1 through August 1, 2023. At June 30, 2020, the principal balance outstanding for Series A and Series B was $23,500,000 and $27,185,000, respectively. Unamortized premium received on issuance of the bonds amounted to $4,563,734 as of June 30, 2020.

In September 2015, the District issued 2015 General Obligation Refunding Bonds in the amount of $19,440,000. The proceeds of $22,700,512 (representing the principal amount of $19,440,000 plus premium on issuance of $3,260,512) from the issuance were used to advance refund a portion of the District's outstanding 2001 General Obligation Bonds, Series 2008D and to pay the cost of the issuance associated with the refunding bonds. The bonds bear interest rates of 2.00 to 5.00 percent. Principal and interest payments are due each June 1 and December 1 through June 1, 2033. At June 30, 2020, the principal balance outstanding was $17,365,000. Unamortized premium received on issuance of the bonds amounted to $2,387,482 as of June 30, 2020.

**Measure RR General Obligation Bonds**

In November 2008, voters authorized a total of $353,000,000 in general obligation bonds. In August 2013, the District issued Election of 2008 Series 2013A and 2013B General Obligation Bonds in the amounts of $205,586,691 and $11,715,000, respectively. The bonds were issued as current interest bonds in the aggregate principal amount of $5,280,000, current interest term bonds in the principal amount of $22,520,000, capital appreciation bonds in the aggregate principal amount of $28,534,146, and convertible capital appreciation term bonds in the aggregate principle amount of $149,252,545. The Series 2013B bonds were issued as current interest bonds in the aggregate principal amount of $11,715,000. The bonds were issued to liquidate bond anticipation notes held by the District and to pay for certain capital improvements. The bonds bear interest rates of 0.72 to 4.10 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2043. At June 30, 2020, the principal balance outstanding for Series A and Series B was $264,529,684 and $3,805,000, respectively. Unamortized premium received on issuance of the bonds amounted to $8,829,106 as of June 30, 2020.

In September 2015, the District issued Election of 2008 Series 2015C General Obligation Bonds in the amount of $20,000,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 2.00 to 4.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2022. At June 30, 2020, the principal balance outstanding was $10,870,000. Unamortized premium received on issuance of the bonds amounted to $406,164 as of June 30, 2020.

**Measure GO General Obligation Bonds**

In November 2018, voters authorized a total of $750,000,000 in general obligation bonds. In April 2019, the District issued Election of 2018 Series 2019A General Obligation Bonds in the amount of $310,700,000. The bonds were issued as current interest bonds. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities, as well as to liquidate bond anticipation notes held by the District. The bonds bear interest rates of 3.00 to 5.00 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2049. At June 30, 2020, the principal balance outstanding was $310,700,000. Unamortized premium received on issuance of the bonds amounted to $32,420,506 as of June 30, 2020.

In February 2020, the District issued Series 2020A General Obligation Refunding Bonds in the amount of $60,415,000. The proceeds from the issuance were used to advance refund portions of the District's outstanding Measure R Series 2013A General Obligation Refunding bonds, Measure RR 2013A General Obligation bonds, Measure RR 2013B General Obligation bonds, and to pay the cost of the issuance associated with the refunding bonds. The refunding resulted in a cumulative cash flow saving of $4,597,686 over the life of the new debt and an economic gain of $4,287,845 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 1.644 percent. The bonds bear interest rates of 1.66 to 2.92 percent. Principal and interest payments are due each February 1 and August 1 through August 1, 2035. At June 30, 2020, the principal balance outstanding was $60,415,000.

In February 2020, the District issued Series 2020B Crossover Refunding bonds in the amount of $30,130,000. The bonds were issued to affect an advance refunding of a portion of the District's Measure RR Series 2013A General Obligation bonds on the crossover date of August 1, 2023. The bonds bear interest rates of 2.57 to 2.87 percent. Principal and interest payments are due each February 1 and August 1 through August 1, 2034. At June 30, 2020, the principal balance outstanding was $30,130,000.

**General Obligation Bond Anticipation Notes Payable**

In April 2017, the District issued the 2017 General Obligation Bond Anticipation Notes. The notes were issued as capital appreciation notes in the original principal amount of $89,996,003. The notes mature and are due in full on April 1, 2022 with an appreciated maturity value of $101,275,000. The notes are payable from either proceeds from the future sale of general obligation bonds or other funds of the District lawfully available for the purpose of repaying the Notes. The District has covenanted in its resolution authorizing the issuance of the notes to take all actions required to authorize, sell, and issue, on or before April 1, 2022, general obligation bonds or certificates of participation in an aggregate principal amount sufficient to pay the maturity value of the notes. At June 30, 2020, the principal balance outstanding was $96,590,018. Unamortized premium received on issuance of the bonds amounted to $145,836 as of June 30, 2020.

## Debt Maturity

### General Obligation Bonds

| Issue Date | Series | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2019 | Issued | Accreted Interest Addition | Redeemed | Bonds Outstanding June 30, 2020 |
|---|---|---|---|---|---|---|---|---|---|
| 8/1/13 | 2013A | 8/1/43 | 2.00-4.00% | 205,586,691 | $ 271,602,264 | $ - | $ 15,742,420 | $ (22,815,000) | $ 264,529,684 |
| 8/1/13 | 2013B | 8/1/23 | 0.72-4.10% | 11,715,000 | 6,215,000 | - | - | (2,410,000) | 3,805,000 |
| 9/11/15 | 2015C | 8/1/22 | 2.00-4.00% | 20,000,000 | 14,250,000 | - | - | (3,380,000) | 10,870,000 |
| | | | | Subtotal Measure RR | 292,067,264 | - | 15,742,420 | (28,605,000) | 279,204,684 |
| 4/4/19 | 2019A | 8/1/49 | 3.00-5.00% | 310,700,000 | 310,700,000 | - | - | - | 310,700,000 |
| | | | | Subtotal Measure GO | 310,700,000 | - | - | - | 310,700,000 |
| 8/1/13 | 2013A | 9/1/28 | 2.00-5.00% | $74,910,000 | 58,265,000 | - | - | (34,765,000) | 23,500,000 |
| 8/1/13 | 2013B | 8/1/23 | 0.72-4.10% | 48,190,000 | 32,415,000 | - | - | (5,230,000) | 27,185,000 |
| 9/11/15 | 2015 | 6/1/33 | 2.00-5.00% | 19,440,000 | 18,265,000 | - | - | (900,000) | 17,365,000 |
| 2/4/20 | 2020A | 8/1/35 | 1.66-2.92% | 60,415,000 | - | 60,415,000 | - | - | 60,415,000 |
| 2/4/20 | 2020B* | 8/1/34 | 2.57-2.87% | 30,130,000 | - | 30,130,000 | - | - | 30,130,000 |
| | | | | Subtotal Refunding Bonds | 108,945,000 | 90,545,000 | - | (40,895,000) | 158,595,000 |
| | | | | Total General Obligation Bonds | $711,712,264 | $90,545,000 | $15,742,420 | $(69,500,000) | $748,499,684 |

*General Obligation Crossover Refunding Bonds

### Debt Service Requirements to Maturity

The general obligation bons mature through 2050 as follows:

| Fiscal Year Ended June 30, | Principal Including Accreted Interest to Date | Accreted Interest | Current Interest to Maturity | Total |
|---|---|---|---|---|
| 2021 | $41,009,708 | $20,292 | $18,510,355 | $ 59,540,355 |
| 2022 | 42,424,295 | 90,705 | 17,035,158 | 59,550,158 |
| 2023 | 33,508,719 | 266,281 | 15,541,751 | 49,316,751 |
| 2024 | 19,333,593 | 571,407 | 15,953,011 | 35,858,011 |
| 2025 | 15,980,790 | 2,544,210 | 16,914,403 | 35,439,403 |
| 2026-2030 | 97,248,416 | 15,616,584 | 102,786,707 | 215,651,707 |
| 2031-2035 | 95,645,730 | 19,809,270 | 152,157,440 | 267,612,440 |
| 2036-2040 | 119,495,222 | 52,819,778 | 122,044,449 | 294,359,449 |
| 2041-2045 | 174,238,211 | 72,021,789 | 54,821,188 | 301,081,188 |
| 2046-2050 | 109,615,000 | - | 11,632,700 | 121,247,700 |
| Total | $748,499,684 | $163,760,316 | $527,397,162 | $ 1,439,657,162 |

The 2017 General Obligation Bond Anticipation Notes mature in fiscal year 2022. Principal and accreted interest to maturity is as follows:

| Fiscal Year Ended June 30, | Principal Including Accreted Interest to Date | Accreted Interest | Total |
|---|---|---|---|
| 2022 | $ 96,590,018 | $ 4,684,982 | $ 101,275,000 |

**Compensated Absences and Load Banking**

At June 30, 2020, the liability for compensated absences and load banking was $13,184,596, which is comprised of accrued vacation liability of $7,555,611 and a load banking liability of $5,628,985.

## Note 11 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, 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 | $ 58,401,133 | $ 32,100,608 | $ 26,882,045 | $ 7,061,832 |
| Medicare Premium Payment (MPP) Program | 988,718 | - | - | (23,732) |
| | $ 59,389,851 | $ 32,100,608 | $ 26,882,045 | $ 7,038,100 |

The details of each plan are as follows:

**<u>District Plan</u>**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust Investment Committee, which is comprised of three appointed plan members.

**Plan Membership**

At June 30, 2020, the Plan membership consisted of the following:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits payments | 617 |
| Active employees | 1,101 |
| | 1,718 |

**Mt. San Antonio College Other Postemployment Benefits (OPEB) Trust**

The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits. The Trust Investment Committee, comprised of the Vice President of Administrative Services, Chief Compliance and College Budget Officer, and a Manager appointed by the President/CEO provide oversight over Trust investments. The Trust Administrative Committee comprised of the Vice President of Administrative Services and a representative from the Faculty Association, CSEA 651, and CSEA 262 provide oversight over the plan administration. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been included in the fiduciary funds of the District. Separate financial statements are not prepared for the Trust.

**Benefits Provided**

The Plan provides medical insurance benefits to eligible retirees, with spouse coverage only for those hired prior to January 1, 1996. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District, the Mt. San Antonio College Faculty Association (MSACFA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District governing board and management. For fiscal year ended June 30, 2020, the District contributed $2,835,764 to the Plan, which was used for current premiums.

**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, expect 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, 2020:

| Asset Class | Target Allocation |
|---|---|
| Equity instruments | 35% |
| Long-term bonded instruments | 65% |

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighed rate of return on investments, net of investment expense, was -0.07 percent. 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 $58,401,133 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

| | |
|---|---|
| Total OPEB liability | $ 130,839,504 |
| Plan fiduciary net position | (72,438,371) |
| District's net OPEB liability | $ 58,401,133 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 55% |

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.75 percent |
| Salary increases | 2.75 percent |
| Investment rate of return | 5.00 percent |
| Healthcare cost trend rates | 4.00 percent |

The discount rate was based on the assumed long-term return on employer assets.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of July 2019.

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, 2020, (see the discussion of the Plan's investment policy) are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|---|---|
| Equity instruments | 7.795% |
| Long-term bonded instruments | 5.295% |

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.0 percent. 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 lability.

**Changes in the Net OPEB Liability**

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at June 30, 2019 | $ 141,216,685 | $ 74,528,945 | $ 66,687,740 |
| Service cost | 4,421,064 | - | 4,421,064 |
| Interest | 7,057,582 | - | 7,057,582 |
| Contributions - employer | - | 2,835,764 | (2,835,764) |
| Expected net investment income | - | 3,691,005 | (3,691,005) |
| Differences between projected and actual earnings on OPEB plan investments | - | (3,958,750) | 3,958,750 |
| Changes of assumptions | (17,304,671) | - | (17,304,671) |
| Benefit payments | (4,551,156) | (4,551,156) | - |
| Administrative expense | - | (107,437) | 107,437 |
| Net change in total OPEB liability | (10,377,181) | (2,090,574) | (8,286,607) |
| Balance at June 30, 2020 | $ 130,839,504 | $ 72,438,371 | $ 58,401,133 |

There were no changes in benefit terms or economic assumptions 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%) | $ 75,739,878 |
| Current discount rate (5.00%) | 58,401,133 |
| 1% increase (6.00%) | 44,811,078 |

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

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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

| Healthcare Cost Trend Rates | Net OPEB Liability |
|---|---|
| 1% decrease (3.00%) | $ 42,317,601 |
| Current healthcare cost trend rate (4.00%) | 58,401,133 |
| 1% increase (5.00%) | 75,674,970 |

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 21,563,830 | $ 309,702 |
| Changes of assumptions | 7,569,712 | 26,572,343 |
| Differences between projected and actual earnings on OPEB plan investments | 2,967,066 | - |
| Total | $ 32,100,608 | $ 26,882,045 |

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

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 870,211 |
| 2022 | 870,211 |
| 2023 | 434,894 |
| 2024 | 791,750 |
| | $ 2,967,066 |

Amounts reported as deferred outflows/(inflows) of resources related to the differences between expected and actual experience 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 7.8 years and will be recognized in OPEB expense as follows:

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 1,132,307 |
| 2022 | 1,132,307 |
| 2023 | 1,132,307 |
| 2024 | 1,132,307 |
| 2025 | 325,637 |
| Thereafter | (2,603,368) |
| | $ 2,251,497 |

**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, 2018 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 STRS 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, 2020, the District reported a liability of $988,718 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018 was 0.2655 percent and 0.2645 percent, respectively, resulting in a net increase in the proportionate share of 0.0010 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(23,732).

**Actuarial Methods and Assumptions**

The June 30, 2019 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

| | | |
|---|---|---|
| Measurement Date | June 30, 2019 | June 30, 2018 |
| Valuation Date | June 30, 2018 | June 30, 2017 |
| Experience Study | July 1, 2010 through June 30, 2015 | July 1, 2010 through June 30, 2015 |
| Actuarial Cost Method | Entry age normal | Entry age normal |
| Investment Rate of Return | 3.50% | 3.87% |
| Medicare Part A Premium Cost Trend Rate | 3.70% | 3.70% |
| Medicare Part B Premium Cost Trend Rate | 4.10% | 4.10% |

For the valuation as of June 30, 2018, 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) 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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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, 2019, is 3.50 percent. 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 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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

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

| Discount Rate | Net OPEB Liability |
|---|---|
| 1% decrease (2.50%) | $ 1,078,918 |
| Current discount rate (3.50%) | 988,718 |
| 1% increase (4.50%) | 905,784 |

**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 the Medicare costs trend rates that is one percent lower or higher than the current rate:

| Medicare Costs Trend Rates | Net OPEB Liability |
|---|---|
| 1% decrease (2.70% Part A and 3.10% Part B) | $ 926,725 |
| Current Medicare costs trend rates (3.70% Part A and 4.10% Part B) | 988,718 |
| 1% increase (4.70% Part A and 5.10% Part B) | 1,112,549 |

## Note 12 - Risk Management

**Property and Liability Insurance Coverages**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the first $25,000 of each general liability or property damage claim. During fiscal year ending June 30, 2020, the District contracted with Alliance for Schools for Cooperative Insurance Programs (ASCIP) and Schools Excess Liability Fund (SELF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. These have not been a significant reduction in coverage from the prior year.

**Workers' Compensation**

For fiscal year 2019-2020, the District participated in the Southern California Community College District Joint Powers Authority (SCCCD-JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

## Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses 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 | $ 135,550,158 | $ 38,722,041 | $ 10,403,633 | $ 17,720,058 |
| CalPERS | 115,085,961 | 26,856,610 | 1,406,061 | 21,007,330 |
| Total | $ 250,636,119 | $ 65,578,651 | $ 11,809,694 | $ 38,727,388 |

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, 2018, 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 percent 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 to the STRP Defined Benefit Program and Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|---|---|
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required State contribution rate | 10.328% | 10.328% |

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $15,746,585.

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

At June 30, 2020, 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 | $ 135,550,158 |
| State's proportionate share of net pension liability associated with the District | 73,951,660 |
| Total | $ 209,501,818 |

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, was 0.1501 percent and 0.1474 percent, respectively, resulting in a net increase in the proportionate share of 0.0027 percent.

For the year ended June 30, 2020, the District recognized pension expense of $17,720,058. In addition, the District recognized pension expense and revenue of $11,012,997 for support provided by the State. At June 30, 2020, 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 | $ 15,746,585 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 5,489,132 | 1,362,553 |
| Differences between projected and actual earnings on the pension plan investments | - | 5,221,434 |
| Differences between expected and actual experience in the measurement of the total pension liability | 342,192 | 3,819,646 |
| Changes of assumptions | 17,144,132 | - |
| Total | $ 38,722,041 | $ 10,403,633 |

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:

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ (526,671) |
| 2022 | (4,145,203) |
| 2023 | (860,609) |
| 2024 | 311,049 |
| Total | $ (5,221,434) |

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:

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 4,143,642 |
| 2022 | 4,143,642 |
| 2023 | 4,199,038 |
| 2024 | 4,911,865 |
| 2025 | 333,226 |
| Thereafter | 61,844 |
| Total | $ 17,793,257 |

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2018 |
| Measurement date | June 30, 2019 |
| Experience study | July 1, 2010 through June 30, 2015 |
| 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS 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, 2019, are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 47% | 4.80% |
| Fixed income | 12% | 1.30% |
| Real estate | 13% | 3.60% |
| Private equity | 13% | 6.30% |
| Risk Mitigating Strategies | 9% | 1.80% |
| Inflation sensitive | 4% | 3.30% |
| Cash/liquidity | 2% | -0.40% |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. 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 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.10%) | $ 201,845,405 |
| Current discount rate (7.10%) | 135,550,158 |
| 1% increase (8.10%) | 80,578,773 |

**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, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that may 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 provisions and benefits in effect at June 30, 2020, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|---|---|
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

**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, 2020, are presented above, and the total District contributions were $10,853,702.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $115,085,961. The net pension liability was measured as of June 30, 2019. 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 districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.3949 percent and 0.3963 percent, respectively, resulting in a net decrease in the proportionate share of 0.0014 percent.

For the year ended June 30, 2020, the District recognized pension expense of $21,007,330. At June 30, 2020, 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 | $ 10,853,702 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 2,164,598 | 338,617 |
| Differences between projected and actual earnings on the pension plan investments | - | 1,067,444 |
| Differences between expected and actual experience in the measurement of the total pension liability | 8,359,861 | - |
| Changes of assumptions | 5,478,449 | - |
| Total | $ 26,856,610 | $ 1,406,061 |

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:

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 1,053,685 |
| 2022 | (2,104,703) |
| 2023 | (318,942) |
| 2024 | 302,516 |
| Total | $ (1,067,444) |

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 4.1 years and will be recognized in pension expense as follows:

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 9,898,627 |
| 2022 | 4,403,872 |
| 2023 | 1,237,994 |
| 2024 | 123,798 |
| Total | $ 15,664,291 |

**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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2018 |
| Measurement date | June 30, 2019 |
| Experience study | July 1, 1997 through June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Discount rate | 7.15% |
| Investment rate of return | 7.15% |
| Consumer price inflation | 2.50% |
| Wage growth | Varies by entry age and service |

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 50% | 5.98% |
| Fixed income | 28% | 2.62% |
| Inflation assets | 0% | 1.81% |
| Private equity | 8% | 7.23% |
| Real assets | 13% | 4.93% |
| Liquidity | 1% | -0.92% |

**Discount Rate**

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

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

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.15%) | $ 165,888,847 |
| Current discount rate (7.15%) | 115,085,961 |
| 1% increase (8.15%) | 72,941,460 |

**CalSTRS/CalPERS Irrevocable Trust**

During the 2015-2016 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fiduciary fund of the District. As of June 30, 2020, the balance of the trust was $10,849,559.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2020, which amounted to $7,724,486 (10.328 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2020. 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

**Deferred Compensation**

The District offers its employees a National Benefit Services defined contribution plan qualifying under Sections 401 of the Internal Revenue Code that is administered by National Benefit Services. The plan covers part-time, seasonal, and temporary employees, as well as employees not covered by Section 3121(b)(7)(F) of the Internal Revenue Code. The District contributes 3.0 percent of covered compensation for eligible employees, and employees contribute 4.5 percent. During the year ended June 30, 2020, the District made contributions of $407,101.

## Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the ASCIP, SELF, SCCCD-JPA. The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

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

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

During the year ended June 30, 2020, the District made payments of $1,164,866 and $2,552,144 to ASCIP and SCCCD-JPA, respectively.

## Note 15 - Commitments and Contingencies

### Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

### 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, 2020.

### Construction Commitments

As of June 30, 2020, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately $63.8 million to be funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

## Note 16 - Functional Expenses Classification

The District's operating expenses by functional classification for the fiscal year ended June 30, 2020, are:

| | Salaries | Benefits | Supplies, Materials, and Other Operating Expenses and Services | Student Financial Aid | Depreciation | Total |
|---|---|---|---|---|---|---|
| Instructional activities | $ 101,732,305 | $ 48,312,203 | $ 1,981,408 | $ - | $ - | $ 152,025,916 |
| Academic support | 8,102,058 | 3,808,114 | 117,858 | - | - | 12,028,030 |
| Student services | 30,187,760 | 13,939,191 | 1,288,529 | - | - | 45,415,480 |
| Plant operations and maintenance | 7,594,388 | 4,364,691 | 1,496,790 | - | - | 13,455,869 |
| Instructional support activities | 16,668,333 | 13,656,255 | 2,340,696 | - | - | 32,665,284 |
| Community services and economic development | 2,022,611 | 832,012 | 347,819 | - | - | 3,202,442 |
| Ancillary services and auxiliary operations | 5,994,802 | 2,788,239 | 624,565 | - | - | 9,407,606 |
| Student aid | - | - | - | 62,490,761 | - | 62,490,761 |
| Physical property and | | | - | | | |
| related acquisitions | 2,401,164 | 1,092,294 | 24,937,499 | - | - | 28,430,957 |
| Other outgo | - | - | 546,624 | - | - | 546,624 |
| Depreciation | - | - | - | - | 20,182,015 | 20,182,015 |
| | $ 174,703,421 | $ 88,792,999 | $ 33,681,788 | $ 62,490,761 | $ 20,182,015 | $ 379,850,984 |

## Note 17 - Subsequent Events

Subsequent to year end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

On August 18, 2020, the District issued Election of 2008 Series 2020D and Election of 2018 2020B General Obligation Bonds in the amounts of $59,728,759 and $30,499,915, respectively. The Series 2020D bonds were issued as current interest bonds in the aggregate principal amount of $30,465,000, capital appreciation serial bonds in the principal amount of $1,085,987, capital appreciation term bonds in the aggregate principal amount of $28,177,772. The Series 2020B bonds were issued as current interest bonds in the aggregate principal amount of $15,215,000, capital appreciation serial bonds in the principal amount of $2,429,241, capital appreciation term bonds in the aggregate principal amount of $12,855,674. The bonds were issued to finance the acquisition, construction, modernization, and renovation of District facilities. The bonds bear interest rates of 1.35 to 4.20 percent. Principal and interest payments are due each August 1 and February 1 through August 1, 2045.

Required Supplementary Information
June 30, 2020

# Mt. San Antonio Community College District

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Total OPEB Liability | | | |
| Service cost | $ 4,421,064 | $ 3,822,261 | $ 3,205,326 |
| Interest | 7,057,582 | 5,142,996 | 4,448,610 |
| Changes of assumptions | (17,304,671) | (15,446,988) | 12,616,189 |
| Benefit payments | (4,551,156) | (3,901,899) | (3,455,981) |
| Differences between expected and actual experience | - | 28,999,636 | (516,171) |
| Net changes in total OPEB liability | (10,377,181) | 18,616,006 | 16,297,973 |
| Total OPEB Liability - beginning | 141,216,685 | 122,600,679 | 106,302,706 |
| Total OPEB Liability - ending (a) | $ 130,839,504 | $ 141,216,685 | $ 122,600,679 |
| Plan fiduciary net position | | | |
| Contributions - employer | $ 2,835,764 | $ 2,500,000 | $ 2,500,000 |
| Expected net investment income | 3,691,005 | 2,980,113 | 3,022,658 |
| Differences between projected and actual earnings on OPEB plan investments | (3,958,750) | 1,784,292 | (2,176,600) |
| Benefit payments | (4,551,156) | (3,901,899) | (3,455,981) |
| Differences between expected and actual experience | - | (217,143) | (516,171) |
| Administrative expense | (107,437) | (29,554) | (25,076) |
| Net change in plan fiduciary net position | (2,090,574) | 3,115,809 | (651,170) |
| Plan fiduciary net position - beginning | 74,528,945 | 71,413,136 | 72,064,306 |
| Plan fiduciary net position - ending (b) | $ 72,438,371 | $ 74,528,945 | $ 71,413,136 |
| District's net OPEB liability - ending (a) - (b) | $ 58,401,133 | $ 66,687,740 | $ 51,187,543 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 55.36% | 52.78% | 58.25% |
| Covered-employee payroll | $ 147,121,558 | $ 140,540,263 | $ 130,855,132 |
| District's net OPEB liability as a percentage of covered-employee payroll | 39.70% | 47.45% | 39.12% |
| Measurement Date | June 30, 2020 | June 30, 2019 | June 30, 2018 |

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

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | -0.07% | 6.68% | 1.15% |

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

| Year ended June 30, | 2020 | 2019 | 2018 |
|---|---|---|---|
| District's proportion of the net OPEB liability | 0.2655% | 0.2645% | 0.1495% |
| District's proportionate share of the net OPEB liability | $ 988,718 | $ 1,012,450 | $ 628,750 |
| District's covered payroll | N/A[1] | N/A[1] | N/A[1] |
| District's proportionate share of the net OPEB liability as a percentage of it's covered payroll | N/A[1] | N/A[1] | N/A[1] |
| Plan fiduciary net position as a percentage of the total OPEB liability | -0.81% | -0.40% | 0.01% |
| Measurement Date | June 30, 2019 | June 30, 2018 | June 30, 2017 |

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

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

| **CalSTRS** | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.1501% | 0.1474% | 0.1448% | 0.1429% | 0.1472% | 0.1448% |
| District's proportionate share of the net pension liability | $ 135,550,158 | $ 135,439,720 | $ 133,895,447 | $ 115,568,294 | $ 99,092,060 | $ 84,733,650 |
| State's proportionate share of the net pension liability associated with the District | 73,951,660 | 77,545,574 | 79,211,415 | 65,790,968 | 52,408,776 | 51,166,350 |
| Total | $ 209,501,818 | $ 212,985,294 | $ 213,106,862 | $ 181,359,262 | $ 151,500,836 | $ 135,900,000 |
| District's covered payroll | $ 86,628,299 | $ 82,708,857 | $ 77,192,552 | $ 71,864,548 | $ 68,809,122 | $ 66,400,000 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 156.47% | 163.75% | 173.46% | 160.81% | 144.01% | 127.50% |
| Plan fiduciary net position as a percentage of the total pension liability | 73% | 71% | 69% | 70% | 74% | 77% |
| Measurement Date | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |

| **CalPERS** | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.3949% | 0.3963% | 0.3775% | 0.3681% | 0.3592% | 0.3587% |
| District's proportionate share of the net pension liability | $ 115,085,961 | $ 105,659,179 | $ 90,112,838 | $ 72,708,922 | $ 52,940,449 | $ 40,721,184 |
| District's covered payroll | $ 53,911,964 | $ 48,146,275 | $ 47,147,285 | $ 43,907,285 | $ 39,968,541 | $ 38,100,000 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 213.47% | 219.45% | 191.13% | 165.60% | 132.46% | 106.86% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 71% | 72% | 74% | 79% | 83% |
| Measurement Date | June 30, 2019 | June 30, 2018 | 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.

| **CalSTRS** | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Contractually required contribution | $ 15,746,585 | $ 14,103,087 | $ 11,934,888 | $ 9,710,823 | $ 7,711,066 | $ 6,110,250 |
| Contributions in relation to the contractually required contribution | 15,746,585 | 14,103,087 | 11,934,888 | 9,710,823 | 7,711,066 | 6,110,250 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 92,085,292 | $ 86,628,299 | $ 82,708,857 | $ 77,192,552 | $ 71,864,548 | $ 68,809,122 |
| Contributions as a percentage of covered payroll | 17.10% | 16.28% | 14.43% | 12.58% | 10.73% | 8.88% |

| **CalPERS** | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Contractually required contribution | $ 10,853,702 | $ 9,737,579 | $ 7,477,598 | $ 6,547,815 | $ 5,201,696 | $ 4,704,697 |
| Contributions in relation to the contractually required contribution | 10,853,702 | 9,737,579 | 7,477,598 | 6,547,815 | 5,201,696 | 4,704,697 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 55,036,266 | $ 53,911,964 | $ 48,146,275 | $ 47,147,285 | $ 43,907,285 | $ 39,968,541 |
| Contributions as a percentage of covered payroll | 19.721% | 18.062% | 15.531% | 13.888% | 11.847% | 11.771% |

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

## Note 1 - Purpose of Schedules

**Schedule of Changes in the District's 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 of Assumptions* - There were no changes in economic assumptions since the previous valuation.

**Schedule of OPEB Investment Returns**

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

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

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

*Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
*Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

*Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

*Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

**Schedule of District Contributions for Pensions**

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

Supplementary Information
June 30, 2020

# Mt. San Antonio Community College District

Mt. San Antonio Community College District is a public community college that has been serving the people of Baldwin Park, Bassett, Charter Oak, Covina, Diamond Bar, Southern portion of Glendora, Hacienda Heights, Industry, Irwindale, La Puente, La Verne, Pomona, Rowland Heights, San Dimas, Valinda, Walnut, and West Covina since 1946.

The District maintains its campus on 421 acres of land in the City of Walnut, California, in the Eastern portion of Los Angeles County. Mt. San Antonio Community College District is accredited by the Western Association of Schools and Colleges.

**Board of Trustees**

| Member | Office | Term Expires |
|---|---|---|
| Laura Santos | President | November 2022 |
| Rosanne Bader | Vice President | November 2020 |
| Judy Chen Haggerty, Esq. | Clerk | November 2022 |
| Jay Chen | Member | November 2020 |
| Gary Chow | Member | December 2022 |
| Robert Hidalgo | Member | November 2022 |
| Dr. Manuel Baca | Member | November 2020 |
| Maricela Vazquez-Aviles | Student Trustee | June 30, 2020 |

**Administration**

| Member | Title |
|---|---|
| Dr. William Scroggins | President/CEO |
| Dr. Richard D. Mahon | Vice President, Instruction |
| Morris Rodrigue | Vice President, Administrative Services |
| Ibrahim Ali | Vice President, Human Resources |
| Dr. Audrey Yamagata-Noji | Vice President, Student Services |

**Auxiliary Organizations in Good Standing**

Mt. San Antonio College Auxiliary Services, established 1982
Master Agreement revised April 21, 2016
Morris Rodrigue, Board President

Mt. San Antonio College Foundation, established 1967
Master Agreement revised September 1, 2015
William Lambert, Executive Director

| Federal Grantor/Pass-Through Grantor Program or Cluster Title | CFDA Number | Pass-Through Identifying Number | Total Program Expenditures |
|---|---|---|---|
| U.S. Department of Education | | | |
| Student Financial Assistance Cluster | | | |
| Federal Supplemental Educational Opportunity Grants (FSEOG) | 84.007 | | $ 1,298,362 |
| Federal Work-Study Program (FWS) | 84.033 | | 358,403 |
| FWS Administrative Allowance | 84.033 | | 82,878 |
| Federal Pell Grant Program (PELL) | 84.063 | | 42,154,053 |
| PELL Administrative Allowance | 84.063 | | 63,735 |
| Federal Direct Student Loans | 84.268 | | 1,108,807 |
| Subtotal Student Financial Assistance Cluster | | | 45,066,238 |
| TRIO Cluster | | | |
| Achieving in College, Ensuring Success (ACES) | 84.042A | | 267,861 |
| Upward Bound | 84.047A | | 251,625 |
| Subtotal TRIO Cluster | | | 519,486 |
| Asian American Native American Pacific Islander Serving Institutions (AANAPISI) | 84.382B | | 319,022 |
| Child Care Access Means Parents in School (CCAMPIS) | 84.335A | | 335,999 |
| Developing Hispanic Serving Institutions, Title V, Building Pathways of Persistence and Completion | 84.031S | | 24,310 |
| Equity-minded Campus Culture to Improve Student Outcomes | 84.031S | | 126,657 |
| Passed through CSU Fullerton Auxiliary Services Corporation | | | |
| Project RAISE: Regional Alliance in STEM Education | 84.031C | P031C160152 | 22,672 |
| Subtotal | | | 173,639 |
| COVID-19: Cares Act Higher Education Emergency Relief Funds, Student Portion | 84.425E | | 8,402,700 |
| COVID-19: Cares Act Higher Education Emergency Relief Funds, Institutional Portion | 84.425F | | 2,380,867 |
| Subtotal | | | 10,783,567 |
| Passed through East-West Center | | | |
| Enhancing Undergraduate Chinese Language and Culture Studies | 84.016A | HC 13564 | 3,305 |
| Passed through California Department of Education | | | |
| WIOA, Title II: Adult Education and Family Literacy Act, Section 225, Section 231, and Section 243 | 84.002A | 14508, 13978, 14109 | 1,244,705 |
| Passed through California Community Colleges Chancellor's Office | | | |
| Career and Technical Education (CTE), Perkins Title I, Part C | 84.048A | 19-C01-034 | 1,019,385 |
| CTE Transitions | 84.048A | 19-C01-034 | 46,195 |
| Subtotal | | | 1,065,580 |
| Total U.S. Department of Education | | | 59,511,541 |

| Federal Grantor/Pass-Through Grantor Program or Cluster Title | CFDA Number | Pass-Through Identifying Number | Total Program Expenditures |
|---|---|---|---|
| U.S. Department of Agriculture | | | |
| Passed through CSU Chico Research Foundation | | | |
| Supplemental Nutrition Assistance Program (SNAP) Cluster | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | SUB18-040 | $ 92,625 |
| Subtotal SNAP Cluster | | | 92,625 |
| Passed through California Department of Education | | | |
| Child and Adult Care Food Program | 10.558 | 13666 | 91,132 |
| Total U.S. Department of Agriculture | | | 183,757 |
| National Science Foundation | | | |
| Research and Development Cluster | | | |
| Field Based Professional Development for Environmental-STEM (ESTEM) Undergraduates, Pathways in Geoscience | 47.050 | | 30,487 |
| Advance Technological Education (ATE) Science, Technology, Engineering and Mathematics (STEM) Teacher Preparation Program | 47.076 | | 27,953 |
| Collaborative Research: Geodesy Curriculum | 47.076 | | 25,460 |
| Subtotal Research and Development Cluster | | | 83,900 |
| U.S. Department of Veterans Affairs | | | |
| Veterans Services | 64.027 | | 9,930 |
| U.S. Department of Health and Human Services | | | |
| Passed through California Community Colleges Chancellor's Office | | | |
| Temporary Assistance for Needy Families | 93.558 | N/A | 110,228 |
| Passed through Los Angeles County Department of Public Social Services | | | |
| Temporary Assistance for Needy Families | 93.558 | N/A | 127,000 |
| Subtotal | | | 237,228 |
| Child Care and Development Fund (CCDF) Cluster | | | |
| Passed through California Department of Education | | | |
| Child Care and Development Block Grant | 93.575 | 15136 | 66,427 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 13609 | 144,502 |
| Passed through Yosemite Community College District | | | |
| Child Development Training Consortium | 93.575 | 19-20-4472 | 9,746 |
| Subtotal CCDF Cluster | | | 220,675 |
| Passed through Baldwin Park Unified School District | | | |
| Head Start Cluster | | | |
| Head Start | 93.600 | N/A | 90,000 |
| Subtotal Head Start Cluster | | | 90,000 |
| Total U.S. Department of Health and Human Services | | | 547,903 |
| Total Expenditures of Federal Awards | | | $ 60,337,031 |

| Program | Program Revenues Cash Received | Accounts Receivable | Unearned Revenue | Total Revenue | Program Expenditures |
|---|---|---|---|---|---|
| California Adult Education Program (CAEP) - Regional Consortium | $ 1,700,488 | $ - | $ 806,585 | $ 893,903 | $ 893,903 |
| Board Financial Assistance Program (BFAP) | 4,122,107 | - | 224,315 | 3,897,792 | 3,897,792 |
| Board Financial Assistance Program (BFAP) - Full-Time Student Success | 241,772 | - | 91 | 241,681 | 241,681 |
| California College Promise | 2,275,707 | - | 1,376,877 | 898,830 | 898,830 |
| California Community College (CCC) Mental Health Services | 335,247 | 36,147 | 75,855 | 295,539 | 295,539 |
| California State Preschool Program | 599,080 | - | - | 599,080 | 599,080 |
| CalSTRS On-behalf Payments | 796,608 | - | - | 796,608 | 796,608 |
| CalWORKS | 677,736 | - | - | 677,736 | 677,736 |
| CalWORKS Regional Funds | 869 | - | - | 869 | 869 |
| Campus Safety and Sexual Assault | 20,520 | - | 18,843 | 1,677 | 1,677 |
| CARE | 210,845 | - | - | 210,845 | 210,845 |
| Career Pathways Specialist (Deputy Sector Navigator) | 10,200 | 3,260 | - | 13,460 | 13,460 |
| Career Technical Education - Data Unlocked Initiative | 3,842 | - | - | 3,842 | 3,842 |
| Center of Excellence - Economic Development | 200,000 | 50,000 | - | 250,000 | 250,000 |
| Certified Nursing Assistant Program | 62,500 | - | 60,108 | 2,392 | 2,392 |
| Child Care Food Program | 5,012 | - | - | 5,012 | 5,012 |
| Child Care General Center and Development Program | 595,757 | 270,907 | - | 866,664 | 866,664 |
| Child Care Tax Bailout | 100,907 | - | - | 100,907 | 100,907 |
| Child Development Center - CSPP Quality Improvement Block Grant | 68,488 | - | 24,397 | 44,091 | 44,091 |
| Classified Personnel Development | 115,367 | - | 114,125 | 1,242 | 1,242 |
| Deputy Sector Navigator Health | 299,202 | - | 29,824 | 269,378 | 269,378 |
| Disabled Student Programs and Services (DSPS) | 3,056,001 | - | 36,985 | 3,019,016 | 3,019,016 |
| Equal Employment Opportunity (EEO) | 65,677 | - | 17,982 | 47,695 | 47,695 |
| Expanding Online Pathways and Increasing CTE Completion | 93,588 | 71,420 | - | 165,008 | 165,008 |
| Extended Opportunity Programs and Services (EOPS) | 1,419,361 | - | 63,577 | 1,355,784 | 1,355,784 |
| Financial Aid Technology Grant | 213,956 | - | 132,256 | 81,700 | 81,700 |
| Guided Pathways | 2,110,185 | - | 1,551,934 | 558,251 | 558,251 |
| Hunger Free Campus Support | 390,832 | - | 102,972 | 287,860 | 287,860 |
| Instructional Equipment and Library Materials | 806,882 | - | 400,234 | 406,648 | 406,648 |
| Nursing Program Support | 262,448 | - | - | 262,448 | 262,448 |

| Program | Program Revenues: Cash Received | Accounts Receivable | Unearned Revenue | Total Revenue | Program Expenditures |
|---|---|---|---|---|---|
| Promoting Success for Online Students and Faculty | $ 41,302 | $ 135,785 | $ 1 | $ 177,086 | $ 177,086 |
| Song-Brown Registered Nurse Program | 65,618 | 101,920 | - | 167,538 | 167,538 |
| Strong Workforce Program (Local) | 3,741,879 | - | 1,621,236 | 2,120,643 | 2,120,643 |
| Strong Workforce Program (Regional) | 901,606 | 291,448 | - | 1,193,054 | 1,193,054 |
| Student Equity and Achievement Program | 18,876,692 | - | 4,716,849 | 14,159,843 | 14,159,843 |
| Technical Assistance Provider - Contract Education | 355,898 | - | 68,609 | 287,289 | 287,289 |
| Veterans Resource Center | 254,620 | - | 153,820 | 100,800 | 100,800 |
| | $ 45,098,799 | $ 960,887 | $ 11,597,475 | $ 34,462,211 | $ 34,462,211 |

| Categories | Reported Data | Audit Adjustments | Audited Data |
|---|---|---|---|
| A. Summer Intersession (Summer 2019 only) | | | |
| 1. Noncredit* | 4,134.47 | - | 4,134.47 |
| 2. Credit | 1,675.29 | - | 1,675.29 |
| B. Summer Intersession (Summer 2020 - Prior to July 1, 2020) | | | |
| 1. Noncredit* | 0.32 | - | 0.32 |
| 2. Credit | - | - | - |
| C. Primary Terms (Exclusive of Summer Intersession) | | | |
| 1. Census Procedure Courses | | | |
| (a) Weekly Census Contact Hours | 17,078.18 | - | 17,078.18 |
| (b) Daily Census Contact Hours | 2,403.97 | - | 2,403.97 |
| 2. Actual Hours of Attendance Procedure Courses | | | |
| (a) Noncredit* | 4,009.09 | - | 4,009.09 |
| (b) Credit | 441.82 | - | 441.82 |
| 3. Alternative Attendance Accounting Procedure Courses | | | |
| (a) Weekly Census Procedure Courses | 1,531.68 | - | 1,531.68 |
| (b) Daily Census Procedure Courses | 1,358.30 | - | 1,358.30 |
| (c) Noncredit Independent Study/Distance Education Courses | - | - | - |
| D. Total FTES | 32,633.12 | - | 32,633.12 |

| Supplemental Information (Subset of Above Information) | Reported Data | Audit Adjustments | Audited Data |
|---|---|---|---|
| E. In-Service Training Courses (FTES) | - | - | - |
| F. Basic Skills Courses and Immigrant Education | | | |
| 1. Noncredit* | 5,684.65 | - | 5,684.65 |
| 2. Credit | 824.15 | - | 824.15 |
| CCFS-320 Addendum | | | |
| CDCP Noncredit FTES | 7,043.77 | - | 7,043.77 |

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

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Audited Data | Reported Data | Audit Adjustments | Audited Data |
| <u>Academic Salaries</u> | | | | | | | |
| Instructional Salaries | | | | | | | |
| Contract or Regular | 1100 | $ 42,172,728 | $ - | $ 42,172,728 | $ 42,172,728 | $ - | $ 42,172,728 |
| Other | 1300 | 37,807,339 | - | 37,807,339 | 37,807,339 | - | 37,807,339 |
| Total Instructional Salaries | | 79,980,067 | - | 79,980,067 | 79,980,067 | - | 79,980,067 |
| Noninstructional Salaries | | | | | | | |
| Contract or Regular | 1200 | - | - | - | 13,956,708 | - | 13,956,708 |
| Other | 1400 | - | - | - | 2,398,316 | - | 2,398,316 |
| Total Noninstructional Salaries | | - | - | - | 16,355,024 | - | 16,355,024 |
| Total Academic Salaries | | 79,980,067 | - | 79,980,067 | 96,335,091 | - | 96,335,091 |
| <u>Classified Salaries</u> | | | | | | | |
| Noninstructional Salaries | | | | | | | |
| Regular Status | 2100 | - | - | - | 36,311,373 | - | 36,311,373 |
| Other | 2300 | - | - | - | 4,224,751 | - | 4,224,751 |
| Total Noninstructional Salaries | | - | - | - | 40,536,124 | - | 40,536,124 |
| Instructional Aides | | | | | | | |
| Regular Status | 2200 | 2,027,932 | - | 2,027,932 | 2,027,932 | - | 2,027,932 |
| Other | 2400 | 1,298,189 | - | 1,298,189 | 1,298,189 | - | 1,298,189 |
| Total Instructional Aides | | 3,326,121 | - | 3,326,121 | 3,326,121 | - | 3,326,121 |
| Total Classified Salaries | | 3,326,121 | - | 3,326,121 | 43,862,245 | - | 43,862,245 |
| Employee Benefits | 3000 | 29,763,533 | - | 29,763,533 | 53,780,589 | - | 53,780,589 |
| Supplies and Material | 4000 | - | - | - | 2,418,610 | - | 2,418,610 |
| Other Operating Expenses | 5000 | 1,391,828 | - | 1,391,828 | 16,016,306 | - | 16,016,306 |
| Equipment Replacement | 6420 | - | - | - | - | - | - |
| Total Expenditures Prior to Exclusions | | 114,461,549 | - | 114,461,549 | 212,412,841 | - | 212,412,841 |

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Audited Data | Reported Data | Audit Adjustments | Audited Data |
| Exclusions | | | | | | | |
| Activities to Exclude | | | | | | | |
| Instructional Staff - Retirees' Benefits and Retirement Incentives | 5900 | $ 1,153,870 | $ - | $ 1,153,870 | $ 1,153,870 | $ - | $ 1,153,870 |
| Student Health Services Above Amount Collected | 6441 | - | - | - | - | - | - |
| Student Transportation | 6491 | - | - | - | 306,683 | - | 306,683 |
| Noninstructional Staff - Retirees' Benefits and Retirement Incentives | 6740 | - | - | - | 1,962 | - | 1,962 |
| Objects to Exclude | | | | | | | |
| Rents and Leases | 5060 | - | - | - | 245,663 | - | 245,663 |
| Lottery Expenditures | | | | | | | |
| Academic Salaries | 1000 | - | - | - | - | - | - |
| Classified Salaries | 2000 | - | - | - | - | - | - |
| Employee Benefits | 3000 | - | - | - | - | - | - |
| Supplies and Materials | 4000 | - | - | - | - | - | - |
| Software | 4100 | - | - | - | - | - | - |
| Books, Magazines, and Periodicals | 4200 | - | - | - | - | - | - |
| Instructional Supplies and Materials | 4300 | - | - | - | - | - | - |
| Noninstructional Supplies and Materials | 4400 | - | - | - | - | - | - |
| Total Supplies and Materials | | - | - | - | - | - | - |

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Audited Data | Reported Data | Audit Adjustments | Audited Data |
| Other Operating Expenses and Services | 5000 | $ - | $ - | $ - | $ 5,323,900 | $ - | $ 5,323,900 |
| Capital Outlay | 6000 | | | | | | |
| Library Books | 6300 | - | - | - | - | - | - |
| Equipment | 6400 | - | - | - | - | - | - |
| Equipment - Additional | 6410 | - | - | - | - | - | - |
| Equipment - Replacement | 6420 | - | - | - | - | - | - |
| Total Equipment | | - | - | - | - | - | - |
| Total Capital Outlay | | - | - | - | - | - | - |
| Other Outgo | 7000 | - | - | - | - | - | - |
| Total Exclusions | | 1,153,870 | - | 1,153,870 | 7,032,078 | - | 7,032,078 |
| Total for ECS 84362, 50 Percent Law | | $ 113,307,679 | $ - | $ 113,307,679 | $ 205,380,763 | $ - | $ 205,380,763 |
| Percent of CEE (Instructional Salary Cost/Total CEE) | | 55.17% | | 55.17% | 100.00% | | 100.00% |
| 50% of Current Expense of Education | | | | | $ 102,690,382 | | $ 102,690,382 |

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2020.

| Activity Classification | Object Code | | | Unrestricted | |
|---|---|---|---|---|---|
| EPA Revenue: | 8630 | | | | $ 16,486,573 |
| Activity Classification | Activity Code | Salaries and Benefits (Obj 1000-3000) | Operating Expenses (Obj 4000-5000) | Capital Outlay (Obj 6000) | Total |
| Instructional Activities | 1000-5900 | $ 31,112,627 | - | - | $ 31,112,627 |
| Total Expenditures for EPA | | $ - | - | - | $ 31,112,627 |
| Revenues Less Expenditures | | | | | $(14,626,054) |

Amounts reported for governmental activities in the statement of net position are different because:

| | | |
|---|---|---|
| Total fund balance: | | |
| General funds | $ 65,324,618 | |
| Child development | 977,162 | |
| Health services | 1,326,601 | |
| Debt service | 96,160,891 | |
| Capital outlay | 23,013,747 | |
| Bond construction | 196,140,566 | |
| Farm operations | 129,450 | |
| Fiduciary funds | 3,305,034 | |
| Total fund balance per CCFS-311 report | 386,378,069 | |
| Funds not included in the CCFS-311 report | 114,568,976 | |
| Total fund balance - all district funds | | 500,947,045 |
| Amounts held in trust on behalf of others (Trust and Agency Funds) | | (117,866,683) |
| Capital 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 | 817,811,969 | |
| Accumulated depreciation is | (192,137,170) | 625,674,799 |
| 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. | | (7,500,477) |
| Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of: | | |
| Deferred charges on refunding | 7,987,217 | |
| Deferred outflows of resources related OPEB | 32,100,608 | |
| Deferred outflows of resources related to pensions | 65,578,651 | |
| Total Deferred Outflows of Resources | | 105,666,476 |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of: | | |
| Deferred inflows of resources related OPEB | (26,882,045) | |
| Deferred inflows of resources related to pensions | (11,809,694) | |
| Total Deferred Inflows of Resources | | (38,691,739) |

| | | |
|---|---|---|
| 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: | | |
| Bonds and notes payable | $(751,557,466) | |
| Premium on bonds and notes payable | (48,752,828) | |
| Compensated absences | (3,022,111) | |
| Aggregate net other postemployment benefits (OPEB) liability | (59,389,851) | |
| Aggregate net pension liability | (250,636,119) | |
| In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is the following: | (93,532,236) | |
| | | (1,206,890,611) |
| Total Net Position | | $ (138,661,190) |

| | (Budget*) 2021 | | 2020 | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| General Fund | | | | | | | | |
| Revenues | | | | | | | | |
| Federal | $ 16,941,410 | 5.7 | $ 6,645,049 | 2.5 | $ 4,531,948 | 1.8 | $ 4,781,509 | 2.0 |
| State | 184,634,564 | 62.8 | 182,793,503 | 69.4 | 172,540,069 | 69.5 | 156,125,922 | 65.9 |
| Local | 74,644,030 | 25.4 | 79,279,110 | 30.1 | 80,255,613 | 32.4 | 79,712,925 | 33.6 |
| Total revenues | 276,220,004 | 93.9 | 268,717,662 | 102.0 | 257,327,630 | 103.7 | 240,620,356 | 101.5 |
| Expenditures | | | | | | | | |
| Academic salaries | 106,082,173 | 36.1 | 104,497,788 | 39.6 | 97,489,295 | 39.2 | 93,288,142 | 39.5 |
| Classified salaries | 71,162,341 | 24.2 | 62,145,496 | 23.6 | 60,697,850 | 24.5 | 58,156,042 | 24.5 |
| Employee benefits | 53,657,288 | 18.2 | 61,799,346 | 23.5 | 53,085,363 | 21.4 | 47,969,718 | 20.2 |
| Supplies and materials | 10,393,258 | 3.5 | 4,492,241 | 1.7 | 4,036,836 | 1.6 | 4,042,993 | 1.7 |
| Other operating expenses | 41,306,745 | 14.0 | 21,393,761 | 8.1 | 23,454,471 | 9.5 | 21,377,176 | 9.0 |
| Capital outlay | 5,206,008 | 1.8 | 4,627,120 | 1.8 | 4,840,447 | 2.0 | 4,519,383 | 1.9 |
| Other sources and uses, net | 6,395,592 | 2.2 | 4,596,238 | 1.7 | 4,470,838 | 1.8 | 7,624,695 | 3.2 |
| Total expenditures and other uses | 294,203,405 | 100.0 | 263,551,990 | 100.0 | 248,075,100 | 100.0 | 236,978,149 | 100.0 |
| Increase (Decrease) in Fund Balance | $ (17,983,401) | (6.1) | $ 5,165,672 | 2.0 | $ 9,252,530 | 3.7 | $ 3,642,207 | 1.5 |
| Assigned Fund Balance | 6,081,021 | 2.1 | 20,700,020 | 7.8 | 25,435,417 | 10.3 | 22,153,185 | 9.3 |
| Unassigned Fund Balance | 41,260,196 | 14.0 | 41,260,196 | 15.7 | 30,510,300 | 12.3 | 25,465,432 | 10.7 |
| Restricted Fund Balance | - | - | 3,364,402 | 1.3 | 4,213,229 | 1.7 | 3,287,799 | 1.4 |
| Total Ending Fund Balance | $ 47,341,217 | 16.1 | $ 65,324,618 | 24.8 | $ 60,158,946 | 24.3 | $ 50,906,416 | 21.4 |
| Full-Time Equivalent Students | 32,992 | | 32,633 | | 32,694 | | 32,720 | |
| Total Long-Term Liabilities, Including Retiree Benefit Liability | N/A | | $1,168,300,268 | | $1,126,569,881 | | $ 779,250,289 | |

IMPORTANT NOTES:

The California Community College Chancellor's Office has provided guidelines that recommend a minimum prudent ending fund balance of 5 percent of unrestricted expenditures. In addition, the District's Board policy requires a 10 percent unrestricted ending fund balance. As such, the unassigned balance is 10 percent Board Policy reserve and any other remaining unassigned amounts in the unrestricted General Fund.

* Unrestricted General Fund expenditures and fund balance for 2020-2021 budget year is projected to be $227,086,214 and $22,708,621, respectively, which meets the District's policy of 10 percent unrestricted ending fund balance.

All percentages are of total unrestricted and restricted expenditures combined.

* The 2020-2021 budget presents the budget adopted by the Board of Trustees on October 14, 2020. The budget has been included for analytical purposes and has not been subjected to audit.

Long-term liabilities is reported for the District as a whole and includes debt related to all funds. Long-term liabilities reported above excludes unamortized premium.

| | General Fund | | |
|---|---|---|---|
| | Adopted Budget* | Actual | Variance |
| Revenues | | | |
| Federal revenues | | | |
| Higher Education Act | $ 1,016,604 | $ 744,286 | $ (272,318) |
| Temporary Assistance for Needy Families | 236,519 | 237,228 | 709 |
| Student Financial Aid | 916,290 | 505,016 | (411,274) |
| Veterans Education | - | 9,930 | 9,930 |
| Vocational and Technical Education Act | 1,065,580 | 1,065,580 | - |
| Other federal revenues | 1,552,881 | 4,083,009 | 2,530,128 |
| State revenues | | | |
| General apportionments | 123,763,181 | 131,591,582 | 7,828,401 |
| Categorical apportionments | 36,213,761 | 31,491,595 | (4,722,166) |
| Other state revenues | 13,192,896 | 19,710,326 | 6,517,430 |
| Local revenues | | | |
| Property taxes | 55,611,397 | 57,729,419 | 2,118,022 |
| Interest and investment income | 1,520,000 | 1,670,746 | 150,746 |
| Student fees and charges | 9,711,410 | 15,506,955 | 5,795,545 |
| Contributions | - | 260,399 | 260,399 |
| Other local revenues | 11,936,863 | 4,111,591 | (7,825,272) |
| Total revenues | 256,737,382 | 268,717,662 | 11,980,280 |
| Expenditures | | | |
| Academic salaries | 99,631,190 | 104,497,788 | (4,866,598) |
| Classified salaries | 63,579,853 | 62,145,496 | 1,434,357 |
| Employee benefits | 52,549,107 | 61,799,346 | (9,250,239) |
| Supplies and materials | 9,643,747 | 4,492,241 | 5,151,506 |
| Other operating expenses | 54,985,067 | 21,393,761 | 33,591,306 |
| Capital outlay | 4,542,860 | 4,627,120 | (84,260) |
| Total expenditures | 284,931,824 | 258,955,752 | 25,976,072 |
| Excess (Deficiency) of Revenues over Expenditures | (28,194,442) | 9,761,910 | 37,956,352 |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capitalized equipment | 2,500 | 18,239 | 15,739 |
| Interfund transfers in | 689,012 | 728,893 | 39,881 |
| Interfund transfers out | (3,952,714) | (3,778,076) | 174,638 |
| Student financial aid | (1,284,880) | (1,565,294) | (280,414) |
| Total other financing sources (uses) | (4,546,082) | (4,596,238) | (50,156) |
| Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses) | (32,740,524) | 5,165,672 | 37,906,196 |
| Fund Balance, Beginning of Year | 60,158,946 | 60,158,946 | - |
| Fund Balance, End of Year | $ 27,418,422 | $ 65,324,618 | $ 37,906,196 |

* The 2019-2020 budget has been included for analytical purposes and has not been subjected to audit.

## Note 1 - Purpose of Schedules

**District Organization**

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

**Schedule of Expenditures of Federal Awards**

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. 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. No federal financial assistance has been provided to a subrecipient. 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.

Indirect Cost Rate
The District has not elected to use the ten percent 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 on which apportionments of State funds, including restricted categorical funding, are made 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 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

**Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's audited financial statements.

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

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

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

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

**Schedule of Financial Trends and Analysis of the Combined General Fund**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

**Schedule of Budgetary Comparison for the Combined General Fund**

This schedule presents the final General Fund budget as of the fiscal year end, actual amounts at fiscal year-end, and the variance between the final budget and actual amounts.

Independent Auditor's Reports
June 30, 2020

# Mt. San Antonio Community College District

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

Board of Trustees
Mt. San Antonio Community College District
Walnut, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 17, 2021.

**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 may exist that have not been identified.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 17, 2021

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

Board of Trustees
Mt. San Antonio Community College District
Walnut, California

**Report on Compliance for Each Major Federal Program**
We have audited Mt. San Antonio Community College District's (the District) compliance with the types of compliance requirements described 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, 2020. 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.

**Management's Responsibility**
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its federal programs.

**Auditor's Responsibility**
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 17, 2021

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

Board of Trustees
Mt. San Antonio Community College District
Walnut, California

**Report on State Compliance**
We have audited Mt. San Antonio Community College District's (the District) compliance with the types of compliance requirements described in the 2019-2020 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, 2020.

**Management's Responsibility**
Management is responsible for compliance with state laws and regulations as identified in the table below.

**Auditor's Responsibility**
Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

**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 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 and Non-CCAP) |
| Section 430 | Scheduled Maintenance Program |
| Section 431 | Gann Limit Calculation |
| Section 435 | Open Enrollment |
| Section 439 | Proposition 39 Clean Energy Fund |
| Section 444 | Apprenticeship Related and Supplemental Instruction (RSI) Funds |
| Section 475 | Disabled Student Programs and Services (DSPS) |
| Section 479 | To Be Arranged Hours (TBA) |
| Section 490 | Proposition 1D and 51 State Bond Funded Projects |
| Section 491 | Education Protection Account Funds |

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

The District did not have any projects funded under Proposition 39 Clean Energy Fund; therefore, the compliance tests within this section were not applicable.

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

**Unmodified Opinion**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table above that were audited for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2019-20 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 17, 2021

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

**Identification of major Federal programs:**

| Name of Federal Program or Cluster | CFDA Number |
|---|---|
| Student Financial Assistance Cluster | 84.007, 84.033, 84.063, 84.268 |
| COVID-19: Cares Act Higher Education Emergency Relief Funds, Student Portion | 84.425E |
| COVID-19: Cares Act Higher Education Emergency Relief Funds, Institutional Portion | 84.425F |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 1,810,111 |
| Auditee qualified as low-risk auditee: | Yes |

**STATE AWARDS**

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

None reported.

None reported.

None reported.

**Financial Statement Findings**

None reported.

**Federal Award Findings**

None reported.

**State Award Findings**

None reported.

| | |
|---|---|
| Assessed valuation for fiscal year 2019-20 | $ 93,186,560,655 (2) |
| Secured tax levies for fiscal year 2019-20 | 21,273,154 (1) |
| Secured tax delinquencies for fiscal year 2019-20 | 896,967 (1) |
| Secured tax collections for fiscal year 2019-20 | 20,376,187 (1) |

| | Property Owner | Land Use | 2019-2020 Assessed Valuation (2) | % of Total (3) |
|---|---|---|---|---|
| 1. | Majestic Realty Company | Industrial | $ 407,589,554 | 0.44% |
| 2. | Gilead Sciences Inc. | Industrial | 247,092,324 | 0.26% |
| 3. | Industry East Land LLC - Lessee | Industrial | 236,617,758 | 0.25% |
| 4. | Plaza West Covina LLC | Shopping Center | 230,322,760 | 0.25% |
| 5. | BRE DDR BR Eastland CA LLC | Shopping Center | 180,509,731 | 0.19% |
| 6. | 301 South Glendora Avenue | Commercial | 176,262,499 | 0.19% |
| 7. | JCC California Properties LLC | Commercial | 121,586,144 | 0.13% |
| 8. | 1301 East Gladstone Street | Shopping Center | 119,590,419 | 0.13% |
| 9. | Crow Family Holdings Industrial LP | Industrial | 112,380,391 | 0.12% |
| 10. | Newage PHM LLC | Shopping Center | 108,870,389 | 0.12% |
| 11. | Tropicana Manufacturing Company | Industrial | 107,537,153 | 0.12% |
| 12. | Wal Mart Real Estate Business Trust | Shopping Center | 99,210,741 | 0.11% |
| 13. | San Gabriel Valley Water Company | Water Company | 89,449,107 | 0.10% |
| 14. | 1271 W Sunset LLC | Apartments | 88,588,800 | 0.10% |
| 15. | Kaiser Foundation Health Plan | Medical Offices | 88,160,878 | 0.09% |
| 16. | Hacienda Heights CA LLC | Apartments | 87,472,225 | 0.09% |
| 17. | Quemtco West LLC | Industrial | 87,158,598 | 0.09% |
| 18. | CPT Towers Industrial LLC | Industrial | 83,497,200 | 0.09% |
| 19. | Adcor Realty Corp. | Industrial | 82,468,094 | 0.09% |
| 20. | 624 South Glendora Avenue Owner | Townhome Apartments | 75,366,308 | 0.08% |
| | | | $ 2,829,731,073 | 3.04% |

(1) Source: Los Angeles County Auditor-Controller's Office
(2) Source: California Municipal Statistics, Inc.
(3) Percentage of total assessed valuation for the fiscal year 2019-2020 of $93,186,560,655.