See what's possible.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

JUNE 30, 2024

858-565-2700
www.cwdl.com

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2024

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND QUESTIONED COSTS SECTION

CWDL

INDEPENDENT AUDITORS' REPORT

Board of Trustees
San Luis Obispo County Community College District
San Luis Obispo, California

Report on Audit of Financial Statements

Opinions
We have audited the accompanying financial statements of the business-type activities of San Luis Obispo County Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 20, 2024

INTRODUCTION

This introduction to the government-wide financial statements provides background information regarding the financial position and activities of the San Luis Obispo County Community College District - Cuesta College (the District) for the years ended June 30, 2024 and 2023. We encourage readers to consider the information presented in this Management's Discussion and Analysis (MD&A) in conjunction with the financial statements and accompanying notes to financial statements.

Overview of the Government-Wide Basic Financial Statements

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

This Annual Report

This annual report consists of the following sections:

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

FINANCIAL HIGHLIGHTS

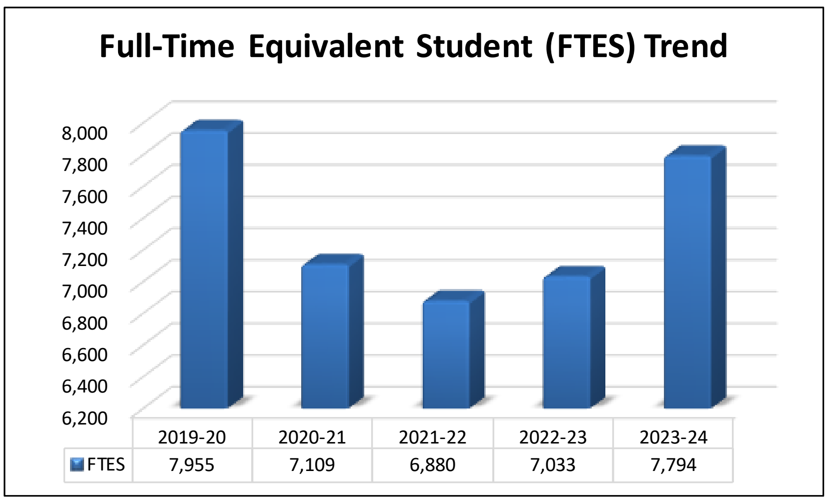
This section provides condensed information for each of the three basic financial statements, as well as illustrative charts, graphs, and tables.

Apportionment is the District's primary source of General Fund revenue. Through the 2017-2018 fiscal year, community colleges were funded under what was known as the SB 361 model. Each District received a base allocation grant for each college (amounts vary depending on the number of FTES) and State-approved centers within the district, but generated the majority of its general apportionment through the amount of FTES served (one rate for credit and enhanced noncredit and a lower rate for noncredit instruction). Since colleges earned additional funding primarily through increasing FTES, SB 361 was considered a growth model.

FINANCIAL HIGHLIGHTS, continued

The 2018 Budget Act and corresponding trailer legislation enacted the Student-Centered Funding Formula (SCFF). The SCFF moves colleges away from a pure growth model to one based more on performance and student equity. Under the SCFF, approximately 70% of the system's general apportionment funding will be based on FTES, with 10% based on various student success metrics (e.g., number of degree completions, transfers, certificates, success in transfer-level math and English courses, etc.) and 20% for a supplemental grant based on the number of disadvantaged students (Pell grant recipients, Promise grant recipients, and AB 540 students). Certain FTES (non-credit/CDCP, special admits, incarcerated) are excluded from the SCFF calculation and are funded as they were under the old model. Another notable difference from the old model is that FTES is calculated on a three-year average. Through the 2024-2025 academic year, the state guarantees a transitional "hold harmless" period, which means that no district will be funded at less than its 2017-2018 level of revenues as adjusted by the COLAs over that time.

The graph below depicts the District's five-year trend for FTES:



The chart above shows actual FTES earned. For years 2019-20 through 2022-23, the District submitted the Emergency Conditions Allowance for COVID-19 that allows the District to elect 2019-20 P1 reported FTES for funding purposes only. The District's 2019-20 P1 FTES was 7,955.

After the System Office calculates the District's base apportionment, it reduces the net amount to be distributed by the amount of property taxes, Prop 30 Education Protection Act funds, and enrollment fees expected to be paid directly to the District. The matrix below lists the four components and illustrates the net effect of the actual receipts for fiscal year 2023-24 as compared to fiscal year 2022-23:

	2024	2023	Change
Property tax	$ 53,707,338	$ 51,103,923	$ 2,603,415
Enrollment fees	3,374,037	3,307,114	66,923
Apportionment	7,194,199	349,892	6,844,307
Education Protection Account	6,911,183	10,527,856	(3,616,673)
Total	$ 71,186,757	$ 65,288,785	$ 5,897,972

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION IS AS FOLLOWS:

Condensed Statement of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023	Change
Current assets	$ 213,971,112	$ 153,847,579	$ 60,123,533
Non-current assets	220,180,968	207,043,417	13,137,551
Deferred outflow of resources	21,610,630	19,636,134	1,974,496
Total Assets and Deferred Outflows of Resources	455,762,710	380,527,130	75,235,580
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	41,793,225	36,768,793	5,024,432
Non-current liabilities	286,112,855	228,548,262	57,564,593
Deferred inflows of resources	8,034,618	10,443,797	(2,409,179)
Total Liabilities and Deferred Inflows of Resources	335,940,698	275,760,852	60,179,846
NET POSITION			
Net investment in capital assets	86,935,407	89,884,703	(2,949,296)
Restricted	40,514,883	35,954,581	4,560,302
Unrestricted	(7,628,278)	(21,073,006)	13,444,728
Total Net Position	$ 119,822,012	$ 104,766,278	$ 15,055,734

The preceding schedule has been prepared from the District's Statement of Net Position (page 15) which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated. Cash and cash equivalents consist primarily of funds held in the San Luis Obispo County Treasury. A portion of the unrestricted net position has been designated by the Board or by contract for such purposes as Federal and State grants, and general reserves to ensure the ongoing financial health of the District.

Current assets increased by $60,123,533 and non-current assets increased by $13,137,551. The increase in current assets is mostly due to an increase in cash from the $57 million of Measure L general obligation bond funds issued in January 2024. The increase in non-current assets is due to completed and in progress work on capital projects.

Current liabilities increased by $5,024,432 and non-current liabilities increased by $57,564,593. The increase in current liabilities was due to an increase in accounts payable for the construction of the SLO Campus Center and an increase in accrued interest. The increase in non-current liabilities was from the issuance of $57 million in Measure L general obligation funds. The bonds are repaid in annual installments, in accordance with the obligation requirements for each debt issuance, by way of property tax assessments on property within the District's boundaries. The District is also obligated to employees of the District for compensated absences, compensatory time, load banking benefits, retiree health benefits, and pension liabilities. Notes 7, 8, and 10 in the financial statements provides additional information.

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023	Change
OPERATING REVENUES			
Tuition and fees, net	$ 8,580,632	$ 8,319,671	$ 260,961
Grants and contracts, non-capital	19,614,307	15,451,687	4,162,620
Auxiliary enterprise sales, net	576,957	585,845	(8,888)
Total Operating Revenues	28,771,896	24,357,203	4,414,693
OPERATING EXPENSES			
Salaries and employee benefits	68,785,581	59,870,215	8,915,366
Supplies, materials, and other operating expenses	24,437,525	23,264,888	1,172,637
Financial aid	14,049,249	13,818,583	230,666
Depreciation and amortization	7,895,821	7,572,089	323,732
Total Operating Expenses	115,168,176	104,525,775	10,642,401
Operating Loss	(86,396,280)	(80,168,572)	(6,227,708)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	15,789,841	12,849,005	2,940,836
Local property taxes, non-capital	53,470,973	50,869,182	2,601,791
State taxes and other revenues, non-capital	5,220,813	5,619,005	(398,192)
Federal and State financial aid grants	14,049,249	13,249,911	799,338
Interest and investment income/(loss), non-capital	2,447,188	1,143,446	1,303,742
Other non-operating revenue	2,235,283	806,405	1,428,878
Total Non-Operating Revenues/(Expenses)	93,213,347	84,536,954	8,676,393
OTHER REVENUES/(EXPENSES)			
State apportionments, capital	121,414	7,957,550	(7,836,136)
Local property taxes and revenues, capital	15,106,070	14,859,193	246,877
Interest and investment income/(loss), capital	4,064,350	1,672,215	2,392,135
Interest expense, capital	(6,227,533)	(5,226,503)	(1,001,030)
Gain/(loss) on disposal of capital assets	47,007	111,150	(64,143)
Total Other Revenue/(Expenses)	13,111,308	19,373,605	(6,262,297)
Change in Net Position	19,928,375	23,741,987	(3,813,612)
NET POSITION -- BEGINNING OF YEAR	104,766,278	81,024,291	23,741,987
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 13)	(4,872,641)	-	(4,872,641)
NET POSITION -- END OF YEAR	$ 119,822,012	$ 104,766,278	$ 15,055,734

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

Operating revenues increased by $4,414,693 from the prior year as a result of a combination of a net increase in total grants and contracts revenue of $4,162,620, an increase of $260,961 of tuition and fees and a decrease in auxiliary enterprise sales by $8,888. Total operating expenses increased by $10,642,401. Salaries and employee benefits increased by $8,915,366 from salary improvements and increased pension costs.

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION, continued

Condensed Statement of Cash Flows

CASH PROVIDED BY/(USED IN)	2024	2023	Change
Operating activities	$ (78,754,423)	$ (65,334,895)	$ (13,419,528)
Non-capital financing activities	90,766,159	83,393,508	7,372,651
Capital and related financing activities	42,789,025	(1,284,549)	44,073,574
Investing activities	2,447,188	1,143,446	1,303,742
Net Increase/(Decrease) in Cash and Cash Equivalents	57,247,949	17,917,510	39,330,439
CASH -- BEGINNING OF YEAR	146,175,564	128,258,054	17,917,510
CASH -- END OF YEAR	$ 203,423,513	$ 146,175,564	57,247,949

The previous schedule has been prepared from the Statement of Cash Flows presented on pages 19 and 12. This statement provides information about cash receipts and cash payments during the fiscal year. It also helps users assess the District's ability to generate positive net cash flows and its ability to meet its obligations as they come due.

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

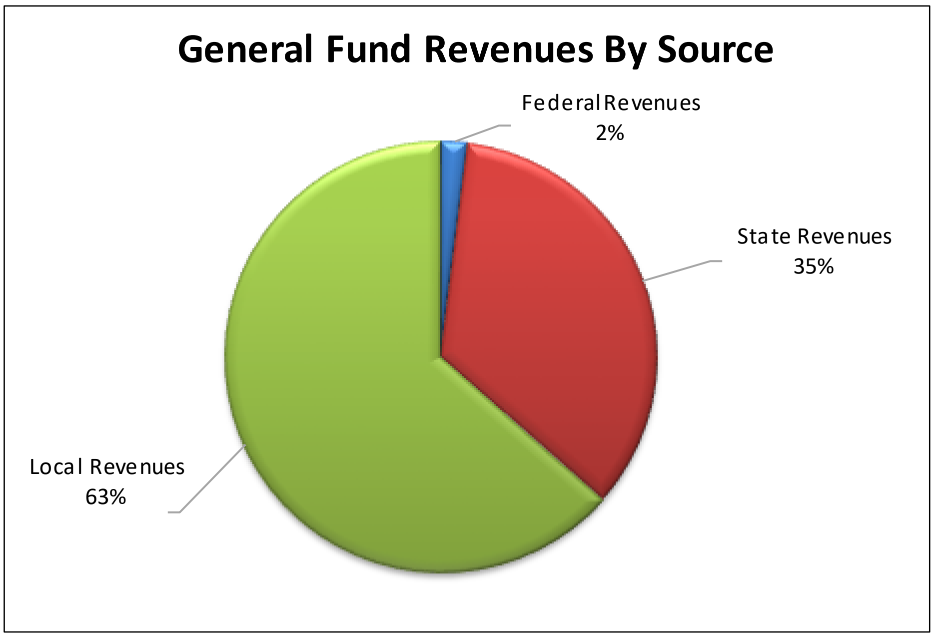
Even though State apportionment and property taxes are the primary source of District revenue (and cash flow), GASB accounting standards require that these sources of revenue be shown as non-operating revenue since they come from the general resources of the State and not from the primary users of the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

GENERAL FUND

While this MD&A and the government-wide financial statements report the financial position and results of operations for the District as a whole, the following pie charts are intended to give the reader information specific to the General Fund.

General Fund Revenues by Source

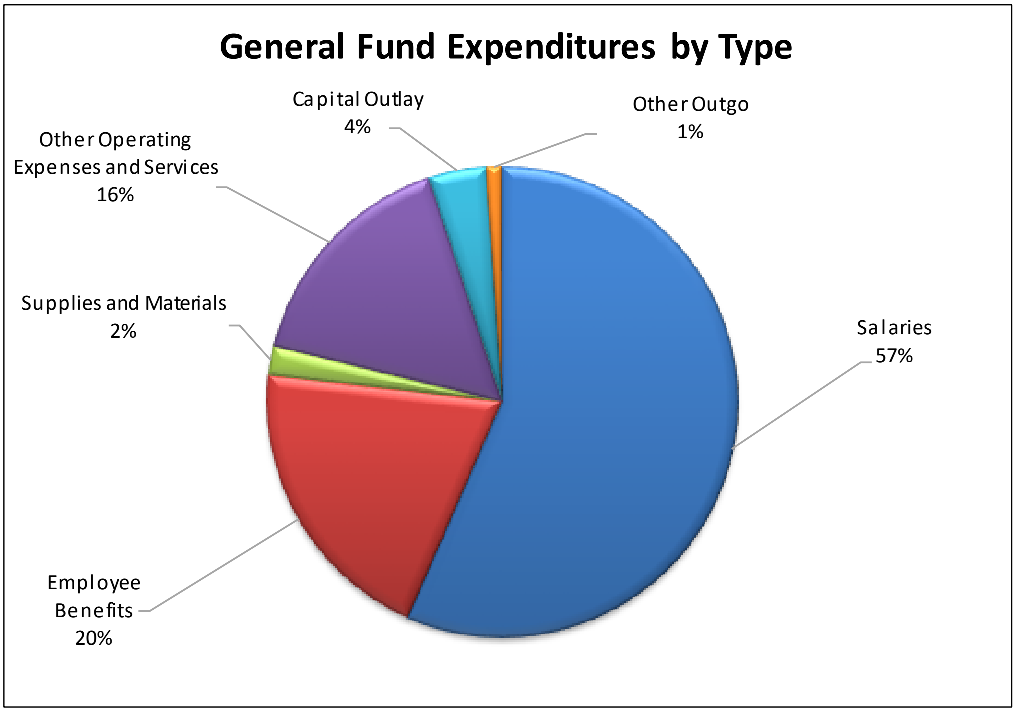
The chart below depicts the District's General Fund total revenues by source:



GENERAL FUND, continued

General Fund Expenditures by Type

The chart below depicts the District's General Fund total expenditures by type:



Expenditures by Activity

The following table summarizes the District's expenditures by activity for the year ended June 30, 2024:

Functional Classifications	Salaries	Employee Benefits	Supplies, Materials, Other Operating Expenses and Services	Depreciation and Amortization	Total
Instruction	$ 26,632,600	$ 8,178,458	$ 2,292,601	$ -	$ 37,103,659
Academic Support	3,694,750	1,076,201	258,982	-	5,029,933
Student Services	8,094,972	2,808,616	1,773,528	-	12,677,116
Operation and Maintenance of Plant	2,457,502	1,130,834	2,080,774	-	5,669,110
Institutional Support	7,843,298	3,456,814	3,863,931	-	15,164,043
Community Services and Economic Development	733,373	154,518	872,927	-	1,760,818
Auxiliary Operations	1,910,729	612,916	936,903	-	3,460,548
Student Aid	-	-	14,049,249	-	14,049,249
Other Outgo	-	-	12,357,879	-	12,357,879
Depreciation	-	-	-	7,895,821	7,895,821
	$ 51,367,224	$ 17,418,357	$ 38,486,774	$ 7,895,821	$ 115,168,176

MEASURE L

Measure L, a general obligation bond, was passed by the voters of San Luis Obispo and Monterey counties on November 4, 2014. The bond required a 55% approval to be successful; it achieved 62%. Measure L authorizes the District to issue $275,000,000 in bonds to benefit the District. The funds were designated to repair, construct and acquire facilities and equipment; update classrooms; improve career education programs; repair gas and electrical lines and upgrade technology.

The District will issue a series of four bonds every three years. The first series was issued in March of 2015 for $75,000,000. The proceeds were used for the following projects: HVAC/roof repairs, Aquatics Center planning and renovations, interim housing, North County Campus Center, SLO Campus Instructional Building, technology upgrades, and debt retirement. The proceeds have been fully spent.

The second bond series of $73,000,000 was issued in January 2018. Projects completed in the second issuance include: Data Center Building, Aquatics Center, North County Early Childhood Education Center, building repairs and upgrades, technology upgrades, and retirement of the 2009 Certificates of Participation. The proceeds have been fully spent.

The third bond series of $70,000,000 was issued in February 2021. Projects scheduled for the third issuance include; SLO Campus Center, switchgear replacement, HVAC/roof replacements, technology upgrades and the North County Instructional Building design.

The fourth bond series of $57,000,000 was issued in January 2024. Projects included for the fourth issuance include: North County Campus Instructional Building, 3000 Complex improvements, HVAC/Roofing improvements, Technology improvements, and various site improvements.

Current information on the bond program can be found at www.cuestacollegebond.info.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

Key Features of the 2024-25 Budget

On June 26, 2024, Governor Newsom signed the Budget Act of 2024. In total, the 2024-25 budget reflects state expenditures of approximately $298 billion. Below are some key features of the final budget, followed by more detailed discussions of budget adjustments for the community college system.

- The 2024 Budget Act reflects total state expenditures of approximately $298 billion, a 4.2% decrease from the 2023-24 enacted budget. General Fund spending decreases by more than 6% from the 2023-24 enacted budget, to $211.5 billion.

- The enacted budget for the California Community Colleges focuses on stability in the context of a significant budget deficit. It includes no major core reductions to programs or services, instead drawing on reserves, accounting gimmickry, and operational savings to bring the overall budget in balance.

- The enacted budget includes about $143 million in ongoing adjustments to the Student Centered Funding Formula (SCFF), of which $100 million is for a 1.07% cost-of-living adjustment (COLA). Another $13 million is provided for the same COLA for selected categorical programs along with $28 million for enrollment growth.

- One-time funding in the enacted budget is limited; it includes $18 million for two projects to support the system's Vision 2030 priorities and $10 million for the second year of the LGBTQ+ Pilot Program. It also includes a $20 million enhancement to financial aid administration to help colleges support students in the context of FAFSA delays. Funds to expand nursing program capacity and to implement a low-income workers demonstration project in 2024-25 are now earmarked to be funded through allocation of funds from the Strong Workforce Program.

- The Budget Act includes minimal funding for capital outlay from Proposition 51, providing $29 million for one continuing project.

Budget Overview

The Budget Act includes components of the Governor's May Revision and additions or modifications adopted by the Legislature on June 13, along with other agreed upon changes between the Legislature and Governor. The 2024-25 budget provides total additional resources of $202.7 million to California Community Colleges apportionments and categorical programs as compared to the 2023 Budget Act.

Budget reflects lower revenues and substantial budget deficit

Significant revenue shortfalls related to declines in the technology sector, and a delay in tax payments due to the federal government changing the tax filing deadline for counties impacted by the January 2023 storms, created a budget deficit of $45 billion. The enacted budget includes overall state General Fund spending of $211.5 billion, a decline of about 6.4% compared to the enacted budget for 2023-24. A series of early actions taken by the Legislature and the Governor in the spring addressed $17 billion of the deficit, leaving $28 billion in additional solutions required to address the full deficit for 2024-25. The budget also addresses an expected deficit of over $30 billion for 2025-26, reflecting the two-year budget planning that the Administration suggested should be the approach going forward. The state's efforts to build reserves over the last couple of years somewhat mitigate the impact of the projected deficits. The enacted budget uses several mechanisms to close the projected shortfalls, including some funding delays and reductions from the 2022-23 and 2023-24 budgets, some cuts to state programs, some internal fund shifts and borrowing, and additional revenues from suspending net operating loss deductions and some tax credits for businesses.

Investments focus on protecting progress in core programs

The enacted budget uses some of the state's constitutional reserves built up in recent years to address the budget deficits. Total remaining reserves are estimated to be over $22 billion in 2024-25 and $13 billion in 2025-26.

- The budget withdraws over $12 billion from the Budget Stabilization Account (BSA, also known as the "rainy day fund"), created in 2014 by Proposition 2, spreading the use of those funds over two years ($5.1 billion in 2024-25 and $7.1 billion in 2025-26) and leaving a remaining balance of $10.5 billion in 2025-26. It includes an agreement to take up legislation in August to create a new "Projected Surplus Temporary Holding Account" to preserve a portion of any projected surplus until a future year when it is clear whether the revenues materialized. The agreement also includes plans for a 2026 constitutional amendment to increase the size of the BSA from 10% to 20% of the state budget and exclude the deposits from the state appropriations limit (Gann Limit).

- The budget withdraws the funds in the Public School System Stabilization Account (PSSSA), as described in a later section, but deposits about $1.1 billion after 2024-25 to begin rebuilding a cushion for future years.

- The budget withdraws $900 million from the Safety Net Reserve, created by the Legislature in 2018 to set aside funds to protect the Medi-Cal and CalWORKS programs, leaving no remaining balance.

- The budget includes $3.5 billion in the Special Fund for Economic Uncertainties (SFEU in 2024-25 and $1.5 billion in 2025-26; this discretionary reserve is equal to the difference between General Fund resources and General Fund spending and provides the state with flexibility to adapt to unexpected changes in revenues or spending needs during the year.

The budget makes some cuts to ongoing programs and eliminates or reduces some one time investments from 2022-23 and 2023-24. Some major provisions of the budget include:

- A 7.95% reduction for nearly all state departments beginning in 2024-25 and the elimination of thousands of vacant positions, projected to save nearly $3.7 billion;

- Additional cuts of $358 million for the Department of Corrections, $1.1 billion from various affordable housing programs, $746 million from health care workforce programs, $500 million from the Student Housing Revolving Loan Program, and $485 million from the Learning-Aligned Employment Program (reflecting the balance of unspent funds);

- Delays in funding to expand subsidized childcare slots, increase pay for providers of developmental disability services, expand food aid to undocumented immigrants, and build out broadband;
- Base increases of 5% for UC/CSU for 2024-25 related to the Compacts, but in the context of one-time unallocated cuts to each segment (to be restored in 2025-26) and deferral of Compact funding for 2025-26 and 2026-27 to the following year;

- An additional $1 billion to local governments to address homelessness; and

- Maintenance of funding for core education and social safety net programs.

California Community Colleges Funding

The Budget Act of 2024 reflects a slight increase in overall funding for community colleges over 2023-24 levels, primarily through ongoing funding provided as COLA and enrollment growth supported by withdrawal of funds from the Proposition 98 reserve.

Proposition 98 estimate higher than last year

The enacted budget adopts a revised version of the Governor's plan to postpone recognition of overpayments to districts for 2022-23, which ended up exceeding revised Proposition 98 estimates for that year by $8.8 billion. Under the final plan, $6.2 billion of funds appropriated to districts for 2022-23 will be accrued over several years beginning in 2026-27 ($544.2 million per year until 2035-36}, creating a debt that the General Fund will repay, with no impact to the calculation of the Proposition 98 guarantee in repayment years. The remaining $2.6 billion of the overpayment for 2022-23 is treated as a deferral pushed ahead to 2023-24. Proposition 98 has been suspended for 2023-24, creating over $8 billion of "maintenance factor" to be returned to districts in coming years. Use of the funds in the PSSSA protects funding for schools and community colleges despite the suspension. Related to the community colleges, the Proposition 98 framework:

- Defers $446.4 million from the SCFF for 2023-24 to 2024-25;

- Defers $243.7 million from the SCFF for 2024-25 to 2025-26;

- Uses $545.9 million from the PSSSA to support apportionment costs; and

- Uses $241.8 million from the PSSSA to support a 2022-23 categorical program deferral in 2023-24.

District Revenue Protections Continue

The 2021 Budget Act extended the SCFF's hold harmless provision through 2024-25, under which districts will earn at least their 2017-18 total computational revenue (adjusted by COLA each year). The 2022 Budget Act extended the revenue protections in a modified form beginning in 2025-26, under which a district's 2024-25 funding will represent its new "floor." Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their "floor" (2024-25 funding amount), whichever is higher. This revised hold harmless provision will no longer include adjustments to reflect cumulative COLAs over time, as is the case with the provision in effect through 2024-25, so a district's hold harmless amount would not grow.

Additional Resources Primarily for COLA

The Budget Act includes $202.7 million in policy adjustments compared with 2023-24 expenditure levels (after the impact of technical adjustments). Most notable among the ongoing adjustments, the budget includes $113.3 million for a 1.07% COLA for the SCFF and some categorical programs.

Challenges Ahead

Whatever the outcome the final state budget provides, Cuesta College will need to remain focused on our standing in the SCFF. Higher than usual COLAs in recent budgets have pushed the timeline for attaining Community-Supported (basic aid) status back several years. Cuesta College, like most districts in the state, experienced steep declines in enrollment since the pandemic began which will likely cause stagnation in our general-purpose resources as funding protections phase out. Additionally, pension costs are scheduled to increase over the next several years, and we've seen the impact of inflation in areas like utilities. Clearly, community colleges remain subject to the state's revenue volatility, and the Chancellor's Office has warned of apportionment deficits as property taxes and Education Protection Account funds have lagged behind expectations.

Fortunately, the District has budgeted prudently, knowing that state revenues are volatile and that COVID-19 protections were temporary. The District has strong reserves in place to handle coming challenges and absorb this year's increases in compensation, pension contributions, insurance, and other areas affected by inflation.

Potential areas for action in 2024-25:

- Invest additional one-time resources into the pension trust account, potentially from the Employee Retention Credit or other sources
- Improve efforts to recruit and retain students
- Plan for the refreshment of priority technology funded during the pandemic
- Recruit more international students
- Generate revenue from surplus property
- Maintain reserves to protect operations from revenue shortfalls

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL SECTION

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS		
Current Assets:		
Cash and cash equivalents	$	203,423,513
Accounts receivable, net		9,432,332
Due from Foundation		606,516
Prepaid expenses and other assets		508,751
Total Current Assets		213,971,112
Non-current Assets:		
Capital assets, net		220,180,968
Total Non-current Assets		220,180,968
TOTAL ASSETS		434,152,080
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB		890,216
Deferred outflows related to pensions		20,720,414
TOTAL DEFERRED OUTFLOWS OF RESOURCES		21,610,630
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	455,762,710
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$	8,812,898
Accrued interest		3,473,069
Unearned revenue		20,425,352
Long-term debt, current portion		9,081,906
Total Current Liabilities		41,793,225
Non-current Liabilities:		
Net OPEB liability		1,667,423
Net pension liability		64,790,723
Long-term debt, non-current portion		219,654,709
Total Non-current Liabilities		286,112,855
TOTAL LIABILITIES		327,906,080
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB		911,770
Deferred inflows related to pensions		7,122,848
TOTAL DEFERRED INFLOWS OF RESOURCES		8,034,618
NET POSITION		
Net investment in capital assets		86,935,407
Restricted for:		
Debt service		31,804,782
Capital projects		4,581,471
Educational programs		1,112,284
Other special purpose		3,016,346
Unrestricted		(7,628,278)
TOTAL NET POSITION		119,822,012
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	455,762,710

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES		
Tuition and fees, gross	$	12,116,399
Less: Scholarship discounts and allowances		(3,535,767)
Tuition and fees, net		8,580,632
Grants and contracts, non-capital:		
Federal		2,128,322
State		14,853,937
Local		2,632,048
Auxiliary enterprise sales, net		576,957
TOTAL OPERATING REVENUES		28,771,896
OPERATING EXPENSES		
Salaries		51,367,224
Employee benefits		17,418,357
Supplies, materials, and other operating expenses		24,437,525
Financial aid		14,049,249
Depreciation and amortization		7,895,821
TOTAL OPERATING EXPENSES		115,168,176
OPERATING LOSS		(86,396,280)
NON-OPERATING REVENUES/(EXPENSES)		
State apportionments, non-capital		15,789,841
Local property taxes, non-capital		53,470,973
State taxes and other revenues, non-capital		5,220,813
Federal and State financial aid grants		14,049,249
Interest and investment income/(loss), non-capital		2,447,188
Other non-operating revenue		2,235,283
TOTAL NON-OPERATING REVENUES/(EXPENSES)		93,213,347
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES		6,817,067
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)		
State apportionments, capital		121,414
Local property taxes and revenues, capital		15,106,070
Interest and investment income/(loss), capital		4,064,350
Interest expense, capital		(6,227,533)
Gain/(loss) on disposal of capital assets		47,007
TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)		13,111,308
CHANGE IN NET POSITION		19,928,375
NET POSITION -- BEGINNING OF YEAR		104,766,278
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 13)		(4,872,641)
NET POSITION -- END OF YEAR	$	119,822,012

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees, net	$ 8,580,632
Grants and contracts, non-capital	16,186,876
Payments to or on behalf of employees	(69,888,971)
Payments to vendors for supplies and services	(20,160,668)
Payments to students	(14,049,249)
Internal sales and charges	576,957
Net Cash Provided by/(Used in) Operating Activities	(78,754,423)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	15,789,841
Local property taxes	53,470,973
State taxes and other revenues	5,220,813
Federal and State financial aid grants	14,049,249
Other non-operating revenues	2,235,283
Net Cash Provided by/(Used in) Non-capital Financing Activities	90,766,159
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net purchase and sale of capital assets	(20,986,365)
State revenue, capital projects	(4,751,227)
Local property taxes on capital related debt	15,106,070
Interest earned on capital related debt	4,064,350
Proceeds from capital debt	55,632,005
Interest paid on capital debt	(6,275,808)
Net Cash Provided by/(Used in) Capital and Related Financing Activities	42,789,025
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income/(loss)	2,447,188
Net Cash Provided by/(Used in) Investing Activities	2,447,188
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	57,247,949
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	146,175,564
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 203,423,513

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Operating loss	$	(86,396,280)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/ (Used in) Operating Activities:		
Depreciation and amortization		7,895,821
Changes in Assets and Liabilities:		
Accounts receivable, net		(3,057,770)
Prepaid expenses and other assets		232,233
Due from Foundation		(50,047)
Deferred outflows related to pensions		(1,991,782)
Deferred outflows related to OPEB		17,286
Accounts payable and accrued liabilities		4,044,624
Unearned revenue		(319,614)
Compensated absences and load banking		69,032
Net OPEB liability		(277,359)
Net pension liability		3,488,612
Deferred inflows related to pensions		(2,782,504)
Deferred inflows related to OPEB		373,325
Total Adjustments		7,641,857
Net Cash Flows From Operating Activities	$	(78,754,423)

NOTE 1 – ORGANIZATION

The San Luis Obispo County Community College District (the "District") was established in 1963 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected six-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the general fund, special revenue funds, capital project funds, and proprietary funds, but these budgets are managed at the department level. Currently, the District operates Cuesta College in San Luis Obispo, a satellite campus in Paso Robles, and a center in Arroyo Grande, 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 has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The District identified no component units that met the criteria.

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

Basis of Accounting

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues and Expenses/Expenditures - Exchange and Non-Exchange Transactions
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. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State financial grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

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

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

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

Accounts Receivable
Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $4,075,616 for the year ended June 30, 2024.

Prepaid Expenses and Other Assets
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.

Other assets are other categories of assets that are expected to be converted into cash, sold or consumed, within the operating cycle.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets and Depreciation
Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, improvements, vehicle and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; portables, 15 years; improvements, 10 years; equipment, 10 years; vehicles, 8 years; and technology, 3 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

Accounts payable and accrued liabilities
Accounts payable, accrued interest, accrued liabilities, and long-term liabilities are reported in the District's financial statements. In general, accounts payable, accrued interest, accrued liabilities, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the District.

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

Long-term Debt
Long-term debt include general obligation bonds, bond premium, compensated absences, compensatory time, load banking, the aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences and Load Banking

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for OPEB and pension related items. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows/inflows of resources related to OPEB, and OPEB expense/(benefit), information about the fiduciary net position of the District OPEB 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 OPEB Plan and MPP. For this purpose, the District OPEB 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 primarily by the General Fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $40,514,883 of restricted net position.

Operating and Non-operating Revenues and Expenses

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

Classifications are as follows:

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in November 2014 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

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

Financial Assistance Programs

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

Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activity
Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government has been eliminated in the consolidation process of the basic financial statements.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government have been eliminated in the consolidation process of the basic financial statements.

Adoption of New Accounting Standards
The following Governmental Accounting Standards Board (GASB) Pronouncements were adopted by the District during the year ended June 30, 2024:

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023.

Management has determined that the adoption of the new accounting standard did not have any material impact on the financial statements of the District.

Upcoming GASB Pronouncements
The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Upcoming GASB Pronouncements, continued

GASB Statement No. 102 - In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

NOTE 3 – CASH AND CASH EQUIVALENTS

Summary of Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2024, consist of the following:

Cash on hand and in banks	$	1,827,843
Cash in revolving		16,886
Investments		201,578,784
Total Cash and Cash Equivalents	$	203,423,513

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.

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

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

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	40%	30%
Banker's Acceptance	180 days	25%	10%
Commercial Paper	270 days	30%	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	20% of base	None
Reverse Repurchase Agreements	92 days	30%	None
Medium-Term Corporate Notes	5 years	20%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	None	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
Investment of debt proceeds held by bond trustees are governed by provisions of 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.

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
San Luis Obispo County Treasury Investment Pool	$ 194,135,928	436 days	AAAf/S1
Mutual funds	7,442,856	No maturity	Not rated
Total	$ 201,578,784		

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The San Luis Obispo County Treasury Investment Pool was rated by Fitch Ratings as AAAf/S1. The mutual funds and equities are not required to be rated, nor have they been rated as of June 30, 2024.

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District's bank balance of approximately $2.0 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2024, the District's investment balance of approximately $7.4 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 4 – FAIR VALUE MEASUREMENTS

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

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

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

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

The District's fair value measurements are as follows at June 30, 2024:

		Fair Value Measurements Using
Investment Type	Fair Value	Level 1 Inputs
Mutual funds	$ 7,442,856	$ 7,442,856
Total	$ 7,442,856	$ 7,442,856

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

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024 consisted of the following:

Federal Government	
Categorical aid	$ 766,801
State Government	
Categorical aid	11,124
Lottery	273,465
Local Sources	
Other local sources	5,160,982
Subtotal	6,212,372
Total accounts receivable	7,295,576
Less: allowance for bad debt	(4,075,616)
Total accounts receivable, net	$ 9,432,332

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land	$ 1,216,661	$ -	$ -	$ 1,216,661
Construction in progress	21,684,348	19,585,318	9,824,018	31,445,648
Total Capital Assets Not Being Depreciated	22,901,009	19,585,318	9,824,018	32,662,309
Capital Assets Being Depreciated				
Land improvements	37,230,201	1,409,222	-	38,639,423
Buildings and improvements	227,716,247	8,606,881	-	236,323,128
Portable buildings	2,325,659	-	-	2,325,659
Equipment	6,241,799	386,930	45,795	6,582,934
Technology equipment	9,878,789	757,132	58,800	10,577,121
Vehicles	2,219,926	111,907	26,955	2,304,878
Total Capital Assets Being Depreciated	285,612,621	11,272,072	131,550	296,753,143
Total Capital Assets	308,513,630	30,857,390	9,955,568	329,415,452
Less: Accumulated Depreciation				
Land improvements	21,812,070	2,305,838	-	24,117,908
Buildings and improvements	62,419,287	4,667,932	-	67,087,219
Portable buildings	1,393,299	101,369	-	1,494,668
Equipment	5,250,249	247,195	45,795	5,451,649
Technology equipment	9,207,482	404,386	58,800	9,553,068
Vehicles	1,387,826	169,101	26,955	1,529,972
Total Accumulated Depreciation	101,470,213	7,895,821	131,550	109,234,484
Capital Assets, net	$ 207,043,417	$ 22,961,569	$ 9,824,018	$ 220,180,968

NOTE 7 – LONG-TERM DEBT

The changes in the District's long-term debt other than OPEB and pensions during the year ended June 30, 2024 consisted of the following:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due in One Year
General obligation bonds	$ 156,300,000	$ 57,000,000	$ 7,920,000	$ 205,380,000	$ 7,920,000
Bond premium	15,530,893	6,552,005	1,013,126	21,069,772	1,161,906
Compensated absences	1,636,423	21,455	-	1,657,878	-
Compensatory time	26,953	2,549	-	29,502	-
Load banking	554,435	45,028	-	599,463	-
Total	$ 174,048,704	$ 63,621,037	$ 8,933,126	$ 228,736,615	$ 9,081,906

Description of Long-Term Debt

Payments on the general obligation bonds are to be made by the Bond Interest and Redemption Fund with local property tax collections. Capital leases are paid by the unrestricted General Fund. Compensated absences, compensatory time will be paid by the fund for which the employee worked. Load banking is paid by the unrestricted General Fund.

General Obligation Bonds

General obligation bonds were approved by a local election on November 4, 2014. The total amount approved by the voters was $275,000,000 to finance the repair, upgrading, acquisition, construction, and equipping of certain District property and facilities. A portion of the proceeds were used to pay off the District's 2006 Certificates of Participation in February 2015 and pay off the District's 2009 Certificates of Participation in January 2018.

Election of 2014 General Obligation Bonds, Series A and Series A-1

On February 18, 2015, the District issued the Election of 2014 General Obligation Bonds, Series A and Series A-1 in the amount of $75,000,000. The bonds mature beginning August 1, 2016 through August 1, 2040, with interest rates ranging from 2.00% to 5.00%. At June 30, 2024, the principal balance outstanding was $49,640,000, and the unamortized premium was $3,831,543. Premiums are amortized over the life of the bonds as a component of interest expense on the bonds.

Election of 2014 General Obligation Bonds, Series B

On January 18, 2018, the District issued the Election of 2014 General Obligation Bonds, Series B in the amount of $73,000,000. The bonds mature beginning August 1, 2018 through August 1, 2043, with interest rates ranging from 3.00% to 5.00%. At June 30, 2024, the principal balance outstanding was $52,500,000, and the unamortized premium was $5,539,004. Premiums are amortized over the life of the bonds as a component of interest expense on the bonds.

Election of 2014 General Obligation Bonds, Series C

On February 18, 2021, the District issued the Election of 2014 General Obligation Bonds, Series C in the amount of $70,000,000. The District issued $805,000 of federally taxable bonds, which matured on April 1, 2021 and bearing an interest rate of 0.200%. The remaining bonds mature beginning August 1, 2021 through August 1, 2043, with interest rates ranging from 2.00% to 4.00%. At June 30, 2024, the principal balance outstanding was $46,240,000, and the unamortized premium was $5,314,505. Premiums are amortized over the life of the bonds as a component of interest expense on the bonds.

NOTE 7 – LONG-TERM DEBT, continued

General Obligation Bonds, continued

Election of 2014 General Obligation Bonds, Series D
On January 19, 2024, the District issued the Election of 2014 General Obligation Bonds, Series D in the amount of $57,000,000. The bonds mature through August 1, 2043, with interest rates ranging from 4.00% to 5.00%. At June 30, 2024, the principal balance outstanding was $57,000,000, and the unamortized premium was $6,384,720. Premiums are amortized over the life of the bonds as a component of interest expense on the bonds.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Issued	Redeemed	Bonds Outstanding June 30, 2024
2/18/2015	8/1/2040	2.00%-5.00%	$ 75,000,000	$ 50,575,000	$ -	$ 935,000	$ 49,640,000
1/18/2018	8/1/2043	3.00%-5.00%	73,000,000	52,915,000	-	415,000	52,500,000
2/18/2021	8/1/2043	0.200%-4.00%	70,000,000	52,810,000	-	6,570,000	46,240,000
1/9/2024	8/1/2043	4.00%-5.00%	57,000,000	-	57,000,000	-	57,000,000
				$ 156,300,000	$ 57,000,000	$ 7,920,000	$ 205,380,000

Debt Service Requirements to Maturity

The General Obligation Bonds mature as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2025	$ 12,795,000	$ 8,054,604	$ 20,849,604
2026	5,095,000	7,658,621	12,753,621
2027	5,600,000	7,407,775	13,007,775
2028	4,635,000	7,161,200	11,796,200
2029	4,680,000	6,938,725	11,618,725
2030-2034	34,330,000	30,521,350	64,851,350
2035-2039	57,045,000	20,874,350	77,919,350
2040-2044	81,200,000	7,438,200	88,638,200
Total	$ 205,380,000	$ 96,054,825	$ 301,434,825

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2024, the District reported an aggregate net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	$ 1,504,746	$ 890,216	$ 911,770	$ 123,760
MPP Program	162,677	-	-	(10,508)
Total	$ 1,667,423	$ 890,216	$ 911,770	$ 113,252

District Plan

Plan Administration
The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75

Management of the plan is vested in the District management.

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

	Number of Participants
Inactive Employees Receiving Benefits	16
Active Employees	341
	357

Benefits Provided
The Plan allows eligible retirees to purchase healthcare costs at the same rate as active employees (implicit rate subsidy). The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The following is a summary of the current retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	10 years	5 years	5 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
College Contribution %	Implicit rate subsidy	Implicit rate subsidy	Implicit rate subsidy
College Cap	None	None	None

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

District Plan, continued

Total OPEB Liability of the District

The District's total OPEB liability of $1,504,746 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	3.65%
Discount rate	3.65%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study as of July 2020.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

<u>District Plan, continued</u>

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2023	$ 1,771,597	$ -	$ 1,771,597
Changes for the year:			
Service cost	121,667	-	121,667
Interest on TOL	63,333	-	63,333
Employer contributions	-	86,720	(86,720)
Change in assumptions	108,697	-	108,697
Experience gains/losses	(473,828)	-	(473,828)
Expected benefit payments	(86,720)	(86,720)	-
Net changes	(266,851)	-	(266,851)
Balance June 30, 2024	$ 1,504,746	$ -	$ 1,504,746

Changes of economic assumptions reflect a change in the discount rate from 3.54% to 3.65% since the previous valuation. There were no changes to benefit terms since the previous valuation.

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

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

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability/(asset)	$ 1,609,168	$ 1,504,746	$ 1,406,749

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability/(asset)	$ 1,357,275	$ 1,504,746	$ 1,676,614

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

District Plan, continued

Deferred Outflows/Inflows of Resources Related to OPEB
At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 70,058	$ 684,593
Change in assumptions	820,158	227,177
	$ 890,216	$ 911,770

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 11.4 years and will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 25,480
2026	25,480
2027	25,480
2028	25,480
2029	25,480
Thereafter	(148,954)
	$ (21,554)

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, 2022 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.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Medicare Premium Payment (MPP) Program, continued

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 contributions. 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.

Contributions
The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. 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/(Asset) and OPEB Expense/(Benefit)
At June 30, 2024, the District reported a liability of $162,677 for its proportionate share of the net OPEB liability/(asset) for the MPP Program. The net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2022. 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, 2023 and June 30, 2022, was 0.054% and 0.053%, respectively, resulting in a net increase in the proportionate share of 0.001%.

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of ($10,508).

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Medicare Premium Payment (MPP) Program, continued

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.65%
Investment Rate of Return	3.65%
Medicare Part A Premium Cost Trend Rate*	4.50%
Medicare Part B Premium Cost Trend Rate*	5.40%
Mortality Rate Table*	Derived Using CalSTRS' Membership Data

*The assumed increase in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.5% and 5.4% increase each year for Medicare Part A and Part B, respectively.

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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 179 or an average of 0.13% of the potentially eligible population (138,780).

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, 2023, 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.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Medicare Premium Payment (MPP) Program, continued

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2023, is 3.65%. 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 3.65%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased by 0.11% from 3.54% as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

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

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
District's MPP net OPEB liability/(asset)	$ 176,797	$ 162,677	$ 150,400

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Medicare Costs Trend Rate

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

	1% Decrease (3.50% Part A and 4.40% Part B)	Medicare Cost Trend Rate (4.50% Part A and 5.40% Part B)	1% Increase (5.50% Part A and 6.40% Part B)
District's MPP net OPEB liability/(asset)	$ 149,679	$ 162,677	$ 177,352

NOTE 9 – RISK MANAGEMENT

Property and Liability Insurance Coverages
The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Powers Authority Risk Pools
During fiscal year ended June 30, 2024, the District contracted with the Bay Area Community College District Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2023-24, the District participated in the Self-Insurance Program for Employees (SIPE) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self-insured for the first $10,000 of each workers' compensation claim. 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 savings. 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.

Employee Medical Benefits
The District offers a variety of medical benefit options to its employees. This includes utilizing both services provided by agreements with two Joint Powers Authorities and direct programs through Blue Shield, an insurance provider.

Employee Medical Benefits, continued
The District has contracted with Self-Insured Schools of California (SISC III) to provide medical plans to faculty and other eligible District employees. SISC III is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of the claims flow. The Board of Directors has the right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Also offered are vision and dental benefits. Dental benefits are provided through California Schools Dental Coalition, a Joint Powers Authority. Vision benefits are provided through California Schools Vision Coalition, a Joint Powers Authority.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2024, the District reported its proportionate share of the aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 27,604,863	$ 8,536,964	$ 3,969,135	$ 3,344,022
CalPERS	37,185,860	12,183,450	3,153,713	5,083,974
Total	$ 64,790,723	$ 20,720,414	$ 7,122,848	$ 8,427,996

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, 2022, 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.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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 non-employer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above, and the District's total contributions were $4,572,356.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	27,604,863
State's proportionate share of the net pension liability associated with the District		13,226,505
Total	$	40,831,368

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.036 percent and 0.035 percent, resulting an increase of 0.001 percent in the proportionate share.

For the year ended June 30, 2024, the District recognized pension expense of $3,344,022. In addition, the District recognized pension expense and revenue of ($192,074) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 116,783	$ -
Differences between expected and actual experience	2,169,444	1,476,638
Changes in assumptions	159,843	-
Net changes in proportionate share of net pension liability	1,518,538	2,492,497
District contributions subsequent to the measurement date	4,572,356	-
Total	$ 8,536,964	$ 3,969,135

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (1,283,881)
2026	(1,995,855)
2027	2,237,171
2028	401,517
2029	274,947
Thereafter	361,574
	$ (4,527)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Investment rate of return	7.10%
Discount rate	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-2019) table, issued by the Society of Actuaries.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	100%	

*20-year average. Real rates of return of net of assumed 2.75% inflation.

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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 46,304,955	$ 27,604,863	$ 12,072,257

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (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, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 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, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	26.68%	26.68%

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are 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 contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were $5,141,314.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $37,185,860. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.103 percent and 0.107 percent, resulting in a net decrease in the proportionate share of 0.004 percent.

For the year ended June 30, 2024, the District recognized pension expense of $5,083,974. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 3,971,982	$ -
Differences between expected and actual experience	1,357,017	571,120
Changes in assumptions	1,713,137	-
Net changes in proportionate share of net pension liability	-	2,582,593
District contributions subsequent to the measurement date	5,141,314	-
Total	$ 12,183,450	$ 3,153,713

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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

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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 962,315
2026	604,438
2027	2,465,158
2028	(143,488)
	$ 3,888,423

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Investment rate of return	6.90%
Discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Actuarial Methods and Assumptions, continued

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity Cap-weighted	30%	4.54%
Global Equity Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 53,761,141	$ 37,185,860	$ 23,486,767

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

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, 2024, which amounted to $2,115,562. 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, 2024. 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.

CalSTRS/CalPERS Irrevocable Trust

During the 2017-2018 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fund of the District. The District made no contributions to the trust for the year ended June 30, 2024. As of June 30, 2024, the balance of the trust was $7,442,856.

NOTE 11 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Bay Area Community College District Joint Powers Agency (BACCD), Self- Insurance Program for Employees (SIPE), Self-Insured Schools of California (SISC III), the California Schools Dental Coalition, and the California Schools Vision Coalition. Each of these entities is a Joint Powers Authorities (JPAs). The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationships between the District and the JPAs are such that they 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 has appointed one representative to the Governing Board of BACCD and SIPE. The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2024, the District made payments of $436,693, $695,659, $2,586,655, $405,990, and $62,553 to the BACCD, SIPE, SISC III, the California Schools Dental Coalition, and the California Schools Vision Coalition, respectively.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants
The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

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, 2024.

Construction Commitments
As of June 30, 2024, the District had approximately $39.4 million in commitments with respect to unfinished capital projects. The projects are funded through general obligation bond proceeds.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

For fiscal year 2023-24, beginning net position was restated to reflect an increase of $4,872,641. This was related to the 2022-23 Physical Property and Plant one-time funds that were subsequently taken back in fiscal year 2023-24 due to state budget cuts.

REQUIRED SUPPLEMENTARY INFORMATION

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)			
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
Total OPEB liability				
Service cost	$ 121,667	$ 144,480	$ 247,493	$ 132,133
Interest	63,333	40,581	47,286	61,050
Change in assumptions	108,697	(183,727)	(96,442)	192,081
Experience gains/(losses)	(473,828)	-	(346,705)	-
Benefit payments	(86,720)	(72,532)	(68,941)	(6,802)
Net change in total OPEB liability	(266,851)	(71,198)	(217,309)	378,462
Total OPEB liability, beginning of year	1,771,597	1,842,795	20,601,043	1,681,641
Total OPEB liability, end of year (a)	$ 1,504,746	$ 1,771,597	$ 1,842,795	$ 2,060,103
Plan fiduciary net position				
Employer contributions	$ 86,720	$ 72,532	$ 68,941	$ 6,802
Expected benefit payments	(86,720)	(72,532)	(68,941)	(6,802)
Change in plan fiduciary net position	-	-	-	-
Fiduciary trust net position, beginning of year	-	-	-	-
Fiduciary trust net position, end of year (b)	$ -	$ -	$ -	$ -
Net OPEB liability/(asset), ending (a) - (b)	$ 1,504,746	$ 1,771,597	$ 1,842,795	$ 2,060,103
Covered payroll	N/A*	N/A*	N/A*	N/A*
Plan fiduciary net position as a percentage of the total OPEB liability	N/A*	N/A*	N/A*	N/A*
Net OPEB liability/(asset) as a percentage of covered payroll	N/A*	N/A*	N/A*	N/A*

*The OPEB plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of pay is presented.

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

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)		
	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability			
Service cost	$ 49,070	$ 49,910	$ 48,574
Interest	18,645	17,572	14,958
Change in assumptions	1,039,567	(9,494)	-
Experience gains/(losses)	122,348	-	-
Benefit payments	(28,240)	(30,404)	(29,235)
Net change in total OPEB liability	1,201,390	27,584	34,297
Total OPEB liability, beginning of year	480,251	452,667	418,370
Total OPEB liability, end of year (a)	$ 1,681,641	$ 480,251	$ 452,667
Plan fiduciary net position			
Employer contributions	$ 2,862,015	$ 2,673,061	$ 2,817,936
Expected benefit payments	(2,862,015)	(2,673,061)	(2,817,936)
Change in plan fiduciary net position	-	-	-
Fiduciary trust net position, beginning of year	-	-	-
Fiduciary trust net position, end of year (b)	$ -	$ -	$ -
Net OPEB liability/(asset), ending (a) - (b)	$ 1,681,641	$ 480,251	$ 452,667
Covered payroll	N/A*	N/A*	N/A*
Plan fiduciary net position as a percentage of the total OPEB liability	N/A*	N/A*	N/A*
Net OPEB liability/(asset) as a percentage of covered payroll	N/A*	N/A*	N/A*

*The OPEB plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of pay is presented.

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

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET) - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)					
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net OPEB liability/(asset)	0.054%	0.053%	0.065%	0.067%	0.067%	0.064%
District's Proportionate Share of the Net OPEB Liability/(Asset)	$ 162,677	$ 173,185	$ 259,381	$ 283,496	$ 248,221	$ 246,080
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-0.96%	-0.94%	-0.80%	-0.71%	-0.81%	-0.40%

*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.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.036%	0.035%	0.037%	0.038%	0.038%
District's proportionate share of the net pension liability	$ 27,604,863	$ 24,341,588	$ 16,650,120	$ 37,205,256	$ 34,030,373
State's proportionate share of the net pension liability associated with the District	13,226,505	12,190,338	8,377,869	19,179,314	18,565,841
Total	$ 40,831,368	$ 36,531,926	$ 25,027,989	$ 56,384,570	$ 52,596,214
District's covered-employee payroll	$ 22,031,152	$ 21,616,832	$ 16,341,362	$ 21,791,088	$ 24,993,550
District's proportionate share of the net pension liability as percentage of covered-employee payroll	125%	113%	102%	171%	136%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.103%	0.107%	0.113%	0.118%	0.119%
District's proportionate share of the net pension liability	$ 37,185,860	$ 36,960,523	$ 23,007,348	$ 36,207,498	$ 34,560,126
District's covered-employee payroll	$ 17,786,425	$ 16,361,122	$ 16,235,758	$ 16,996,212	$ 16,465,580
District's proportionate share of the net pension liability as percentage of covered-employee payroll	209%	226%	142%	213%	210%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.036%	0.040%	0.040%	0.045%	0.046%
District's proportionate share of the net pension liability	$ 32,919,196	$ 37,001,870	$ 32,632,487	$ 30,184,782	$ 26,654,408
State's proportionate share of the net pension liability associated with the District	18,847,780	21,889,994	18,577,093	15,964,422	16,095,083
Total	$ 51,766,976	$ 58,891,864	$ 51,209,580	$ 46,149,204	$ 42,749,491
District's covered-employee payroll	$ 20,676,715	$ 21,863,394	$ 21,205,592	$ 20,502,511	$ 20,315,806
District's proportionate share of the net pension liability as percentage of covered-employee payroll	159%	169%	154%	147%	131%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.122%	0.119%	0.120%	0.120%	0.123%
District's proportionate share of the net pension liability	$ 32,424,171	$ 28,288,744	$ 23,668,262	$ 17,731,314	$ 13,948,691
District's covered-employee payroll	$ 16,539,566	$ 14,786,650	$ 14,591,584	$ 13,149,104	$ 12,898,243
District's proportionate share of the net pension liability as percentage of covered-employee payroll	196%	191%	162%	135%	108%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year				
CalSTRS	2024	2023	2022	2021	2020
Statutorily required contribution	$ 4,572,356	$ 4,207,950	$ 3,657,568	$ 2,639,130	$ 3,726,276
District's contributions in relation to the statutorily required contribution	4,572,356	4,207,950	3,657,568	2,639,130	3,726,276
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 23,939,037	$ 22,031,152	$ 21,616,832	$ 16,341,362	$ 21,791,088
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.15%	17.10%

	Reporting Fiscal Year				
CalPERS	2024	2023	2022	2021	2020
Statutorily required contribution	$ 5,141,314	$ 4,512,416	$ 3,748,333	$ 3,360,802	$ 3,351,823
District's contributions in relation to the statutorily required contribution	5,141,314	4,512,416	3,748,333	3,360,802	3,351,823
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,270,292	$ 17,786,425	$ 16,361,122	$ 16,235,758	$ 16,996,212
District's contributions as a percentage of covered-employee payroll	26.68%	25.37%	22.91%	20.70%	19.72%

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year				
CalSTRS	2019	2018	2017	2016	2015
Statutorily required contribution	$ 4,068,950	$ 2,983,650	$ 2,750,415	$ 2,275,360	$ 1,820,623
District's contributions in relation to the statutorily required contribution	4,068,950	2,983,650	2,750,415	2,275,360	1,820,623
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 24,993,550	$ 20,676,715	$ 21,863,394	$ 21,205,592	$ 20,502,511
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year				
CalPERS	2019	2018	2017	2016	2015
Statutorily required contribution	$ 2,974,013	$ 2,568,760	$ 2,053,570	$ 1,728,665	$ 1,547,781
District's contributions in relation to the statutorily required contribution	2,974,013	2,568,760	2,053,570	1,728,665	1,547,781
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 16,465,580	$ 16,539,566	$ 14,786,650	$ 14,591,584	$ 13,149,104
District's contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.85%	11.77%

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances and the total 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 the benefit terms since the previous valuation.
- *Changes of Assumptions* - There was a changed in discount rate and investment rate of return from 3.54% to 3.65% since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability/(Asset) - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability/(asset) - 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* - There was a changed in discount rate and investment rate of return from 3.54% to 3.65% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District.

- *Changes in Benefit Terms* - There was a changed in required employer contribution rate from 25.37% to 26.68% for CalPERS and there was no change in benefit terms since the previous valuations for CalSTRS.
- *Changes of Assumptions* - There was a changed in consumer price inflation from 2.50% to 2.30% for CalPERS and there was no change in assumptions since the previous valuation for CalSTRS.

Schedule of District Contributions – Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

SUPPLEMENTARY INFORMATION

The San Luis Obispo County Community College District was established on April 16, 1963, and is comprised of an area of approximately 3,316 square miles located in San Luis Obispo County. There were no changes in the boundaries of the District during the current year. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Mary Strobridge	President	2024
Dr. Debra Stakes	Vice President	2024
Pete Sysak	Trustee	2026
Danna Stroud	Trustee	2024
Patrick Mullen	Trustee	2026
Lucia Landeros	Student Trustee	2024

ADMINISTRATION

Dr. Jill Stearns
President and District Superintendent

Dan Troy
Vice President, Administrative Services

Dr. Elizabeth Coria
Vice President, Student Success and Support Programs

Dr. Jason Curtis
Vice President, Instruction

Melissa Richerson
Vice President, Human Resources and Labor Relations

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Cuesta College Foundation	Shannon Hill, Executive Director	Organized as an auxiliary organization on April 18, 1973 and has a signed master agreement revised on June 5, 2023.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Program			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	n/a	$ 8,339,424
Federal Pell Grant Program Administrative Allowance	84.063	n/a	6,194
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	n/a	143,000
Federal Work Study (FWS)	84.033	n/a	108,053
Federal Direct Student Loans	84.268	n/a	1,838,273
Subtotal Student Financial Assitance Cluster			10,434,944
Higher Education Emergency Relief Fund			
COVID-19 HEERF - Minority Serving Institutions	84.425L	n/a	171,196
Subtotal Higher Education Emergency Relief Fund			171,196
Title V: Higher Education Act; Integrating Academics, Support and Technology to Increase Student Success	84.031S	n/a	59,144
Title V: Increasing Student Access and Success through Guided Pathways	84.031S	n/a	312,165
Title IV: Childcare Access Means Parents In School (CCAMPIS)	84.335A	n/a	133,698
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I - Part C	84.048A	20-C01-640	377,352
Passed through California Department of Education			
Adult Basic Education & ELA (Section 231)	84.002A	14508	139,035
Adult Secondary Education	84.002	13978	11,147
Integrated English Literacy and Civics Education	84.002A	14109	85,303
Total U.S. Department of Education			11,723,984
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program			
Forest Reserve	10.665	n/a	6,567
Total U.S. Department of Agriculture			6,567
NATIONAL SCIENCE FOUNDATION			
Direct Program			
Incorporating Human Behavior in Epidemiological Models	47.076	n/a	32,657
Institutionalizing Undergraduate Research Education to Promote Student Engagement and Success	47.076	n/a	1,152
Improving Undergraduate STEM Education	47.076	n/a	105,524
Collaborative Research: Enabling Transfer Student Access to Engineering	47.076	2019-15-51213	398
NSF LSAMP Louis Stokes B2B Alliance	47.076	n/a	47,189
Total National Science Foundation			186,920
FEDERAL AVIATION ADMINISTRATION			
Direct Program			
FAA Aviation Maintenance Technical Workers Grant Program	20.112	n/a	422,842
Total Federal Aviation Administration			422,842
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	53,416
Title IV-E Foster Care	93.658	(1)	36,869
Total Department of Health and Human Services			90,285
Total Federal Programs			$ 12,430,598

(1) - Pass-through entity identifying number not readily available.
n/a - Pass-through entity identifying number not applicable.

See note to supplementary information.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

	Program Revenues				
	Cash Received	Accounts Receivable	Deferred Income	Total Revenue	Program Expenditures
Adult Ed Block Grant	$ 933,289	$ -	$ 127,703	$ 805,586	$ 805,586
Amazon Web Services Cloud Pilot Program	40,000	-	40,000	-	-
Basic Needs Center	571,887	-	357,328	214,559	214,559
Basic Skills	543,074	-	234,394	308,680	308,680
Calfresh Outreach (SB 85)	2,374	-	2,374	-	-
California Apprenticeship Initiative Subaward	54,316	-	40,428	13,888	13,888
CalWORKs	444,213	-	153,073	291,140	291,140
Campus Safety & Sexual Assault	1,066	-	1,066	-	-
Classified Professional Development	45,866	-	45,866	-	-
College Corps Non-Dreamers	427,360	-	-	427,360	427,360
College Corps Dreamers	48,992	-	-	48,992	48,992
Coop Agencies Resources - Educ (CARE)	533,937	-	337,957	195,980	195,980
COVID Block Grant State Funds	4,920,625	-	3,451,421	1,469,204	1,469,204
Culturally Competent Faculty	200,418	-	181,865	18,553	18,553
Culturally Responsive Pedagogy	149,983	-	101,274	48,709	48,709
Disabled Students Progrms/Svcs (DSPS)	2,148,960	-	1,300,394	848,566	848,566
DSS - Work Study	75,000	-	-	75,000	75,000
Econ Oppor Program and Svcs (EOPS)	1,132,530	-	430,980	701,550	701,550
EEO Best Practices	208,333	-	146,475	61,858	61,858
Equal Employment Opportunity	225,670	-	159,135	66,535	66,535
Equitable Placement and Completion Grant	586,950	-	581,263	5,687	5,687
Financial Aid Technology	69,836	-	-	69,836	69,836
Foster and Kinship Care Education (FKCE)	262,495	-	102,196	160,299	160,299
Guided Pathways	39,335	-	-	39,335	39,335
HCAI Song-Brown	67,500	7,157	-	74,657	74,657
Information Technology and Cyber Security	1,025,682	-	836,476	189,206	189,206
Innovation Award	256,516	-	142,537	113,979	113,979
Instructional Equipment	300,000	-	104,851	195,149	195,149
Invention and Inclusive Innovation	16,163	-	7,617	8,546	8,546
LGBTQ+	165,734	-	160,359	5,375	5,375
California Job Challenge (CA Military Dept)	3,819	-	-	3,819	3,819
Medical Healthcare Sevices-CAJC Los Alamitos (CA Military Dept)	14,599	-	-	14,599	14,599
Medical Healthcare Sevices-Sunburst Los Alamitos (CA Military Dept)	100,360	-	-	100,360	100,360
Mental Health Support Funds	548,500	-	309,889	238,611	238,611
MESA Grant	865,258	-	590,127	275,131	275,131
Morro Bay Estuary Sustainable Ag	24,083	-	-	24,083	24,083
Nextup Program	1,560,429	-	1,369,394	191,035	191,035
Nursing Enrollment Growth & Retention	273,600	-	260,657	12,943	12,943
Regional Equity and Recovery Partnership	204,393	-	87,063	117,330	117,330
Rising Scholars Juvenile Justice	607,954	-	520,345	87,609	87,609
Rising Scholars CCCCO	243,358	-	180,631	62,727	62,727
Seemless Transfer of Ethnic Studies	48,695	-	13,227	35,468	35,468
South Central Coast Regional Consortium EWD Employer Engagement	128,493	-	5,281	123,212	123,212
South Central Coast Regional Consortium Strong Workforce Regional District Funding	1,644,616	-	587,798	1,056,818	1,056,818
Strong Workforce Program Local Funding	3,258,955	-	1,157,459	2,101,496	2,101,496
Student Equity Program	1,450,710	-	483,614	967,096	967,096
Student Financial Aid (BFAP)	658,363	-	75,689	582,674	582,674
Student Food and Housing Support	685,607	-	630,001	55,606	55,606
Student Retention and Outreach	1,433,706	-	1,046,538	387,168	387,168
Student Success (Credit)	2,289,226	-	404,581	1,884,645	1,884,645
Student Success (Non-Credit)	240,624	-	78,159	162,465	162,465
Student Transfer Achievement Reform	565,218	-	565,218	-	-
Ticket 2 Teach	1,100	3,967	-	5,067	5,067
Undocumented Resources Liasons	118,885	-	78,567	40,318	40,318
Veteran's Resource Center Categorical	51,673	-	-	51,673	51,673
YESS, CA	22,384	-	-	22,384	22,384
Zero Textbook Cost Program - Implementation	180,000	-	169,360	10,640	10,640
Zero Textbook Cost Program - Planning	20,000	-	-	20,000	20,000
	$ 32,742,712	$ 11,124	$ 17,660,630	$ 15,093,206	$ 15,093,206

See note to supplementary information.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	75.95	-	75.95
2. Credit	681.79	-	681.79
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	-	-	-
2. Credit	417.02	-	417.02
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,396.19	-	2,396.19
(b) Daily Census Contact Hours	990.69	-	990.69
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	302.96	-	302.96
(b) Credit	19.63	-	19.63
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,788.76	-	1,788.76
(b) Daily Census Contact Hours	1,119.88	-	1,119.88
(c) Noncredit Independent Study/Distance Education Courses	1.62	-	1.62
D. Total FTES	7,794.49	-	7,794.49
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit*	-	-	-
2. Noncredit*	283.59	-	283.59
Total Basic Skills FTES	283.59	-	283.59
CCFS 320 Addendum			
CDCP Noncredit FTES	203.68	-	203.68
Centers FTES			
1. Credit*	941.67	-	941.67
2. Noncredit*	120.14	-	120.14
Total Centers FTES	1,061.81	-	1,061.81

*Including Career Development and College Preparation (CDCP) FTES

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 12,338,627	$ -	$ 12,338,627	$ 12,338,627	$ -	$ 12,338,627
Other	1300	10,513,609	-	10,513,609	10,513,780	-	10,513,780
Total Instructional Salaries		22,852,236	-	22,852,236	22,852,407	-	22,852,407
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,589,446	-	5,589,446
Other	1400	-	-	-	715,606	-	715,606
Total Non-Instructional Salaries		-	-	-	6,305,052	-	6,305,052
Total Academic Salaries		22,852,236	-	22,852,236	29,157,459	-	29,157,459
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	10,434,867	-	10,434,867
Other	2300	-	-	-	244,325	-	244,325
Total Non-Instructional Salaries		-	-	-	10,679,192	-	10,679,192
Instructional Aides							
Regular Status	2200	1,120,077	-	1,120,077	1,120,077	-	1,120,077
Other	2400	283,417	-	283,417	283,417	-	283,417
Total Instructional Aides		1,403,494	-	1,403,494	1,403,494	-	1,403,494
Total Classsified Salaries		1,403,494	-	1,403,494	12,082,686	-	12,082,686
Employee Benefits	3000	7,943,757	-	7,943,757	14,960,974	-	14,960,974
Supplies and Materials	4000	-	-	-	561,081	-	561,081
Other Operating Expenses	5000	967,089	-	967,089	7,743,813	-	7,743,813
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		33,166,576	-	33,166,576	64,506,013	-	64,506,013
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	30,000	-	30,000	30,000	-	30,000
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	155,820	-	155,820
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	183,167	-	183,167
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	1,773,887	-	1,773,887
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 30,000	$ -	$ 30,000	$ 2,142,874	$ -	$ 2,142,874
Total for ECS 84362, 50% Law		$ 33,136,576	$ -	$ 33,136,576	$ 62,363,139	$ -	$ 62,363,139
Percent of CEE (Instructional Salary Cost/Total CEE)		53.13%	0.00%	53.13%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 31,181,570	$ -	$ 31,181,570

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024

EPA Revenue	$ 6,911,183

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 6,911,183	$ -	$ -	$ 6,911,183
Total		$ 6,911,183	$ -	$ -	$ 6,911,183

See note to supplementary information.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Total Fund Equity - District Funds Included in the Reporting Entity		
General Funds	$ 45,859,348	
Debt Service Funds	31,804,782	
Bond Construction Funds	93,204,211	
Capital Project Funds	4,581,471	
Child Development Fund	80,766	
Other Student and Trust Funds	8,474,374	
Internal Service Funds	727,910	$ 184,732,862
Total fund balances as reported in the CCFS-311		
Assets recorded within the statement of net position not included in the District fund financial statements:		
Capital assets	329,415,452	
Accumulated depreciation	(109,234,484)	220,180,968
Accrued Interest		(3,473,069)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to OPEB		890,216
Deferred outflows related to pensions		20,720,414
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
General obligation bonds	(205,380,000)	
Bond premium	(21,069,772)	
Compensated absences	(1,657,878)	
Compensatory time	(29,502)	
Load banking	(599,463)	
Net OPEB liability	(1,667,423)	
Net pension liability	(64,790,723)	(295,194,761)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to OPEB		(911,770)
Deferred inflows related to pensions		(7,122,848)
Net Assets Reported Within the Statement of Net Position		$ 119,822,012

NOTE 1 – PURPOSE OF SCHEDULES

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

Schedule of Expenditures of Federal Awards
Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

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

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

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

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

NOTE 1 – PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account Expenditures
This schedule provides information about the District's EPA revenue and summarizes the expenditures of EPA funds.

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.

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
San Luis Obispo County Community College District
San Luis Obispo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities of San Luis Obispo County Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2024.

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 20, 2024

CWDL

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

Board of Trustees
San Luis Obispo County Community College District
San Luis Obispo, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Luis Obispo County 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, 2024. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CWDL, Certified Public Accountants

San Diego, California
December 20, 2024

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
San Luis Obispo County Community College District
San Luis Obispo, California

Report on State Compliance

Opinion on State Compliance
We have audited San Luis Obispo County Community College District's (the "District") compliance with the types of compliance requirements as identified in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2024. The applicable state compliance requirements are identified below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2024.

Basis for Opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 20, 2024

FINDINGS AND QUESTIONED COSTS SECTION

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Assistance Listing Numbers	Name of Federal Program of Cluster
84.007, 84.033 84.063, 84.268	Student Financial Assitance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

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

There were no financial statement findings or recommendations identified during 2023-24.

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

There were no federal award findings or questioned costs identified during 2023-24.

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

There were no state award findings or questioned costs identified during 2023-24.

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