



Financial Statements  
June 30, 2022

# Barstow Community College District

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## Independent Auditor's Report

Board of Trustees  
Barstow Community College District  
Barstow, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and the remaining fund information of Barstow Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Adoption of New Accounting Standard*

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and other required supplementary schedules on pages 59 through 65 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, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of content are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Rancho Cucamonga, California  
December 21, 2022



# BARSTOW COMMUNITY COLLEGE

Administrative Services

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of Barstow Community College District (the "District") as of June 30, 2022. The report consists of three basic financial statements: the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

Barstow Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The government-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. 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 with revenue and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community College Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

## Financial Highlights Of The Past Year

- The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2021-2022 fiscal year, total reported resident FTES were 2,090.89 as compared to 1,874.55 in the 2020-2021 fiscal year.
- The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position of \$4,006,956. Operating revenues increased by \$903,841, while operating expenses increased by \$1,356,714. Net nonoperating revenues increased by \$1,658,655.
- During the 2021-2022 fiscal year, the District provided approximately \$12.7 million in Federal and State financial aid to students attending the college.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations.

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

The Net Position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net assets. These net assets are available for expenditure by the District, but must be spent for purposes as determined by external entities, legislation, and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted and is available to the District for any lawful purpose of the District. As illustrated in the following table, the June 30, 2022 fiscal year ended with an increase in total net position of \$4,006,956 to a grand total of \$59,530,695.

	2022	2021 as restated	Change
<b>Assets</b>			
Cash and investments	\$ 34,010,956	\$ 22,899,542	\$ 11,111,414
Receivables	1,696,224	8,867,413	(7,171,189)
Prepaid expenses	64,583	39,728	24,855
Net other postemployment benefits (OPEB) asset	3,044,530	1,397,628	1,646,902
Capital and right-to-use leased assets, net	49,586,950	47,172,954	2,413,996
Total assets	<u>88,403,243</u>	<u>80,377,265</u>	<u>8,025,978</u>
Deferred Outflows of Resources	<u>6,168,298</u>	<u>7,389,756</u>	<u>(1,221,458)</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9,457,869	5,893,402	3,564,467
Current portion of long-term liabilities	83,637	-	83,637
Noncurrent portion of long-term liabilities	15,107,471	25,423,887	(10,316,416)
Total liabilities	<u>24,648,977</u>	<u>31,317,289</u>	<u>(6,668,312)</u>
Deferred Inflows of Resources	<u>10,391,869</u>	<u>925,993</u>	<u>9,465,876</u>
<b>Net Position</b>			
Net investment in capital assets	49,459,889	46,964,378	2,495,511
Restricted	13,167,610	13,579,311	(411,701)
Unrestricted deficit	(3,096,804)	(5,019,950)	1,923,146
Total net position	<u>\$ 59,530,695</u>	<u>\$ 55,523,739</u>	<u>\$ 4,006,956</u>

This schedule has been prepared from the District's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

### Change in Net Position

The change in total net position presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned (whether received or not) by the District, the operating and nonoperating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District.

Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. As an example, tuition fees paid by the student are considered an exchange for instructional services. This activity is considered an operating activity. The receipt of State apportionments and property taxes do not include this exchange relationship between payment and receipt of goods or services. These revenues and related expenses are classified as nonoperating activities.

A summary of the Statement of Revenues, Expenses, and Changes in Net Position, for the years ended June 30, 2022 and June 30, 2021, is shown below.

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Operating Revenues			
Tuition and fees, net	\$ 1,099,235	\$ 388,420	\$ 710,815
Grants and contracts, noncapital	<u>10,008,389</u>	<u>9,815,723</u>	<u>192,666</u>
Total operating revenues	<u>11,107,624</u>	<u>10,204,143</u>	<u>903,481</u>
Operating Expenses			
Salaries and benefits	20,995,606	24,360,979	(3,365,373)
Supplies, services, equipment, and maintenance	7,974,111	5,468,777	2,505,334
Student financial aid	14,973,002	12,840,220	2,132,782
Depreciation and amortization	<u>1,888,501</u>	<u>1,804,530</u>	<u>83,971</u>
Total operating expenses	<u>45,831,220</u>	<u>44,474,506</u>	<u>1,356,714</u>
Operating loss	<u>(34,723,596)</u>	<u>(34,270,363)</u>	<u>(453,233)</u>
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	19,888,762	19,382,983	505,779
Property taxes	3,751,207	3,588,241	162,966
Student financial aid grants	12,664,633	10,853,066	1,811,567
State revenues	99,026	94,157	4,869
Investment income (loss)	(473,068)	414,861	(887,929)
Other nonoperating revenues	<u>1,500,457</u>	<u>1,439,054</u>	<u>61,403</u>
Total nonoperating revenues (expenses)	<u>37,431,017</u>	<u>35,772,362</u>	<u>1,658,655</u>
Other Revenues (Losses)			
State capital income and loss on disposal of capital assets	<u>1,299,535</u>	<u>1,160,059</u>	<u>139,476</u>
Change in net position	<u>\$ 4,006,956</u>	<u>\$ 2,662,058</u>	<u>\$ 1,344,898</u>



Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionments, noncapital, which, as a whole, increased in fiscal year 2021-2022.

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

	Salaries and Employee Benefits	Supplies, Material, and Other Operating Expenses and Services	Student Financial Aid	Depreciation and Amoritzation	Total
Instructional activities	\$ 8,318,868	\$ 214,813	\$ -	\$ -	\$ 8,533,681
Academic support	1,318,749	581,255	-	-	1,900,004
Student services	5,022,585	385,427	-	-	5,408,012
Plant operations and maintenance	478,828	483,717	-	-	962,545
Instructional support services	3,139,058	2,931,813	-	-	6,070,871
Community services and economic development	1,112,204	39,872	-	-	1,152,076
Ancillary services and auxiliary operations	1,016,618	385,227	-	-	1,401,845
Student aid	-	-	14,973,002	-	14,973,002
Physical property and related acquisitions	588,696	2,951,987	-	-	3,540,683
Unallocated depreciation and amortization	-	-	-	1,888,501	1,888,501
<b>Total</b>	<b>\$ 20,995,606</b>	<b>\$ 7,974,111</b>	<b>\$ 14,973,002</b>	<b>\$ 1,888,501</b>	<b>\$ 45,831,220</b>

**Cash Flows**

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

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The net cash used by the District for operating activities, for the year ending June 30, 2022, was \$30,765,082.

The Statement of Cash Flows for the year ended June 30, 2022 and 2021, is summarized below:

	2022	2021	Change
Net Cash Flows from			
Operating activities	\$ (30,765,082)	\$ (33,173,801)	\$ 2,408,719
Noncapital financing activities	44,429,415	33,737,383	10,692,032
Capital financing activities	(2,072,230)	578,823	(2,651,053)
Investing activities	(480,689)	440,747	(921,436)
Net Increase in Cash and Cash Equivalents	11,111,414	1,583,152	9,528,262
Cash and Cash Equivalents, Beginning of Year	22,899,542	21,316,390	1,583,152
Cash and Cash Equivalents, End of Year	\$ 34,010,956	\$ 22,899,542	\$ 11,111,414

**The District's Fiduciary Responsibility**

The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because we cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**CAPITAL AND RIGHT-TO-USE LEASED ASSETS**

A comparison of capital and right-to-use leased assets, net of depreciation and amortization, is summarized below:

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Land and construction in progress	\$ 587,666	\$ 4,039,761	\$ (6,073)	\$ 4,621,354
Buildings and improvements	64,158,650	98,340	-	64,256,990
Furniture and equipment	3,542,107	170,469	(9,995)	3,702,581
Subtotal capital assets	<u>68,288,423</u>	<u>4,308,570</u>	<u>(16,068)</u>	<u>72,580,925</u>
Accumulated depreciation	<u>(21,324,045)</u>	<u>(1,805,401)</u>	<u>9,995</u>	<u>(23,119,451)</u>
Total capital assets, net	<u>46,964,378</u>	<u>2,503,169</u>	<u>(6,073)</u>	<u>49,461,474</u>
Right-to-use Leased Assets				
Furniture and equipment	<u>208,576</u>	<u>-</u>	<u>-</u>	<u>208,576</u>
Accumulated Amortization	<u>-</u>	<u>(83,100)</u>	<u>-</u>	<u>(83,100)</u>
Total right-to-use leased assets, net	<u>208,576</u>	<u>(83,100)</u>	<u>-</u>	<u>125,476</u>
Total capital and right-to-use leased assets, net	<u>\$ 47,172,954</u>	<u>\$ 2,420,069</u>	<u>\$ (6,073)</u>	<u>\$ 49,586,950</u>

Note 6 in the financial statements provides additional information on capital and right-to-use leased assets.

### Long-Term Liabilities

At June 30, 2022, the District had \$15,191,108 in long-term liabilities. A comparison of long-term liabilities is summarized below:

	Balance July 1, 2021, as restated	Additions	Deductions	Balance June 30, 2022
Lease liability	\$ 208,576	\$ -	\$ (81,515)	\$ 127,061
Compensated absences	757,212	-	(98,128)	659,084
Net OPEB liability - Medicare Premium Payment Plan	-	77,990	-	77,990
Aggregate net pension liability	<u>24,458,099</u>	<u>-</u>	<u>(10,131,126)</u>	<u>14,326,973</u>
<b>Total long-term liabilities</b>	<b><u>\$ 25,423,887</u></b>	<b><u>\$ 77,990</u></b>	<b><u>\$ (10,310,769)</u></b>	<b><u>\$ 15,191,108</u></b>
Amount due within one year				<u>\$ 83,637</u>

Note 7, 8 and 10 in the financial statements provides additional information on long-term liabilities.

### BUDGETARY HIGHLIGHTS

Cost of Living Allowance (COLA) of 6.56% has being included in the revenue estimates. Student (FTES) decline with continued protections under the COVID-19 Emergency Conditions Protections that were extended into fiscal year 2021-2022. This is expected to be the final year of emergency conditions protections. A 0% revenue deficit is included in the state apportionment figures. Due to the influx of funding received through the student centered funding formula, a deficit projection was not necessary.

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

#### Unrestricted General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. The Board of Trustees adopted the fiscal year 2022-2023 budget on September 14, 2022.

On June 30, 2022, the Governor signed the 2022 Budget Act. Below is the California Community College budget and changes through the legislative process.<sup>1</sup>

<sup>1</sup>\*Association of California Community College Administrators, the Association of Chief Business Officials, and the Community College League of California's Joint Analysis on the Enacted 2022-2023 Budget dated July 11, 2022.

2022-2023 Adopted Budget for Community Colleges (In Millions)<sup>1</sup>

Program	2021-22 Enacted	2022-23 Enacted	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$7,927.00	\$8,734.00	\$807.00	10.20%	COLA, growth, Basic Allocation increase, base increase, and other base adjustments (includes property tax, enrollment fee, and EPA adjustments)
Deferred maintenance (one-time)	\$511.00	\$840.70	N/A	N/A	Additional one-time funding for 2022-23
CCC COVID-19 Recovery Block Grant (one-time)	\$0.00	\$650.00	N/A	N/A	\$650 million one-time for block grants to address issues related to the pandemic
Adult Education Program – Main <sup>b</sup>	\$566.40	\$603.10	\$36.70	6.50%	6.56% COLA
Student Equity and Achievement Program	\$499.00	\$524.00	\$25.00	5.00%	Augmentation
Student Success Completion Grant	\$162.60	\$412.60	\$250.00	153.80%	Augmentation and adjust for revised estimates of recipients
Strong Workforce Program	\$290.40	\$290.40	\$0.00	0.00%	
Part-time faculty health insurance	\$0.50	\$200.50	\$200.00	40816.30%	Add \$200M ongoing funds
College-specific allocations (one-time) <sup>c</sup>	\$67.90	\$171.50	N/A	N/A	
Extended Opportunity Programs and Services (EOPS)	\$135.30	\$169.20	\$33.90	25.00%	Augmentation and 6.56% COLA
Disabled Students Programs and Services (DSPS)	\$126.40	\$159.70	\$33.30	26.30%	Augmentation and 6.56% COLA
Full-time faculty hiring	\$150.00	\$150.00	\$0.00	0.00%	
Retention and enrollment strategies (one-time)	\$100.00	\$150.00	N/A	N/A	Additional one-time funding for 2022-23

Barstow Community College District  
Management's Discussion and Analysis  
June 30, 2022

Program	2021-22 Enacted	2022-23 Enacted	Change Amount	Percent Change	Explanation of Change
Adult Education Program - Healthcare Vocational Education (one-time)	\$0.00	\$130.00	N/A	N/A	One-time funding spread across 3 years.
Common course numbering (one-time)	\$10.00	\$105.00	N/A	N/A	Additional one-time funding for 2022-23
California College Promise (AB 19)	\$72.50	\$91.20	\$18.70	25.80%	Augmentation and adjustment for revised estimates of first-time, full-time students one-time funding.
Integrated technology	\$65.50	\$89.50	\$24.00	36.60%	Includes \$25M ongoing for Data Modernization and Protection. Removes \$1M in
Program Mapping Software	\$0.00	\$25.00	N/A	N/A	Add one-time funding
Data System Modernization and Sensitive Data Protection	\$0.00	\$75.00	N/A	N/A	Add one-time funding
Financial aid administration	\$74.30	\$81.60	\$7.30	9.80%	Increase of \$10 million and adjustments for revised estimates of fee waivers
Apprenticeship (community college districts)	\$60.10	\$69.20	\$9.10	15%	Participation and rate adjustments and 6.56% COLA for a portion of the program
Transfer Reforms (one-time)	\$0.00	\$65.00	N/A	N/A	Add one-time funding for AB 928 transfer reform implementation
Establish Equitable Placement and Completion Support Block Grant	\$0.00	\$64.00	N/A	N/A	Add one-time funding
CalWORKs student services	\$47.70	\$50.90	\$3.20	6.60%	6.56% COLA
NextUp (foster youth program)	\$20.00	\$50.00	\$30.00	150.00%	Add \$30M ongoing funding
California Healthy Meals Pathway Program	\$0.00	\$45.00	N/A	N/A	Add one-time funding
Basic needs centers	\$30.00	\$40.00	\$10.00	33.30%	

Barstow Community College District  
Management's Discussion and Analysis  
June 30, 2022

Program	2021-22 Enacted	2022-23 Enacted	Change Amount	Percent Change	Explanation of Change
Mathematics, Engineering, Science Achievement (MESA)	\$10.70	\$36.40	\$25.70	240%	Augmentation to add ongoing funding
Mandates Block Grant and reimbursements	\$33.70	\$36.10	\$2.40	7.30%	Revised enrollment estimates and 6.56% COLA
Cooperative Agencies Resources for Education (CARE)	\$19.60	\$30.90	\$11.30	57.50%	Augmentation and 6.56% COLA
Student mental health services	\$30.00	\$30.00	\$0.00	0	
Establish Hire Up Program	\$0.00	\$30.00	N/A	N/A	Add one-time funding
Support and Success Program	\$0.00	\$30.00	N/A	N/A	Add one-time funding
Native American Student Institutional effectiveness initiative	\$27.50	\$27.50	\$0.00	0.00%	
Part-time faculty compensation	\$24.90	\$26.50	\$1.60	6.60%	6.56% COLA
Rising Scholars Network	\$10.00	\$25.00	\$15.00	150.00%	Augmentation to add ongoing funding
Part-time faculty office hours	\$22.20	\$23.60	\$1.40	6%	6.56% COLA
Reappropriation for Prior Year SCFF Deficits (one-time)	\$0.00	\$23.30	N/A	N/A	Add one-time reappropriated funding
Economic and Workforce Development	\$22.90	\$22.90	\$0.00	0.00%	
California Virtual Campus	\$20.00	\$20.00	\$0.00	0.00%	
Emergency financial assistance grants (one-time)	\$250.00	\$20.00	N/A	N/A	Additional one-time funding for 2022-23 (specific to AB 540 students)

Barstow Community College District  
Management's Discussion and Analysis  
June 30, 2022

Program	2021-22 Enacted	2022-23 Enacted	Change Amount	Percent Change	Explanation of Change
Student Housing Program 'Rapid Rehousing'	\$9.00	\$19.00	\$10.00	111.10%	
California Online Community College (Calbright College)	\$15.00	\$15.00	\$0.00	0.00%	
Nursing grants	\$13.40	\$13.40	\$0.00	0.00%	
Lease revenue bond payments	\$12.80	\$12.80	\$0.00	0.00%	
Equal Employment Opportunity Program	\$2.80	\$12.80	\$10.00	361.40%	Augmentation to add ongoing funding
Puente Project	\$9.30	\$12.30	\$3.00	32.20%	Augmentation to add ongoing funding
Dreamer Resource Liaisons	\$11.60	\$11.60	\$0.00	0.00%	
Classified Employee Summer Assistance Program	\$0.00	\$10.00	N/A	N/A	Add ongoing funding
Immigrant legal services through CDSS	\$10.00	\$10.00	\$0.00	0.00%	
Veterans Resource Centers	\$10.00	\$10.00	\$0.00	0.00%	
Umoja	\$7.50	\$8.50	\$1.00	13%	Augmentation
Asian American and Native Hawaiian and Pacific Islander Student Achievement Program (AANHPI)	\$0.00	\$8.00	N/A	N/A	Add ongoing funding
Foster Care Education Program	\$5.70	\$6.20	\$0.50	8.80%	\$500k ongoing adjustment to provide backfill for Foster and Kinship Care Education (FKCE) programs



Program	2021-22 Enacted	2022-23 Enacted	Change Amount	Percent Change	Explanation of Change
Childcare tax bailout	\$3.70	\$4.00	\$0.20	6.60%	6.56% COLA
Digital Course Content for Inmates	\$3.00	\$3.00	\$0.00	0.00%	
Middle College High School Program	\$1.80	\$1.80	\$0.00	0.00%	
Academic Senate	\$1.70	\$1.80	\$0.10	6.60%	6.56% COLA
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	\$1.40	\$1.40	\$0.00	0.00%	
African American Male Education Network and Development (A2MEND)	\$0.00	\$1.10	N/A	N/A	Add ongoing funding
Transfer education and articulation (excluding HBCU Transfer Pathway project)	\$0.70	\$0.70	\$0.00	0.00%	
FCMAT	\$0.60	\$0.60	\$0.00	0.00%	
Deferrals--Student Centered Funding Formula	\$1,453.00	\$0.00	N/A	N/A	Remove one-time funding used to pay off 2020-21 deferrals.

<sup>a</sup> Table reflects total programmatic funding for the system, including amounts from prior years available for use in the years displayed.

<sup>b</sup> The Adult Education program total includes resources that go to the K-12 system but are included in the CCC budget. The K-12 Strong Workforce program and K-12 Apprenticeship program are not listed above but are also included in the CCC budget.

<sup>c</sup> See [Makes Appropriations for Specific Local Initiatives](#) section for breakdown.

## Deferrals

There are no deferrals projected in 2022-2023.

### **Cost Of Living Adjustment (COLA)**

The proposed January COLA for the Student-Centered Funding Formula (SCFF) was 6.56%. Categorical programs also have an increase in COLA by 6.56%.

### **Full-Time Equivalent Students (FTES)**

The Chancellor's Office has allowed the extension of the Emergency Protection Conditions for Full-Time Equivalent Students due to COVID-19. It is expected that 2022-2023 will be the final year for this revenue protection extension. Barstow saw an enrollment uptick from 2020-2021 to 2021-2022 at second principle apportionment. Protected FTES apportionment is 2,556 and reported FTES is 2,112.

### **One-Time funding with some Ongoing Investment**

Although there is a significant projected increase in general fund revenues, the State adopted the Governor's approach of allocating the majority of funds using one-time funding measures as well as some funding going to ongoing programs.

### **Pension**

#### *CalSTRS & CalPERS*

Below are the CalSTRS and CalPERS that were reduced with investments aimed at lowering the projected employer contribution rates as follows:

- CalSTRS 2021-2022 Employer Obligation Rate: 25.37%
- CalPERS 2021-2022 Employer Obligation Rate: 19.10%

### **Minimum Wage**

The Fair Wage Act of 2016 was passed that will increase the minimum wage per hour over the next four years starting at \$10.50 effective January 1, 2017 and then increasing \$11 starting January 1, 2018. It will then increase \$1 per year up to \$15 per hour on January 1, 2022.

### **CONTACTING THE DISTRICT**

This financial report is designed to provide our citizens, taxpayers, students, and 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 District at: Barstow Community College District, 2700 Barstow Road, Barstow, California 92311.

# Barstow Community College District

## Statement of Net Position

June 30, 2022

Assets	
Cash and cash equivalents	\$ 1,003,666
Investments	33,007,290
Accounts receivable	1,492,590
Student receivables	203,634
Prepaid expenses	64,583
Net other postemployment benefits (OPEB) asset - District Plan	3,044,530
Capital and right-to-use leased assets	
Nondepreciable capital assets	4,621,354
Depreciable capital assets, net of accumulated depreciation	44,840,120
Right-to-use leased assets, net of accumulated amortization	<u>125,476</u>
Total capital and right-to-use leased assets, net	<u>49,586,950</u>
Total assets	<u>88,403,243</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	684,689
Deferred outflows of resources related to pensions	<u>5,483,609</u>
Total deferred outflows of resources	<u>6,168,298</u>
Liabilities	
Accounts payable	4,167,713
Unearned revenue	5,290,156
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	83,637
Long-term liabilities other than pensions, due in more than one year	702,508
Net OPEB liability - Medicare Premium Payment Program	77,990
Aggregate net pension liability	<u>14,326,973</u>
Total liabilities	<u>24,648,977</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,405,174
Deferred inflows of resources related to pensions	<u>8,986,695</u>
Total deferred inflows of resources	<u>10,391,869</u>
Net Position	
Net investment in capital assets	49,459,889
Restricted for	
Capital projects	11,505,268
Educational programs	1,268,917
Other activities	393,425
Unrestricted deficit	<u>(3,096,804)</u>
Total Net Position	<u><u>\$ 59,530,695</u></u>

Barstow Community College District  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2022

Operating Revenues	
Tuition and fees	\$ 2,932,450
Less: Scholarship discounts and allowances	<u>(1,833,215)</u>
Net tuition and fees	<u>1,099,235</u>
Grants and contracts, noncapital	
Federal	3,106,883
State	6,722,709
Local	<u>178,797</u>
Total grants and contracts, noncapital	<u>10,008,389</u>
Total operating revenues	<u>11,107,624</u>
Operating Expenses	
Salaries	15,515,882
Employee benefits	5,479,724
Supplies, materials, and other operating expenses and services	6,598,993
Student financial aid	14,973,002
Equipment, maintenance, and repairs	1,375,118
Depreciation and amortization	<u>1,888,501</u>
Total operating expenses	<u>45,831,220</u>
Operating Loss	<u>(34,723,596)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	19,888,762
Local property taxes, levied for general purposes	3,751,207
Federal and state financial aid grants	12,664,633
State taxes and other revenues	99,026
Investment loss, net	(468,709)
Interest expense on capital related debt	(4,359)
Other nonoperating revenue	<u>1,500,457</u>
Total nonoperating revenues (expenses)	<u>37,431,017</u>
Income Before Other Revenues (Losses)	<u>2,707,421</u>
Other Revenues(Losses)	
State revenues, capital	1,305,608
Loss on disposal of capital assets	<u>(6,073)</u>
Total other revenues (losses)	<u>1,299,535</u>
Change In Net Position	4,006,956
Net Position, Beginning of Year	<u>55,523,739</u>
Net Position, End of Year	<u>\$ 59,530,695</u>

Barstow Community College District

Statement of Cash Flows  
Year Ended June 30, 2022

Operating Activities	
Tuition and fees	\$ 1,260,302
Federal, state, and local grants and contracts, noncapital	13,393,910
Payments to or on behalf of employees	(21,569,794)
Payments to vendors for supplies and services	(8,876,498)
Payments to students for scholarships and grants	<u>(14,973,002)</u>
Net Cash Flows From Operating Activities	<u>(30,765,082)</u>
Noncapital Financing Activities	
State apportionments	23,833,240
Federal and state financial aid grants	14,931,853
Property taxes - nondebt related	3,751,207
State taxes and other apportionments	199,975
Other nonoperating	<u>1,713,140</u>
Net Cash Flows From Noncapital Financing Activities	<u>44,429,415</u>
Capital Financing Activities	
Purchase of capital assets	(3,248,702)
State revenue, capital	1,262,346
Principal paid on capital debt	(81,515)
Interest paid on capital debt	<u>(4,359)</u>
Net Cash Flows From Capital Financing Activities	<u>(2,072,230)</u>
Investing Activities	
Change in fair value of cash in county treasury	(670,113)
Interest received from investments	<u>189,424</u>
Net cash flows from investing activities	<u>(480,689)</u>
Change In Cash and Cash Equivalents	11,111,414
Cash and Cash Equivalents, Beginning of Year	<u>22,899,542</u>
Cash and Cash Equivalents, End of Year	<u>\$ 34,010,956</u>

Barstow Community College District

Statement of Cash Flows

Year Ended June 30, 2022

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	<u>\$ (34,723,596)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expenses	1,888,501
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	3,404,982
Student receivables	131,706
Prepaid expenses	(24,855)
Deferred outflows of resources related to OPEB	53,104
Deferred outflows of resources related to pensions	1,168,354
Accounts payable	(340,888)
Unearned revenue	9,900
Compensated absences	(98,128)
Net OPEB asset	(1,646,902)
Net OPEB liability	77,990
Aggregate net pension liability	(10,131,126)
Deferred inflows of resources related to OPEB	1,389,627
Deferred inflows of resources related to pensions	<u>8,076,249</u>
Total adjustments	<u>3,958,514</u>
Net cash flows from operating activities	<u><u>\$ (30,765,082)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	\$ 1,003,666
Cash in county treasury	<u>33,007,290</u>
Total cash and cash equivalents	<u><u>\$ 34,010,956</u></u>

Barstow Community College District  
Fiduciary Fund  
Statement of Net Position  
June 30, 2022

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	<u>Retiree OPEB Trust</u>
Assets	
Investments	<u>\$ 4,944,685</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 4,944,685</u>

Barstow Community College District  
 Fiduciary Fund  
 Statement of Changes in Net Position  
 Year Ended June 30, 2022

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	<u>Retiree OPEB Trust</u>
Additions	
Interest and investment loss, net	<u>\$ (760,407)</u>
Deductions	
Administrative expenses	<u>4,814</u>
Change in Net Position	(765,221)
Net Position - Beginning of Year	<u>5,709,906</u>
Net Position - End of Year	<u><u>\$ 4,944,685</u></u>



**Note 1 - Organization**

The Barstow Community College District (the District) was established in 1959 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of San Bernardino County. The District operates under a locally elected five-member Governing Board 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 one community college located in Barstow, California. While the District is a political subdivision of the State of California, 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 has identified no component units.

**Basis of Accounting**

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance.

The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

### **Cash and Cash Equivalents**

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

### **Investments**

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

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

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students. Management has analyzed these accounts and believes all amounts are fully collectable.

### **Prepaid Expenses**

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

### **Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, building and land improvements, 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 by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 20 years; equipment, 5 to 20 years; and vehicles, 5 to 10 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, 2022.

### **Compensated Absences**

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

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive 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.

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.

**Leases**

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

**Pensions**

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

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

For purposes of measuring the net OPEB asset/(liability), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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.

**Unearned Revenue**

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

**Noncurrent Liabilities**

Noncurrent liabilities include lease liability, compensated absences, net OPEB liability – Medicare Premium Payment Plan, and aggregate net pension liability with maturities greater than one year.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$13,167,610 of restricted net position, and the fiduciary funds financial statements report \$4,944,685 of restricted net position.

**Operating and Nonoperating Revenues and Expenses**

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

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

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

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

**State Apportionments**

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. 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 Bernardino bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**Scholarship Discounts and Allowances**

Tuition and fee revenue is reported net of scholarship discount, and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarship discount, 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.

**Interfund Activity**

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

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

### **Adoption of New Standard**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard is included in Notes 6 and 7.

### **Implementation of GASB Statement No. 92**

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

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

The requirements of this Statement are effective as follows:

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

The provisions of this Statement have been implemented as of June 30, 2022.

#### **Implementation of GASB Statement No. 93**

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

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

The provisions of this Statement have been implemented as of June 30, 2022.



### Note 3 - Deposits and Investments

#### Policies and Practices

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

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

#### General Authorizations

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

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

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2022, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 903,266	\$ -
Cash in revolving	100,400	-
Investments	<u>33,007,290</u>	<u>4,944,685</u>
Total deposits and investments	<u>\$ 34,010,956</u>	<u>\$ 4,944,685</u>

**Interest Rate Risk**

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

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in mutual funds are not required to be rated, nor have they been rated. The District's investments in the San Bernardino County Investment Pool was rated by Fitch Ratings as of June 30, 2022.

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

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	\$ 4,944,685	No maturity	Not rated
San Bernardino County Investment Pool	<u>33,007,290</u>	495	AAAf/S1
Total	<u>\$ 37,951,975</u>		

## 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, 2022, the District's bank balance of approximately \$3.6 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, 2022, the District's investment balance of approximately \$4.4 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, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using Level 1 Inputs</u>
Mutual funds	\$ 4,944,685	\$ 4,944,685

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

**Note 5 - Accounts Receivable**

Accounts receivable as of June 30, 2022 consisted of the following:

	<u>Primary Government</u>
Federal Government	
Categorical aid	\$ 541,213
Other federal sources	127,027
State Government	
Categorical aid	292,224
Lottery	74,546
Other state sources	43,262
Local Sources	
Property taxes	88,572
Interest	67,200
Other local sources	258,546
Total	<u>\$ 1,492,590</u>
Student receivables	<u>\$ 203,634</u>

**Note 6 - Capital and Right-to-use Leased Assets**

Capital and right-to-use leased asset activity for the District for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021 as restated	Additions	Deductions	Balance, June 30, 2022
Capital Assets Not Being Depreciated				
Land	\$ 119,462	\$ -	\$ -	\$ 119,462
Construction in progress	468,204	4,039,761	(6,073)	4,501,892
Total capital assets not being depreciated	<u>587,666</u>	<u>4,039,761</u>	<u>(6,073)</u>	<u>4,621,354</u>
Capital Assets Being Depreciated				
Buildings and improvements	64,158,650	98,340	-	64,256,990
Furniture and equipment	3,542,107	170,469	(9,995)	3,702,581
Total capital assets being depreciated	<u>67,700,757</u>	<u>268,809</u>	<u>(9,995)</u>	<u>67,959,571</u>
Total capital assets	<u>68,288,423</u>	<u>4,308,570</u>	<u>(16,068)</u>	<u>72,580,925</u>
Less Accumulated Depreciation				
Buildings and improvements	(19,138,801)	(1,545,650)	-	(20,684,451)
Furniture and equipment	(2,185,244)	(259,751)	9,995	(2,435,000)
Total accumulated depreciation	<u>(21,324,045)</u>	<u>(1,805,401)</u>	<u>9,995</u>	<u>(23,119,451)</u>
Net capital assets	<u>46,964,378</u>	<u>2,503,169</u>	<u>(6,073)</u>	<u>49,461,474</u>
Right-to-use Leased Assets Being Amortized				
Equipment	208,576	-	-	208,576
Less Accumulated Amortization				
Equipment	-	(83,100)	-	(83,100)
Net right-to-use leased assets	<u>208,576</u>	<u>(83,100)</u>	<u>-</u>	<u>125,476</u>
Total capital and right-to-use leased assets, net	<u>\$ 47,172,954</u>	<u>\$ 2,420,069</u>	<u>\$ (6,073)</u>	<u>\$ 49,586,950</u>

**Note 7 - Long-Term Liabilities other than OPEB and Pensions****Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2022 consisted of the following:

	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022	Due in One Year
Lease liability	\$ 208,576	\$ -	\$ (81,515)	\$ 127,061	\$ 83,637
Compensated absences	757,212	-	(98,128)	659,084	-
Total	<u>\$ 965,788</u>	<u>\$ -</u>	<u>\$ (179,643)</u>	<u>\$ 786,145</u>	<u>\$ 83,637</u>

**Description of Long-Term Liabilities**

The lease liability will be paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked.

**Lease Liability**

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

<u>Leases</u>	Balance July 1, 2021 as restated	Addition	Deletion	Balance June 30, 2022
Copiers	\$ 202,022	\$ -	\$ (79,038)	\$ 122,984
Mailing Machine	6,554	-	(2,477)	4,077
Total	<u>\$ 208,576</u>	<u>\$ -</u>	<u>\$ (81,515)</u>	<u>\$ 127,061</u>

**Copiers**

The District entered into agreements to lease copiers for five years, beginning December 2018. Under the terms of the lease, the District paid the monthly payments of \$6,936, which amounted to total principal and interest costs of \$83,236. The annual interest rate charged on the leases vary from 1.46% and 2.70%. At June 30, 2022, the District has recognized a right-to-use leased asset of \$202,022 and a lease liability of \$122,984 related to this agreement. During the fiscal year, the District recorded \$80,563 in amortization expense and \$4,197 in interest expense for the right-to-use leased copiers. The District also pays \$0.049 per each additional copy in excess of the contracted amount, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$1,809 during the year toward those variable costs.

**Mailing Machine**

The District entered into an agreement to lease a mailing machine for five years, beginning November 2019. Under the terms of the lease, the District paid the monthly payments of \$220, which amounted to total principal and interest costs of \$2,640. The annual interest rate charged on the lease is 2.99%. At June 30, 2022, the District has recognized a right-to-use leased asset of \$6,554 and a lease liability of \$4,077 related to this agreement. During the fiscal year, the District recorded \$2,537 in amortization expense and \$162 in interest expense for the right-to-use leased mailing machine.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 83,637	\$ 2,238	\$ 85,875
2024	42,924	332	43,256
2025	500	-	500
<b>Total</b>	<b>\$ 127,061</b>	<b>\$ 2,570</b>	<b>\$ 129,631</b>

**Note 8 - Net Other Postemployment Benefit (OPEB) Asset/(Liability)**

For the year ended June 30, 2022, the District reported a net OPEB asset/(liability), deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

<u>OPEB Plan</u>	<u>Aggregate Net OPEB Asset/(Liability)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 3,044,530	\$ 684,689	\$ 1,405,174	\$ (204,171)
Medicare Premium Payment (MPP) Program	<u>(77,990)</u>	<u>-</u>	<u>-</u>	<u>77,990</u>
<b>Total</b>	<b>\$ 2,966,540</b>	<b>\$ 684,689</b>	<b>\$ 1,405,174</b>	<b>\$ (126,181)</b>

The details of each plan are as follows:

**District Plan****Plan Administration**

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the California Employers' Retiree Benefit Trust Fund.

**Plan Membership**

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	5
Active employees	129
	<hr/>
Total	134
	<hr/> <hr/>

**Retiree Health Benefit OPEB Trust**

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

**Benefits Provided**

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

**Contributions**

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The voluntary contributions based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by management and the District's governing board. For the measurement period of June 30, 2021, the District paid \$104,841 in benefits. Additionally, the District recognized a reduction in the total OPEB liability of \$65,290 associated with the implicit rate subsidy.



**Investment****Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
All Equities	59%
All Fixed Income	25%
Real Estate Investment Trusts	8%
All Commodities	3%
Treasury Inflation Protected Securities (TIPS)	5%

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 27.43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Asset of the District**

The District's net OPEB asset of \$3,044,530 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The components of the net OPEB asset of the District at June 30, 2021, were as follows:

Total OPEB liability	\$ 2,665,376
Plan fiduciary net position	<u>(5,709,906)</u>
Net OPEB Asset	<u>\$ (3,044,530)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>214.23%</u>

### Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	6.75%
Healthcare cost trend rate	4.00%

The discount rate was based on the long-term expected return on plan assets assuming 100% funding through the Trust, using the building block method.

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, 2021 valuation were based on the results of an actual experience study as of June 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
All Equities	7.55%
All Fixed Income	4.25%
Real Estate Investment Trusts	7.25%
All Commodities	7.55%
Treasury Inflation Protected Securities (TIPS)	3.00%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB (Asset)/Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance, June 30, 2020	\$ 3,165,535	\$ 4,563,163	\$ (1,397,628)
Service cost	231,817	-	231,817
Interest	222,872	-	222,872
Difference between expected and actual experience	(435,971)	-	(435,971)
Contributions - employer	-	65,290	(65,290)
Expected investment income	-	1,253,310	(1,253,310)
Changes of assumptions	(348,746)	-	(348,746)
Benefit payments	(170,131)	(170,131)	-
Administrative expense	-	(1,726)	1,726
Net change in total OPEB liability	(500,159)	1,146,743	(1,646,902)
Balance, June 30, 2021	<u>\$ 2,665,376</u>	<u>\$ 5,709,906</u>	<u>\$ (3,044,530)</u>

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

Changes of assumptions reflect a change in the discount rate from 7.00% to 6.75% and a change in the inflation rate from 2.75% to 2.50%.

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

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

Discount Rate	Net OPEB Asset
1% decrease (5.75%)	\$ 2,819,407
Current discount rate (6.75%)	3,044,530
1% increase (7.75%)	3,249,643

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Asset</u>
1% decrease (3.00%)	\$ 3,344,027
Current healthcare cost trend rate (4.00%)	3,044,530
1% increase (5.00%)	2,691,550

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 104,841	\$ -
Differences between expected and actual experience	56,238	428,257
Changes of assumptions	523,610	321,711
Net difference between projected and actual earnings on OPEB plan investments	-	655,206
Total	<u>\$ 684,689</u>	<u>\$ 1,405,174</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (159,110)
2024	(151,338)
2025	(157,093)
2026	(187,665)
Total	<u>\$ (655,206)</u>

The deferred outflows 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 15.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (16,375)
2024	(16,375)
2025	(16,375)
2026	(16,375)
2027	(16,375)
Thereafter	(88,245)
Total	<u>\$ (170,120)</u>

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District 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 and OPEB Expense

At June 30, 2022, the District reported a liability of \$77,990 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 was 0.0196%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$77,990.

### Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

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

For the valuation as of June 30, 2020, 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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.16%)	\$ 85,966
Current discount rate (2.16%)	77,990
1% increase (3.16%)	71,175

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

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

<u>Medicare Costs Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.5% Part A and 4.4% Part B)	\$ 70,922
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	77,990
1% increase (5.5% Part A and 6.4% Part B)	86,092

**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. During fiscal year ending June 30, 2022, the District contracted with the Southern California Schools Risk Management (SCSRM) 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 2022, the District participated in the Southern California Schools Risk Management (SCSRM) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

**Note 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, 2022, the District reported its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Aggregate Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 5,919,617	\$ 3,165,859	\$ 5,740,382	\$ 416,843
CalPERS	8,407,356	2,317,750	3,246,313	1,330,588
Total	<u>\$ 14,326,973</u>	<u>\$ 5,483,609</u>	<u>\$ 8,986,695</u>	<u>\$ 1,747,431</u>



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, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

#### **Benefits Provided**

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
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, 2022, are presented above, and the District's total contributions were \$1,273,129.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 5,919,617
State's proportionate share of net pension liability associated with the District	<u>2,978,522</u>
Total	<u>\$ 8,898,139</u>

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and 2020, was 0.0130% and 0.0124%, respectively, resulting in a net increase in the proportionate share of 0.0006%.

For the year ended June 30, 2022, the District recognized pension expense of \$416,843. In addition, the District recognized pension expense and revenue of \$101,906 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,273,129	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,039,154	427,843
Differences between projected and actual earnings on pension plan investments	-	4,682,569
Differences between expected and actual experience in the measurement of the total pension liability	14,829	629,970
Changes of assumptions	<u>838,747</u>	<u>-</u>
Total	<u>\$ 3,165,859</u>	<u>\$ 5,740,382</u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (1,189,091)
2024	(1,087,631)
2025	(1,114,621)
2026	<u>(1,291,226)</u>
Total	<u>\$ (4,682,569)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ 373,461
2024	395,703
2025	(34,621)
2026	109,813
2027	4,419
Thereafter	<u>(13,858)</u>
Total	<u>\$ 834,917</u>

#### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 12,050,222
Current discount rate (7.10%)	5,919,617
1% increase (8.10%)	831,332

## California Public Employees' Retirement System (CalPERS)

### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

### Benefits Provided

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

The CalPERS School Employer Pool provisions and benefits in effect at June 30, 2022, are summarized as follows:

	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

## Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the total District contributions were \$1,360,825.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$8,407,356. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0413% and 0.0404%, respectively, resulting in a net increase in the proportionate share of 0.0009%.

For the year ended June 30, 2022, the District recognized pension expense of \$1,330,588. At June 30, 2022, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,360,825	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	705,944	-
Differences between projected and actual earnings on pension plan investments	-	3,226,493
Differences between expected and actual experience in the measurement of the total pension liability	<u>250,981</u>	<u>19,820</u>
Total	<u>\$ 2,317,750</u>	<u>\$ 3,246,313</u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (809,201)
2024	(744,133)
2025	(775,808)
2026	<u>(897,351)</u>
Total	<u>\$ (3,226,493)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ 581,530
2024	273,903
2025	75,902
2026	<u>5,770</u>
Total	<u>\$ 937,105</u>



### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 14,175,982
Current discount rate (7.15%)	8,407,356
1% increase (8.15%)	3,618,158

**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, 2022, which amounted to \$836,568 (10.828%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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.

**Alternative Retirement Plan**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Accumulation Program for Part-Time and Limited-Services Employees (APPLE) as its plan. Contributions are made by the District and an employee vest immediately. The minimum total contribution is 7.5% of employees' salaries, of which the employee contributes 6.2% and the District contributes the remaining 1.3%. For the year ended, June 30, 2022, the District made total contributions of \$10,760 into the plan.

## **Note 11 - Commitments and Contingencies**

### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

### **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, 2022.

### **Construction Commitments**

As of June 30, 2022, the District had approximately \$11.5 million in commitments with respect to unfinished capital projects. The projects are funded through State construction funds.

## **Note 12 - Participation in Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of the Southern California Schools Risk Management (SCSRM) joint powers authority (JPA) public entity risk sharing pools for property/liability and workers' compensation. The District pays annual premiums to the entity for its workers' compensation and property/liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

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

**Note 13 - Adoption of New Accounting Standard**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of the adoption of the new standard, the opening balances of certain assets and liabilities were restated as follows:

Primary Government	
Net Position - Beginning	\$ 55,523,739
Right-to-use leased assets, net of amortization	208,576
Lease liabilities	(208,576)
Net Position - Beginning	\$ 55,523,739



Required Supplementary Information  
June 30, 2022

# Barstow Community College District

**Barstow Community College District**  
**Schedule of Changes in the District's Net OPEB Asset/(Liability) and Related Ratios**  
**Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 231,817	\$ 225,613	\$ 168,637	\$ 264,592	\$ 155,572
Interest	222,872	205,740	146,263	136,943	130,706
Difference between expected and actual experience	(435,971)	(29,949)	69,738	-	-
Changes of assumptions	(348,746)	-	649,280	-	-
Benefit payments	<u>(170,131)</u>	<u>(154,365)</u>	<u>(208,988)</u>	<u>(259,846)</u>	<u>(247,934)</u>
Net change in total OPEB liability	(500,159)	247,039	824,930	141,689	38,344
Total OPEB Liability - Beginning	<u>3,165,535</u>	<u>2,918,496</u>	<u>2,093,566</u>	<u>1,951,877</u>	<u>1,913,533</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,665,376</u>	<u>\$ 3,165,535</u>	<u>\$ 2,918,496</u>	<u>\$ 2,093,566</u>	<u>\$ 1,951,877</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 65,290	\$ 154,365	\$ -	\$ 259,846	\$ 247,934
Expected investment income	1,253,310	308,565	297,197	283,609	385,725
Differences between projected and actual earnings on OPEB plan investments	-	(152,674)	(26,688)	38,869	-
Benefit payments	(170,131)	(154,365)	(208,988)	(259,846)	(247,934)
Administrative expense	<u>(1,726)</u>	<u>(2,162)</u>	<u>(3,708)</u>	<u>(3,632)</u>	<u>(6,117)</u>
Net change in plan fiduciary net position	1,146,743	153,729	57,813	318,846	379,608
Plan Fiduciary Net Position - Beginning	<u>4,563,163</u>	<u>4,409,434</u>	<u>4,351,621</u>	<u>4,032,775</u>	<u>3,653,167</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,709,906</u>	<u>\$ 4,563,163</u>	<u>\$ 4,409,434</u>	<u>\$ 4,351,621</u>	<u>\$ 4,032,775</u>
Net OPEB Asset - Ending (a) - (b)	<u>\$ (3,044,530)</u>	<u>\$ (1,397,628)</u>	<u>\$ (1,490,938)</u>	<u>\$ (2,258,055)</u>	<u>\$ (2,080,898)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>214.23%</u>	<u>144.15%</u>	<u>151.09%</u>	<u>207.86%</u>	<u>206.61%</u>
Covered Employee Payroll	<u>\$ 13,464,276</u>	<u>\$ 13,225,067</u>	<u>\$ 13,271,882</u>	<u>\$ 11,434,251</u>	<u>\$ 10,712,226</u>
Net OPEB Asset as a Percentage of Covered Employee Payroll	<u>22.61%</u>	<u>10.57%</u>	<u>11.23%</u>	<u>19.75%</u>	<u>19.43%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Barstow Community College District  
 Schedule of OPEB Investment Returns  
 Year Ended June 30, 2022

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	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	27.43%	3.49%	6.13%	7.91%	10.52%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

**Barstow Community College District**  
 Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
 Year Ended June 30, 2022

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Year ended June 30,	2022
Proportion of the net OPEB liability	0.0196%
Proportionate share of the net OPEB liability	\$ 77,990
Covered payroll	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%
Measurement Date	June 30, 2021

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

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



**Barstow Community College District**  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>				
Proportion of the net pension liability	0.0130%	0.0124%	0.0124%	0.0111%
Proportionate share of the net pension liability	\$ 5,919,617	\$ 12,055,546	\$ 11,157,227	\$ 10,234,814
State's proportionate share of the net pension liability associated with the District	2,978,522	6,214,635	6,087,012	5,859,910
Total	<u>\$ 8,898,139</u>	<u>\$ 18,270,181</u>	<u>\$ 17,244,239</u>	<u>\$ 16,094,724</u>
Covered payroll	<u>\$ 7,291,932</u>	<u>\$ 7,390,152</u>	<u>\$ 6,498,170</u>	<u>\$ 6,357,020</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	81.18%	163.13%	171.70%	161.00%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>CalPERS</b>				
Proportion of the net pension liability	0.0413%	0.0404%	0.0369%	0.0330%
Proportionate share of the net pension liability	\$ 8,407,356	\$ 12,402,553	\$ 10,753,609	\$ 8,803,989
Covered payroll	\$ 5,933,135	\$ 5,881,730	\$ 4,936,081	\$ 4,355,206
Proportionate share of the net pension liability as a percentage of its covered payroll	141.70%	210.87%	217.86%	202.15%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

**Barstow Community College District**  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2022

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>				
Proportion of the net pension liability	0.0117%	0.0118%	0.0117%	0.0116%
Proportionate share of the net pension liability	\$ 10,775,779	\$ 9,531,686	\$ 7,900,285	\$ 6,796,535
State's proportionate share of the net pension liability associated with the District	6,374,860	5,913,734	4,169,973	3,604,088
Total	<u>\$ 17,150,639</u>	<u>\$ 15,445,420</u>	<u>\$ 12,070,258</u>	<u>\$ 10,400,623</u>
Covered payroll	<u>\$ 6,352,846</u>	<u>\$ 5,855,107</u>	<u>\$ 5,422,838</u>	<u>\$ 5,145,047</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	169.62%	162.79%	145.69%	132.10%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>				
Proportion of the net pension liability	0.0317%	0.0299%	0.0331%	0.0330%
Proportionate share of the net pension liability	\$ 7,558,056	\$ 5,913,734	\$ 4,875,369	\$ 3,750,895
Covered payroll	<u>\$ 4,047,213</u>	<u>\$ 3,625,981</u>	<u>\$ 3,678,218</u>	<u>\$ 3,474,038</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	186.75%	163.09%	132.55%	107.97%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Barstow Community College District  
Schedule of the District's Contributions for Pensions  
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CalSTRS</b>				
Contractually required contribution	\$ 1,273,129	\$ 1,177,647	\$ 1,263,716	\$ 1,057,902
Contributions in relation to the contractually required contribution	<u>1,273,129</u>	<u>1,177,647</u>	<u>1,263,716</u>	<u>1,057,902</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,524,403</u>	<u>\$ 7,291,932</u>	<u>\$ 7,390,152</u>	<u>\$ 6,498,170</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
<b>CalPERS</b>				
Contractually required contribution	\$ 1,360,825	\$ 1,228,159	\$ 1,159,936	\$ 891,555
Contributions in relation to the contractually required contribution	<u>1,360,825</u>	<u>1,228,159</u>	<u>1,159,936</u>	<u>891,555</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,939,873</u>	<u>\$ 5,933,135</u>	<u>\$ 5,881,730</u>	<u>\$ 4,936,081</u>
Contributions as a percentage of covered payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>

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

Barstow Community College District  
Schedule of the District's Contributions for Pensions  
Year Ended June 30, 2022

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>				
Contractually required contribution	\$ 917,318	\$ 799,188	\$ 628,253	\$ 481,548
Contributions in relation to the contractually required contribution	<u>917,318</u>	<u>799,188</u>	<u>628,253</u>	<u>481,548</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 6,357,020</u>	<u>\$ 6,352,846</u>	<u>\$ 5,855,107</u>	<u>\$ 5,422,838</u>
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>				
Contractually required contribution	\$ 676,407	\$ 562,077	\$ 429,570	\$ 432,963
Contributions in relation to the contractually required contribution	<u>676,407</u>	<u>562,077</u>	<u>429,570</u>	<u>432,963</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 4,355,206</u>	<u>\$ 4,047,213</u>	<u>\$ 3,625,981</u>	<u>\$ 3,678,218</u>
Contributions as a percentage of covered payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

## **Note 1 - Purpose of Schedules**

### **Schedule of Changes in the District's Net OPEB Liability and Related Ratios**

This schedule presents information on the District's changes in the net OPEB (asset) liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB (asset) 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 – Changes of assumptions reflect a change in the discount rate from 7.00% to 6.75% and a change in the inflation rate from 2.75% to 2.50%.

### **Schedule of OPEB Investment Returns**

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

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

- Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.
- Changes of Assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

### **Schedule of the District's Contributions for Pensions**

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



Supplementary Information  
June 30, 2022

# Barstow Community College District

Barstow Community College was established in 1959. The curriculum offered includes lower division courses for students planning to transfer to a four-year college or university. Also offered are general education courses designed to provide continuing educational opportunities to students. The District serves the communities of Barstow, Lenwood, Newberry Springs, Daggett, Yermo, Hinkley, Ludlow, and Baker. College is accredited through the Western Association of Schools and Colleges.

**Board of Trustees as of June 30, 2022**

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Paul Wilkey	President	2024
Philip M. Harris	Vice President	2022
Fernando (Fred) Baca	Member	2024
Carmen Hernandez	Member	2024
Jeannette Spiller	Student Trustee	2022

**Administration as of June 30, 2022**

Eva Bagg, Ph.D.	Superintendent/President
Dr. Jennifer Rodden	Interim Vice President, Academic Affairs
Deedee Garcia	Vice President, Administrative Services
Henry L. Covarrubias, Ph.D.	Vice President, Student Services

**Auxiliary Organizations in Good Standing**

Barstow College Foundation, established 1981  
 Master Agreement entered into 1981  
 Melanie Burnau, Executive Director

**Barstow Community College District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 6,232,257
Federal Direct Student Loans	84.268		1,018,005
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		270,469
Federal Work-Study Program	84.033		<u>50,149</u>
Subtotal Student Financial Assistance Cluster			<u>7,570,880</u>
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		3,223,756
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		2,737,981
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		<u>14,614</u>
Subtotal			<u>5,976,351</u>
Passed through California Community Colleges Chancellor's Office Career and Technical Education Act (CTEA), Title I, Part C	84.048A	21-C01-910	<u>112,915</u>
Total U.S. Department of Education			<u>13,660,146</u>
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	<u>355,308</u>
Research and Development Cluster			
National Science Foundation			
Passed through University Enterprises Corporation at California State University San Bernardino Promoting Pre and Post-transfer Success in STEM at Hispanic Serving Institutions	47.076	GT17147A4	<u>37,692</u>
Subtotal Research and Development Cluster			<u>37,692</u>
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office Temporary Assistance for Needy Families (TANF) Foster and Kinship Care Education	93.558 93.658	[1] [1]	34,132 <u>45,009</u>
Total U.S. Department of Health and Human Services			<u>79,141</u>
U.S. Department of Defense			
Passed through CA Online Community College/Calbright College California Defense Ecosystems and National Consortium Effort (CADENCE) Program	12.600	OPR20121	<u>8,337</u>
Total Federal Financial Assistance			<u>\$ 14,140,624</u>

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



Barstow Community College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2022

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
Lottery	\$ 413,310	\$ 39,000	\$ -	\$ 452,310	\$ 124,650
California College Promise	126,452	-	126,452	-	-
California College Promise	51,167	-	30,173	20,994	20,994
California College Promise 17/18	27,418	-	-	27,418	27,418
Child Development Training Consortium (CDTC)	2,530	-	1,840	690	690
Culturally Competent Faculty	92,095	-	50,434	41,661	41,661
CalWORKs	310,840	-	87,357	223,483	223,483
Foster & Kinship Care Education Program (FKCE)	195,863	-	52,450	143,413	143,413
Strong Workforce Local	496,511	-	328,311	168,200	168,200
Strong Workforce Local 17/18	5,617	-	-	5,617	5,617
Strong Workforce Local 18/19	6,600	-	-	6,600	6,600
Strong Workforce Local 19/20	122,424	-	-	122,424	122,424
Adult Ed Block Grant	1,410,565	-	3,354	1,407,211	1,407,211
Adult Ed Consortium	48,029	-	34,254	13,775	13,775
Strong Workforce P01 19/20	117,015	-	-	117,015	117,015
Strong Workforce P02	9,000	26,312	-	35,312	35,312
Strong Workforce P05 19/20	62,453	-	-	62,453	62,453
Strong Workforce P05 2021	-	15,138	-	15,138	15,138
Strong Workforce P07	21,920	94,964	-	116,884	116,884
Strong Workforce P07 19/20	17,641	-	-	17,641	17,641
Strong Workforce P12	-	20,000	-	20,000	20,000
Strong Workforce P12 19/20	15,462	-	-	15,462	15,462
Strong Workforce P16 20/21	7,788	24,750	-	32,538	32,538
Strong Workforce P18	17,103	79,972	-	97,075	97,075
Strong Workforce P18 19/20	30,112	-	-	30,112	30,112
Strong Workforce P31	40,474	-	-	40,474	40,474
Strong Workforce P34 20/21	3,448	-	-	3,448	3,448
Strong Workforce P47 20/21	27,038	-	-	27,038	27,038

Barstow Community College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2022

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
Strong Workforce ISM	\$ 97,092	\$ -	\$ 4,583	\$ 92,509	\$ 92,509
SWP R6-SHARED	-	31,088	-	31,088	31,088
Student Equity	1,835,374	-	450,513	1,384,861	1,384,861
Basic Needs Centers	179,904	-	173,580	6,324	6,324
Hunger Free Campus Support 19/20	7,590	-	-	7,590	7,590
College Rapid Rehousing	1,000,000	-	571,839	428,161	428,161
College Rapid Rehousing 19/20	4,259	-	-	4,259	4,259
Undocumented Resources Liaisons	95,880	-	25,077	70,803	70,803
SFAA-BFAP	196,185	-	30,034	166,151	166,151
Financial Aid Technology	82,293	-	82,293	-	-
Financial Aid Technology 18/19	96,520	-	65,567	30,953	30,953
Financial Aid Technology 19/20	41,227	-	41,227	-	-
Student Success Completion	877,997	-	-	877,997	877,997
Veteran's Resource Center	74,362	-	74,362	-	-
Veteran's Resource Center One Time Funds	12,273	-	11,846	427	427
Veteran's Resource Center 18/19	11,269	-	-	11,269	11,269
Veteran's Resource Center 19/20	12,733	-	3,223	9,510	9,510
Mental Health Grant	327,887	-	100,387	227,500	227,500
Guided Pathways	120,944	-	-	120,944	120,944
Guided Pathways 19/20	38,142	-	-	38,142	38,142
Mental Health Support	174,080	-	174,080	-	-
LGBTQ+	57,607	-	57,607	-	-
Student Food and Housing	192,278	-	192,278	-	-
EOPS	961,486	-	379,050	582,436	582,436
CARE	298,099	-	188,890	109,209	109,209
DSPS	339,934	-	69,448	270,486	270,486
DSPS Electronic Info	10,336	-	7,306	3,030	3,030

Barstow Community College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2022

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
CALFRESH Outreach	\$ 29,961	\$ -	\$ -	\$ 29,961	\$ 29,961
COVID-19 Response Block Grant (98)	35,408	-	-	35,408	35,408
Rer Total state programs	415,976	-	228,429	187,547	187,547
Staff Development 18/19	13,262	-	13,262	-	-
EEO	100,000	-	100,000	-	-
EEO 18/19	46,567	-	4,828	41,739	41,739
EEO 19/20	50,000	-	50,000	-	-
EEO - Best Practices	208,333	-	208,333	-	-
Rural Technology Grant-19/20	197,997	-	152,952	45,045	45,045
Physical Plant/Instrl Support	1,000,000	-	1,000,000	-	-
Physical Plant/Instrl Support 16/17	13,137	-	-	13,137	13,137
Physical Plant/Instrl Support 17/18	5,903	-	-	5,903	5,903
Physical Plant/Instrl Support 19/20	31,418	-	31,418	-	-
	<u>\$ 12,972,588</u>	<u>\$ 331,224</u>	<u>\$ 5,207,037</u>	<u>\$ 8,096,775</u>	<u>\$ 7,769,115</u>

**Barstow Community College District**  
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance  
Year Ended June 30, 2022

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2021 only)</b>			
1. Noncredit*	3.75	-	3.75
2. Credit	277.00	-	277.00
<b>B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)</b>			
1. Noncredit*	3.99	-	3.99
2. Credit	0.17	-	0.17
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	44.06	-	44.06
(b) Daily Census Contact Hours	8.92	-	8.92
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	38.35	-	38.35
(b) Credit	2.57	-	2.57
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	368.60	-	368.60
(b) Daily Census Procedure Courses	1,343.48	-	1,343.48
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>2,090.89</u>	<u>-</u>	<u>2,090.89</u>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. In-Service Training Courses (FTES)</b>	-	-	-
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit	37.98	-	37.98
2. Credit	7.56	-	7.56
<b>CCFS-320 Addendum</b>			
CDCP Noncredit FTES	7.21	-	7.21

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

Barstow Community College District  
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation  
 Year Ended June 30, 2022

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 3,511,743	\$ -	\$ 3,511,743	\$ 3,511,743	\$ -	\$ 3,511,743
Other	1300	2,056,239	-	2,056,239	2,056,239	-	2,056,239
Total Instructional Salaries		5,567,982	-	5,567,982	5,567,982	-	5,567,982
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	1,042,284	-	1,042,284
Other	1400	-	-	-	369,536	-	369,536
Total Noninstructional Salaries		-	-	-	1,411,820	-	1,411,820
Total Academic Salaries		5,567,982	-	5,567,982	6,979,802	-	6,979,802
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	2,902,844	-	2,902,844
Other	2300	-	-	-	117,222	-	117,222
Total Noninstructional Salaries		-	-	-	3,020,066	-	3,020,066
Instructional Aides							
Regular Status	2200	510,247	-	510,247	510,247	-	510,247
Other	2400	107,798	-	107,798	107,798	-	107,798
Total Instructional Aides		618,045	-	618,045	618,045	-	618,045
Total Classified Salaries		618,045	-	618,045	3,638,111	-	3,638,111
Employee Benefits	3000	2,613,715	-	2,613,715	4,995,295	-	4,995,295
Supplies and Material	4000	-	-	-	169,491	-	169,491
Other Operating Expenses	5000	-	-	-	2,595,154	-	2,595,154
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures							
Prior to Exclusions		8,799,742	-	8,799,742	18,377,853	-	18,377,853

Barstow Community College District

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

Year Ended June 30, 2022

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ (65,079)	\$ -	\$ (65,079)	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	178,201	-	178,201
Objects to Exclude							
Rents and Leases	5060	-	-	-	88,793	-	88,793
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

Barstow Community College District

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

Year Ended June 30, 2022

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 424,874	\$ -	\$ 424,874
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		(65,079)	-	(65,079)	691,868	-	691,868
Total for ECS 84362, 50% Law		\$ 8,864,821	\$ -	\$ 8,864,821	\$ 17,685,985	\$ -	\$ 17,685,985
% of CEE (Instructional Salary Cost/Total CEE)		50.12%		50.12%	100.00%		100.00%
50% of Current Expense of Education					\$ 8,842,993		\$ 8,842,993

Barstow Community College District  
 Proposition 30 Education Protection Account (EPA) Expenditure Report  
 Year Ended June 30, 2022

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 5,087,037
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 5,087,037	\$ -	\$ -	\$ 5,087,037
Total Expenditures for EPA		\$ 5,087,037	\$ -	\$ -	\$ 5,087,037
Revenues Less Expenditures					\$ -



Barstow Community College District  
 Reconciliation of Government Funds to the Statement of Net Position  
 Year Ended June 30, 2022

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

Total fund balance		
General Funds	\$ 14,237,987	
Special Revenue Funds	570,639	
Capital Project Funds	11,505,268	
Fiduciary Funds	<u>4,944,685</u>	
Total fund balance - all District funds		\$ 31,258,579
Amounts held in trust on behalf of others (OPEB Trust)		(4,944,685)
Capital and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	72,580,925	
Accumulated depreciation is	(23,119,451)	
The cost of right-to-use leased assets is	208,576	
Accumulated amortization is	<u>(83,100)</u>	
Total capital and right-to-use leased assets, net		49,586,950
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds.		
Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to OPEB	684,689	
Deferred outflows of resources related to pensions	<u>5,483,609</u>	
Total deferred outflows of resources		6,168,298
Recognizing the OPEB asset resulting from the difference between annual OPEB cost on the accrual basis and the OPEB contributions in the governmental funds.		3,044,530
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Compensated absences	(659,084)	
Net OPEB liability - Medicare Premium Payment Program	(77,990)	
Aggregate net pension liability	(14,326,973)	
Lease liability	<u>(127,061)</u>	
Total long-term liabilities		(15,191,108)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.		
Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(1,405,174)	
Deferred inflows of resources related to pensions	<u>(8,986,695)</u>	
Total deferred inflows of resources		<u>(10,391,869)</u>
Total net position		<u>\$ 59,530,695</u>

## **Note 1 - Purpose of Schedules**

### **District Organization**

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

### **Schedule of Expenditures of Federal Awards**

#### Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

#### Summary of Significant Accounting Policies

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

#### Indirect Cost Rate

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

### **Schedule of Expenditures of State Awards**

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

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

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

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

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

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

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

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

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



Independent Auditor's Reports  
June 30, 2022

# Barstow Community College District



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

Board of Trustees  
Barstow Community College District  
Barstow, 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, and the remaining fund information of Barstow Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 21, 2022.

**Adoption of New Accounting Standard**

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

***Report on Internal Control over Financial Reporting***

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

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

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

We noted certain matters that we reported to management of the District in a separate letter dated December 21, 2022.

***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.



Rancho Cucamonga, California  
December 21, 2022



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

Board of Trustees  
Barstow Community College District  
Barstow, California

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

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

We have audited Barstow Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

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

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

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

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

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

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

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

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

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant



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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's responses was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



Rancho Cucamonga, California  
December 21, 2022



## Independent Auditor's Report on State Compliance

Board of Trustees  
Barstow Community College District  
Barstow, California

### Report on Compliance

#### ***Qualified and Unmodified Opinions on State Compliance***

We have audited Barstow Community College District's (the District) compliance with the requirements specified in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the District's state program requirements identified below for the year ended June 30, 2022.

#### ***Qualified Opinion on Section 412 – SCFF Supplemental Allocation Metrics***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report paragraph, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

#### ***Unmodified Opinion on Each of the Other Programs***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying schedule of findings and questioned costs.

#### ***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Matters Giving Rise to Qualified Opinion on Section 412 – SCFF Supplemental Allocation Metrics***

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding *Section 412 – SCFF Supplemental Allocation Metrics*, as identified in finding 2022-003.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the 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 state programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above 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 2021-2022 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 of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2021-2022 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.

- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

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 499	COVID-19 Response Block Grant Expenditures

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

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

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 above that we identified during the audit.

**Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

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

The purpose of this report on State compliance is solely to describe the results of our testing based on the requirements of the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 21, 2022



Schedule of Findings and Questioned Costs  
June 30, 2022

# Barstow Community College District

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs**

Name of Federal Program or Cluster	Federal Assistance Listing Number/ Federal CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

**State Compliance**

Type of auditor's report issued on compliance for state programs	Qualified
Unmodified for all programs except for the following program which was qualified	

Name of Program
Section 412 - SCFF Supplemental Allocation Metrics

None reported.



The following findings represent significant deficiencies in internal control over compliance and instances of noncompliance that are required to be reported by the Uniform Guidance.

**2022-001      Special Tests and Provisions – Return to Title IV**

**Program Name:** Student Financial Assistance Cluster

**Federal Financial Assistance Listing Numbers:** 84.063, 84.033, 84.007, 84.268

**Federal Agency:** U.S. Department of Education (ED)

Directed funded by the U.S. Department of Education (ED)

**Criteria or Specific Requirement**

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

**Condition**

*Significant Deficiency in Internal Control over Compliance* - The District's portion of the Return to Title IV funds were not returned within the 45-day requirement.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

The District performed approximately 20 Return to Title IV calculations related to direct loans during the 2021-2022 year. There was one instance out of thirty tested where the District's portion of the Return to Title IV funds were not returned within the 45-day requirement.

**Effect**

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

**Cause**

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

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should strengthen procedures to ensure that the Return to Title IV funds are returned within 45 days from the date the District determines the student withdrew from all classes.

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

The District will implement procedures to ensure that the student withdrawal calculations are performed accurately and occur within 45 days from the end of the academic period.

**2022-002 Special Tests and Provisions – Enrollment Reporting**

**Program Name:** Student Financial Assistance Cluster

**Federal Financial Assistance Listing Numbers:** 84.063, 84.033, 84.007, 84.268

**Federal Agency:** U.S. Department of Education (ED)

Directed funded by the U.S. Department of Education (ED)

**Criteria or Specific Requirement**

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and Federal Family Education Loan (FFEL) loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Institutions are responsible for accurately reporting the following significant data elements under the Campus-Level Record that ED considers high risk:

Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective.

- OPEID Number – This is the OPEID for the location that the student is actually attending.
- Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective.
- Enrollment Status – The student’s enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (Certification Date – The Date enrollment certified by school. At a minimum, schools are required to certify enrollment every 60 days.
- Graduated (G), withdrawn (W), deceased (D), never attended (X) and record not found (Z).

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

**Condition**

*Significant Deficiency in Internal Control over Compliance* - we noted the following noncompliance:

1. Student withdrawal effective dates per the college's system does not match the withdrawal date reported to NSLDS for six out of sixty students tested.
2. Enrollment status was not reported to NSLDS for one out of sixty students tested.
3. Student enrollment status per the college's system does not match the enrollment status reported to NSLDS for three out of sixty students tested.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

The District processed and disbursed Pell awards of \$6,232,257 during the year ending June 30, 2022.

**Effect**

The District is not in compliance with the Federal enrollment reporting requirements described in the OMB Compliance Supplement.

**Cause**

The District's policies and procedures were not properly adhered to.

**Repeat Finding (Yes or No)**

No

**Recommendation**

The District should strengthen internal controls to review, update, and verify enrollment information that appears on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

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

The District will implement processes to ensure that student withdrawal dates match what is reported to NSLDS, that enrollment status matches and is reported accurately.

The following finding represents an instance of noncompliance and questioned costs relating to compliance with state laws and regulations.

**2022-003      Section 412 – SCFF Supplemental Allocation Metrics**

**Criteria or Specific Requirement**

California *Education Code* 84750.4(e)(3) Each community college district shall be granted one point for each student who is granted an exemption from nonresident tuition pursuant to Section 68130.5, based on headcount data of students in the prior year.

Each district shall accurately report supplemental metrics data (headcount) to the Chancellor’s Office through MIS and the CCFS-320 online reporting system.

**Condition**

*Significant Deficiency in Internal Control over Compliance* - During the testing over SCFF Supplemental Allocation Metrics, it was noted the population of AB 540 students was inaccurately reported in the 2020-2021 reporting year. Four out of nine students reported as AB 540 status did not have support for this classification.

**Questioned Costs**

The total headcount misreported was 36. The Chancellor’s Office will make the final determination of the dollar value of the total headcount misreported.

SCFF Supplemental Allocation Metric	Reported Headcount	Audit Adjustment (Extrapolated from Sample Error Rate)	Audited Headcount
AB 540	80	(36)	44
PELL Grant Recipient	1,679	0	1,679
Promise Grant Recipient	2,544	0	2,544
<b>Total</b>	4,303	(36)	4,267

**Context**

The District claimed a total of 4,303 students under the Supplemental Allocation Metrics in Exhibit C of the 2021-2022 Second Principal Apportionment. The overstatement of 36 students constitutes a 0.84% error rate.

**Effect**

The reported headcount on the Supplemental Allocation Metrics in Exhibit C of the 2021-2022 Second Principal Apportionment was overstated by 36 students.

**Cause**

The District inaccurately reported the headcount amount for AB 540 in the Supplemental Allocation Metrics due to lack of oversight and monitoring of controls in this process.

**Repeat Finding (Yes or No)**

Yes.

**Recommendation**

The District should ensure that their student headcounts are accurately calculated and reported based on the guidance provided by the Chancellor's Office. Procedures should be in place to monitor the calculation and reporting to prevent future miscalculations.

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

The District will ensure that their student headcounts are accurately calculated and reported based on the guidance provided by the Chancellor's Office.

The District will work with consultants to identify why Banner is pulling the wrong data.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

**Financial Statements Findings**

**2021-001 Year-End Closing**

**Criteria or Specific Requirement**

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Community Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

**Condition**

*Material Weakness* - Several year-end adjustments were identified during the audit that resulted in changes in certain accounts from the client prepared trial balance.

**Questioned Costs**

Material adjustments to the financial statements were reviewed, accepted, and recorded by management. There are no questioned costs associated with this finding.

**Context**

Account balances associated with cash in county, categorical programs, and interfund transactions required adjustments in order to be in accordance with the BAM and GAAP.

**Effect**

Material adjustments to the general ledger, as noted in the Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements on page 68, were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

**Cause**

The oversight and monitoring controls over the closing process were not effective in preventing or detecting errors.

**Repeat Finding (Yes or No)**

Yes, see prior year finding 2020-001.

**Recommendation**

The District should establish policies and procedures to ensure account balances are fairly stated and reported in accordance with BAM and GAAP.

**Current Status**

Implemented.

**2021-002 Student Financial Aid Fund Closing Process**

**Criteria or Specific Requirements**

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Colleges are also required to use fund accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Condition**

*Significant Deficiency* - The District was unable to provide fully reconciled Student Financial Aid Fund financial statements in a timely manner.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

Account balances associated with the Student Financial Aid Fund were not fully reconciled in a timely manner.

**Effect**

The Student Financial Aid Fund was not reconciled in a timely manner, which caused a delay in reporting requirements.

**Cause**

The oversight and monitoring controls over the closing process for the Student Financial Aid Fund were not operating effectively.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should establish and implement procedures to ensure account balances related to the Student Financial Aid Fund are monitored and reconciled in a timely manner. The District's closing process should include a review process over all funds to ensure the funds are reconciled.

**Current Status**

Implemented.

***Federal Awards Findings***

**2021-003      Special Tests and Provisions – Return to Title IV**

**Program Name:** Student Financial Assistance Cluster  
**Federal Financial Assistance Listing Numbers:** 84.063, 84.033, 84.007, 84.268  
**Federal Agency:** U.S. Department of Education (ED)  
Directed funded by the U.S. Department of Education (ED)

**Criteria or Specific Requirement**

34 CFR 668.22(j)(2): An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

**Condition**

Significant Deficiency in Internal Control over Compliance- The District did not calculate the withdrawal date within 30 days of the end of the academic period.

**Questioned Costs**

There are no questioned costs associated with this finding. The District did calculate the withdrawal date and perform the return to Title IV calculation; however, they did not calculate the withdrawal date within the 30-day requirement.

**Context**

There was 1 instance out of 36 tested where the District did not calculate the withdrawal date for the student within the 30-day requirement.

**Effect**

Without proper monitoring of accuracy and student withdrawals, the District risks noncompliance with the above referenced criteria.

**Cause**

The District did not implement procedures to ensure that the return to Title IV calculations were performed in a timely manner.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should implement procedures to ensure that the student withdrawal calculations are performed accurately and occur within 30 days from the end of the academic period.

**Current Status**

Implemented.



**2021-004 Reporting**

**Program Name:** COVID-19: Higher Education Emergency Relief Funds, Institutional Portion and COVID-19: Higher Education Relief Funds, Minority Serving Institutions (MSIs)  
**Federal Financial Assistance Listing Numbers:** 84.425F and 84.425L  
**Federal Agency:** U.S. Department of Education (ED)  
Direct funded by the U.S. Department of Education (ED)

**Criteria or Specific Requirement**

Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Institutional Aid Portion and Minority Serving Institutions award to publicly post certain information on their website for each calendar quarter that can be reconciled with underlying documentation to ensure accuracy.

**Condition**

*Significant Deficiency in Internal Control over Compliance* - The quarters ended September 30, 2020 and December 31, 2020 quarterly public report and the annual report for Barstow College were tested. We noted that the federal funds reported on each report did not agree to the general ledger or other underlying documentation.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Context**

The District has one college that was required to post forms covering the aggregate amounts spent for HEERF I quarterly and annually.

**Effect**

The documentation available for review was not adequate to support the compliance with the reporting requirements applicable to the program.

**Cause**

There was a lack of oversight in the quarterly and annual reporting requirements being reconciled with the underlying documentation.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should ensure that reporting requirements and deadlines are clearly communicated to all staff, and procedures in place to ensure requirements and deadlines are met. The District should also ensure all underlying documentation supports amounts reported.

**Current Status**

Implemented.

**State Compliance Findings**

**2021-005 Section 412 – SCFF Supplemental Allocation Metrics**

**Criteria or Specific Requirement**

California *Education Code* 84750.4(e)(3) Each community college district shall be granted one point for each student who is granted an exemption from nonresident tuition pursuant to Section 68130.5, based on headcount data of students in the prior year.

Each district shall accurately report supplemental metrics data (headcount) to the Chancellor’s Office through MIS and the CCFS-320 online reporting system.

**Condition**

*Significant Deficiency in Internal Control over Compliance* - During the testing over SCFF Supplemental Allocation Metrics, it was noted the population of AB 540 students was inaccurately reported in the 2019-2020 reporting year. The District reported 221 AB 540 student headcounts. The true population for the 2019-2020 reporting year was 93. A sample of ten AB 540 students were tested.

**Questioned Costs**

The total headcount misreported was 128. The Chancellor’s Office will make the final determination of the dollar value of the total headcount misreported.

SCFF Supplemental Allocation Metric	Reported Headcount	Audit Adjustment (Extrapolated from Sample Error Rate)	Audited Headcount
AB 540	221	(128)	93
PELL Grant Recipient	2,246	0	2,246
Promise Grant Recipient	3,289	0	3,289
<b>Total</b>	5,756	(128)	5,628

**Context**

The District claimed a total of 5,756 students under the Supplemental Allocation Metrics in Exhibit C of the 2020-2021 Second Principal Apportionment. The overstatement of 128 students constitutes a 2.2% error rate.

**Effect**

The reported headcount on the Supplemental Allocation Metrics in Exhibit C of the 2020-2021 Second Principal Apportionment was overstated by 128 students.

**Cause**

The District inaccurately reported the headcount amount for AB 540 in the Supplemental Allocation Metrics due to lack of oversight and monitoring of controls in this process.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should ensure that their student headcounts are accurately calculated and reported based on the guidance provided by the Chancellor's Office. Procedures should be in place to monitor the calculation and reporting to prevent future miscalculations.

**Current Status**

Not implemented. See current year finding 2022-003.

**2021-006 Section 427 – Dual Enrollment (CCAP and Non-CCAP)**

**Criteria or Specific Requirement**

Per *Education Code* section 48800, the governing board of a school district may authorize K-12 pupils who would benefit from advanced scholastic or vocational work, upon recommendation of the principal of the pupil's school of attendance, and with parental permission, to attend community college as special part-time or full-time students.

**Condition**

*Significant Deficiency in Internal Control over Compliance* – During our review of dual enrollment students, we identified that the District had lack of support for one special-admit student.

**Questioned Costs**

One out of twenty-five students selected for testing did not have the support for the recommendation of the student's principal's approval nor the parental permission. This resulted in an error rate of 23 percent. The overall questioned costs when extrapolated to all special admit students is 6.74 FTES.

**Context**

We identified one student of the twenty-five selected for testing that the District did not have adequate supporting documentation for. The total population of special admit students was 159 or 28.69 FTES for the 2020-2021 fiscal year.

**Effect**

After extrapolating the error rate, the overstatement of one special admit student or 6.74 FTES was reported on the CCF5-320 Annual Report.

**Cause**

The oversight and monitoring controls over Dual Enrollment were not operating effectively.

**Repeat Finding (Yes or No)**

No.

**Recommendation**

The District should implement procedures to ensure that all special admit students are supported for apportionment reporting purposes prescribed by the Chancellor's Office.

**Current Status**

Implemented.