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BARSTOW COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2023

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BARSTOW COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Barstow Community College District
Barstow, California

Report on Audit of Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 20, 2023

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, 2023. 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, 2023. 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 2022-2023 fiscal year, total reported resident FTES were 2,591.88 as compared to 2,090.89 in the 2021-2022 fiscal year.

- The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position of $6,682,236. Operating revenues increased by $2,867,353, while operating expenses increased by $4,999,511. Net nonoperating revenues increased by $6,040,937.

- During the 2022-20223 fiscal year, the District provided approximately $14.8 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, 2023 fiscal year ended with an increase in total net position of $6,636,942 to a grand total of $66,167,637.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**2023**	**2022**	**Change**
Current assets	$ 56,614,776	$ 35,771,763	$ 20,843,013
Non-current assets	52,715,700	52,631,480	84,220
Deferred outflow of resources	8,470,882	6,168,298	2,302,584
Total Assets and Deferred Outflows of Resources	117,801,358	94,571,541	23,229,817
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	25,531,657	9,541,506	15,990,151
Non-current liabilities	22,598,538	15,107,471	7,491,067
Deferred inflows of resources	3,503,526	10,391,869	(6,888,343)
Total Liabilities and Deferred Inflows of Resources	51,633,721	35,040,846	16,592,875
NET POSITION			
Invested in capital assets, net of related debt	50,722,539	49,459,889	1,262,650
Restricted	19,275,267	13,167,610	6,107,657
Unrestricted	(3,830,169)	(3,096,804)	(733,365)
Total Net Position	$ 66,167,637	$ 59,530,695	$ 6,636,942

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, 2023 and June 30, 2022, is shown below.

OPERATING REVENUES	**2023**	**2022**	**Change**
Tuition and fees (net)	$ 953,060	$ 1,099,235	$ (146,175)
Grants and contracts	13,021,917	10,008,389	3,013,528
Total Operating Revenues	13,974,977	11,107,624	2,867,353
OPERATING EXPENSES			
Salaries and benefits	23,211,033	20,995,606	2,215,427
Supplies, materials, and other operating expenses	10,873,751	7,974,111	2,899,640
Financial aid	14,877,945	14,973,002	(95,057)
Depreciation and amortization	1,868,002	1,888,501	(20,499)
Total Operating Expenses	50,830,731	45,831,220	4,999,511
Operating Loss	(36,855,754)	(34,723,596)	(2,132,158)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	24,672,948	19,888,762	4,784,186
Local property taxes, noncapital	4,061,066	3,751,207	309,859
State taxes and other revenues, noncapital	848,009	99,026	748,983
Federal grants and contracts	13,248,760	12,664,633	584,127
Investment income	435,673	(468,709)	904,382
Interest expense, capital	(2,472)	(4,359)	1,887
Other non-operating revenues	207,970	-	207,970
Total Non-Operating Revenues (Expenses)	43,471,954	35,930,560	7,541,394
OTHER REVENUES (EXPENSES)			
State apportionments, capital	59,004	1,305,608	(1,246,604)
Gain (loss) on disposal of asset	7,032	(6,073)	13,105
Change in Net Position	6,682,236	2,506,499	4,175,737
NET POSITION -- BEGINNING OF YEAR	59,530,695	55,523,739	4,006,956
NET POSITION -- END OF YEAR	$ 66,167,637	$ 58,030,238	$ 8,137,399

Change in Net Position, continued

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 2022-2023.

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:

Functional Classifications	Salaries and Benefits	Supplies, Materials, Other Operating Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instruction	$ 9,651,748	$ 414,220	$ -	$ -	$ 10,065,968
Academic Support	2,167,927	474,911	-	-	2,642,838
Student Services	4,479,124	529,127	-	-	5,008,251
Operation and Maintenance of plar	558,486	709,487	-	-	1,267,973
Institutional Support	3,413,810	3,553,922	-	-	6,967,732
Community Services and Economic	1,190,492	15,223	-	-	1,205,715
Auxiliary Operations	1,125,416	365,717	-	-	1,491,133
Other Outgo	624,044	2,402,605	-	-	3,026,649
Student Aid	-	2,405,290	14,840,075	-	17,245,365
Depreciation	-	-	-	1,868,002	1,868,002
	$ 23,211,047	$ 10,870,502	$ 14,840,075	$ 1,868,002	$ 50,789,626

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, 2023, was $23,764,273.

The Statement of Cash Flows for the year ended June 30, 2023 and 2022, is summarized below:

CASH PROVIDED BY (USED IN)	**2023**	**2022**	**Change**
Operating activities	$ (23,764,273)	$ (30,765,082)	$ 7,000,809
Noncapital financing activities	40,342,957	44,429,415	(4,086,458)
Capital and related financing activities	(3,011,693)	(2,072,230)	(939,463)
Investing activities	435,673	(480,689)	916,362
Net Increase (Decrease) in Cash and Cash Equivalents	14,002,664	11,111,414	2,891,250
CASH -- BEGINNING OF YEAR	34,010,956	22,899,542	11,111,414
CASH -- END OF YEAR	$ 48,013,620	$ 34,010,956	14,002,664

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:

	2023	2022	Change
Capital assets not being depreciated	$ 6,975,471	$ 4,621,354	$ 2,354,117
CapitalaAssets being depreciated	68,595,615	67,959,571	636,044
Accumulated depreciation	(24,892,298)	(23,119,451)	(1,772,847)
Right-of-use assets	215,452	208,576	6,876
Accumulated amortization	(171,701)	(83,100)	(88,601)
Total Capital Assets	$ 50,678,788	$ 49,461,474	$ 1,217,314

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

Long-Term Liabilities

At June 30, 2023, the District had $22,644,027 in long-term liabilities. A comparison of long-term liabilities is summarized below:

	2023	2022	Change
Lease liability	$ 55,395	$ 127,061	$ (71,666)
Compensated absences	669,657	659,084	10,573
Net OPEB liability - MPP Program	60,969	77,990	(17,021)
Net pension liability	21,858,006	14,326,973	7,531,033
Total Long-term Liabilities	$ 22,644,027	$ 15,191,108	$ 7,452,919
Amounts due within one year	$ 83,637	$ 45,489	$ 38,148

Note 7 in the financial statements provides additional information on long-term liabilities.

BUDGETARY HIGHLIGHTS

Cost of Living Allowance (COLA) of 8.22% 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 2022-2023. 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 THAT MAY AFFECT THE FUTURE

Due to COVID-19, the California Community College Chancellor's Office allowed for districts to opt into emergency conditions allowance (ECA) for pandemic-related enrollment protections. This froze funding for enrollment at 2019-2020 first period principle apportionment full-time equivalent student (FTES) levels. The ECA expired and will not be extended in the 2023-2024 budget year. This is not an issue for Barstow Community College District because enrollments have grown beyond the pre-pandemic levels.

2023-2024 Adopted Budget for Community Colleges (In Millions):

Program	2022-23 Enacted	2023-24 Enacted	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	8734.0	9421.1	687.1	7.9%	COLA, growth, and other base adjustments
Adult Education Program – Main	603.1	652.2	49.1	8.1%	COLA
Student Equity and Achievement Program	524.0	524.0	0.0	0.0%	
Student Success Completion Grant	412.6	362.6	-50.0	-12.1%	Adjust for revised estimates of recipients
Strong Workforce Program	290.4	290.4	0.0	0.0%	
Part-time Faculty Health insurance	200.5	200.5	0.0	0.0%	
Extended Opportunity Programs and Services (EOPS)	169.2	183.1	13.9	8.2%	COLA
Disabled Students Programs and Services (DSPS)	159.7	172.8	13.1	8.2%	COLA
Full-time Faculty Hiring	150.0	150.0	0.0	0.0%	
California College Promise (AB 19)	91.2	91.2	0.0	0.0%	
Integrated Technology	89.5	89.5	0.0	0.0%	
Financial Aid Administration	81.6	78.5	-3.1	-3.8%	Workload adjustment
Apprenticeship (community college districts)	69.2	64.3	-4.9	-7.1%	COLA and program reduction

CalWORKs student services	50.9	55.1	4.2	8.3%	COLA
NextUp (foster youth program)	50.0	54.1	4.1	8.2%	COLA
Basic Needs Centers	40.0	43.3	3.3	8.2%	COLA
Mandates Block Grant and Reimbursements	36.1	38.3	2.2	6.1%	COLA and enrollment-based adjustment
Mathematics, Engineering, Science Achievement (MESA)	36.4	39.4	3.0	8.2%	COLA
Cooperative Agencies Resources for Education (CARE)	30.9	33.5	2.5	8.2%	COLA
Student Mental Health Services	30.0	32.5	2.5	8.2%	COLA
Institutional Effectiveness Initiative	27.5	27.5	0.0	0.0%	
Part-time Faculty Compensation	26.5	26.5	0.0	0.0%	
Rising Scholars Network	25.0	25.0	0.0	0.0%	
Part-time Faculty Office Hours	23.6	23.6	0.0	0.0%	
Economic and Workforce Development	22.9	22.9	0.0	0.0%	
California Virtual Campus	20.0	20.0	0.0	0.0%	
Homeless and Housing Insecurity Program 'Rapid Rehousing'	19.0	20.6	1.6	8.2%	COLA
Calbright College	15.0	15.0	0.0	0.0%	
Nursing Grants	13.4	13.4	0.0	0.0%	

Lease Revenue Bond Payments	12.8	12.8	0.0	0.0%	
Equal Employment Opportunity Program	12.8	17.0	4.2	32.8%	Add one-time funding
Puente Project	12.3	13.3	1.0	8.2%	COLA
Dreamer Resource Liaisons	11.6	11.6	0.0	0.0%	
Classified Employee Summer Assistance Program	10.0	10.0	0.0	0.0%	
Immigrant Legal Services through CDSS	10.0	10.0	0.0	0.0%	
Veterans Resource Centers	10.0	10.8	0.8	8.2%	COLA
Umoja	8.5	9.2	0.7	8.2%	COLA
AANHPI Student Achievement Program	8.0	8.0	0.0	0.0%	
Foster Care Education Program	6.2	6.2	0.0	0.0%	
Childcare Tax Bailout	4.0	4.3	0.3	8.2%	COLA
Middle College High School Program	1.8	1.8	0.0	0.0%	
Academic Senate	1.7	1.8	0.1	6.6%	6.56% COLA
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.4	1.4	0.0	0.0%	
African American Male Education Network and Development (A2MEND)	1.1	1.1	0.0	0.0%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.7	0.7	0.0	0.0%	
FCMAT	0.6	0.8	0.2	35.1%	Increase for FCMAT Professional Learning Opportunities
Total	**$ 12,155.70**	**$ 12,891.58**	**$ 735.88**	**6.1%**	

[a] Table reflects total programmatic funding for the system, including amounts from prior years available for use in the years displayed.
[b] 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.
[c] See Makes Appropriations for Specific Local Initiatives section for breakdown

Revenue Budget Assumptions

22-23
Total Computational Revenues: The second period principle apportionment issued in June 2023 included a revenue deficit factor of 10.83% due to a shortfall in Education Protection Account (EPA) funding. The Chancellor's Office has revised this estimate in the 23-24 advanced apportionment memorandum to 0.96% as it is anticipated that the majority of the EPA funds will be backfilled. The majority of EPA payments had already been received by districts. The Chancellor's Office will be offsetting these adjustments in the 23-24 EPA payments for September and December 2023. Districts are to book the adjustment to apportionment and EPA accordingly in the 22-23 year end financials.

Scheduled Maintenance: The 22-23 State Adopted Budget included $840 million in one-time scheduled maintenance funding. Funding was reduced in June 2023 to $340 million in June 2023, when the fiscal year was almost over.

Categorical flexibility: In order to address the problem with reducing the scheduled maintenance funding so late in the fiscal year, the Chancellor's Office has issued categorical flexibility with the Retention & Outreach funding, Scheduled Maintenance funding and COVID-Recovery Block Grant funding. Funds can be shifted between these programs for any purpose allowed under these three programs.

23-24
Cost Of Living Allowance (COLA): The enacted COLA is 8.22% for 2023-2024. These figures are included in the revenue assumptions.

Growth: Although there is 0.5% growth in the proposed budget and the District is experiencing an increase in its Full Time Equivalent Students (FTES); however, due to the uncertainty of the full impacts of the emergency conditions allowance funding going away, growth funding is not included in the budget.

Full Time Equivalent Students (FTES): The District had experienced decline in FTES due to the pandemic; however, made a full recovery in 22-23. Prior to the pandemic, the District certified 2,555.98 FTES in 2019- 2020. The District's 2022-2023 projected FTES as of the annual principal apportionment is around 2,591.88.

Revenue Deficit: The adopted budget assumes a deficit factor of 2.29%.

Expenditure Budget Assumptions

Step & Column Increases: The salary schedules of the District include step increases for faculty, classified and management. The District has a assumed a salary escalator of 3% to account for these increases.

Pension increases: CalSTRS is expected to remain at 19.10% in 2023-2024. CalPERS is expected to increase from 25.37% in 2022-2023 to 26.68% in 2023-2024. These costs have been included in the budget.

Other Operating Expenses increases: Utilities has a 3% escalator included in the budget, with the exception of electric and gas. The electricity budget went from $152K to $264K. Gas also increased from $90K to $152K.

Expenditure Budget Assumptions, continued

Capital Outlay: The District has not budgeted state scheduled maintenance funding. Scheduled maintenance funding is being funded through a transfer from the unrestricted general fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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, 2023

ASSETS		
Current Assets:		
Cash and investments	$	48,013,620
Accounts receivable, net		8,467,120
Prepaid expenditures and other assets		134,036
Total Current Assets		56,614,776
Noncurrent Assets:		
Net OPEB asset		1,993,161
Right-of-use assets, net		43,751
Capital assets, net		50,678,788
Total Noncurrent Assets		52,715,700
TOTAL ASSETS		109,330,476
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - OPEB		965,593
Deferred outflows - pensions		7,505,289
TOTAL DEFERRED OUTFLOWS OF RESOURCES		8,470,882
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	117,801,358
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$	11,701,509
Unearned revenue		13,784,659
Long-term debt, current portion		45,489
Total Current Liabilities		25,531,657
Noncurrent Liabilities:		
Net OPEB liability - MPP Program		60,969
Net pension liability		21,858,006
Long-term debt, non-current portion		679,563
Total Noncurrent Liabilities		22,598,538
TOTAL LIABILITIES		48,130,195
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB		687,203
Deferred inflows related to pensions		2,816,323
TOTAL DEFERRED INFLOWS OF RESOURCES		3,503,526
NET POSITION		
Net investment in capital assets		50,722,539
Restricted for:		
Capital projects		19,004,155
Educational programs		117,385
Other special purpose		153,727
Unrestricted		(3,830,169)
TOTAL NET POSITION		66,167,637
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	117,801,358

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

OPERATING REVENUES	
Tuition and fees (gross)	$ 3,165,729
Less: Scholarship discounts and allowances	(2,212,669)
Net tuition and fees	953,060
Grants and contracts, noncapital:	
Federal	4,476,869
State	8,278,364
Local	266,684
TOTAL OPERATING REVENUES	13,974,977
OPERATING EXPENSES	
Salaries	16,777,756
Employee benefits	6,433,277
Supplies, materials, and other operating expenses	10,873,751
Financial aid	14,877,945
Depreciation and amortization	1,868,002
TOTAL OPERATING EXPENSES	50,830,731
OPERATING LOSS	(36,855,754)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	24,672,948
Local property taxes, noncapital	4,061,066
State taxes and other revenues, noncapital	848,009
Federal and State financial aid grants	13,248,760
Interest and investment income (loss)	435,673
Interest expense, capital	(2,472)
Other non-operating income	207,970
TOTAL NON-OPERATING REVENUES	43,471,954
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	6,616,200
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	
State revenues, capital	59,004
Gain (loss) on disposal of capital assets	7,032
TOTAL OTHER REVENUES, EXPENSES, GAINS AND LOSSES	66,036
CHANGE IN NET POSITION	6,682,236
NET POSITION -- BEGINNING OF YEAR	59,530,695
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 16)	(45,294)
NET POSITION -- END OF YEAR	$ 66,167,637

BARSTOW COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 953,060
Grants and contracts	17,396,026
Payments to or on behalf of employees	(23,826,006)
Payments to vendors for supplies and services	(3,409,408)
Payments to students	(14,877,945)
Net Cash Used by Operating Activities	(23,764,273)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	21,977,152
Local property taxes	4,061,066
State taxes and other revenues	848,009
Federal and State financial aid grants	13,248,760
Other non-operating revenues	207,970
Net Cash Provided by Non-capital Financing Activities	40,342,957
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net purchase and sale of capital assets	(2,983,129)
State revenue, capital projects	59,004
Principal paid on capital debt	(85,096)
Interest paid on capital debt	(2,472)
Net Cash Used by Capital and Related Financing Activities	(3,011,693)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income (expense)	435,673
Net Cash Provided by Investing Activities	435,673
NET DECREASE IN CASH AND CASH EQUIVALENTS	14,002,664
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,010,956
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 48,013,620

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(36,855,754)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and amortization expense		1,868,002
Changes in Assets and Liabilities:		
Accounts receivable, net		(4,120,394)
Prepaid expenditures		(69,453)
Deferred outflows - pensions		(2,021,680)
Deferred outflows - OPEB		(280,904)
Net OPEB asset		1,051,369
Accounts payable and accrued liabilities		7,533,796
Deferred revenue		8,494,503
Compensated absences and load banking		10,573
Net OPEB liability		(17,021)
Net pension liability		7,531,033
Deferred inflows - pensions		(6,170,372)
Deferred inflows - OPEB		(717,971)
Total Adjustments		13,091,481

BARSTOW COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Retiree OPEB Trust
ASSETS	
Investments	$ 5,259,820
NET POSITION	
Restricted for postemployment benefits other than pensions	$ 5,259,820

BARSTOW COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Retiree OPEB Trust
ADDITIONS	
Interest and investment income (loss)	$ 317,604
DEDUCTIONS	
Administrative expenses	2,469
CHANGE IN NET POSITION	315,135
NET POSITION - BEGINNING OF YEAR	4,944,685
NET POSITION - END OF YEAR	$ 5,259,820

See accompanying notes to financial statements

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. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

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

Accounts Receivable
Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $944,278 for the year ended June 30, 2023.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold 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, 2023.

Compensated Absences and Load Banking

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

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

Debt Premiums

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Leases and Right-of-use Assets

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.

Postemployment Benefits Other Than Pensions (OPEB)

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 $28,605,526 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Property Taxes
Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San 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 scholarships discount and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

New Accounting Pronouncements
GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

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

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.

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

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

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

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

	Primary Government	Fiduciary
Cash on hand and in banks	$ 1,809,759	$ -
Cash in revolving	100,400	-
Investments	46,103,461	5,259,820
Total Deposits and Investments	$ 48,013,620	$ 5,259,820

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by 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, 2023.

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 Days to Maturity	Credit Rating
San Bernardino County Treasury Investment Pool	$ 46,103,461	539 days	AAAf/S1
Mutual funds	5,259,820	No maturity	Not rated
Total	$ 51,363,281		

<u>Custodial Credit Risk</u>

Deposits
This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of approximately $1.9 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.

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Investments
This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District's investment balance of approximately $5.3 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, 2023:

		Fair Value Measurements Using
Investment Type	Fair Value	Level 1 Inputs
Mutual funds	$ 5,259,820	$ 5,259,820
Total	$ 5,259,820	

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

NOTE 5 – ACCOUNTS RECEIVABLE

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

Federal Government		
Categorical aid	$	1,618,834
State Government		
Categorical aid		243,348
Lottery		226,474
Apportionment		2,650,502
Other state sources		21,580
Local Sources		
Interest		335,319
Other local sources		2,853,635
Student receivables		517,428
Total receivables, net	$	8,467,120

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, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 119,462	$ -	$ -	$ 119,462
Construction in progress	4,501,892	2,354,117	-	6,856,009
Total capital assets not being depreciated	4,621,354	2,354,117	-	6,975,471
Capital Assets Being Depreciated				
Buildings and improvements	64,256,990	200,687	-	64,457,677
Furniture and equipment	3,702,581	435,357	-	4,137,938
Total capital assets being depreciated	67,959,571	636,044	-	68,595,615
Total capital assets	72,580,925	2,990,161	-	75,571,086
Less: Accumulated Depreciation				
Buildings and improvements	20,684,451	1,525,935	-	22,210,386
Furniture and equipment	2,435,000	246,912	-	2,681,912
Total accumulated depreciation	23,119,451	1,772,847	-	24,892,298
Capital assets, net	49,461,474	1,217,314	-	50,678,788
Right-to-use Leased Assets				
Equipment	208,576	13,430	6,554	215,452
Less Accumulated Amortization				
Equipment	83,100	95,155	6,554	171,701
Right-to-use leased assets, net	125,476	108,585	13,108	43,751
Total capital and Right-to-use lease assets, net	$ 49,586,950	$ 1,325,899	$ 13,108	$ 50,722,539

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, 2023 consisted of the following:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due in One Year
Lease liability	$ 127,061	$ 13,430	$ 85,096	$ 55,395	$ 45,489
Compensated absences	659,084	10,573	-	669,657	-
Total	$ 786,145	$ 24,003	$ 85,096	$ 725,052	$ 45,489

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. Below are the details of each lease.

The District entered into various agreements to lease copiers for five years, beginning December 2018. Under the terms of the leases, the District paid the monthly payments of $6,378. The annual interest rate charged on the leases vary from 1.46% and 2.70%. At lease inception, the District has recognized a right-to-use leased asset of $202,022 and a lease liability of $122,984 related to this agreement. 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 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. The annual interest rate charged on the lease is 2.99% At the lease inception, the District has recognized a right-to-use leased asset of $6,554 and a lease liability of $4,077 related to this agreement. The least was paid off during fiscal year 2022-23.

During fiscal year 2022-23, the District entered into a lease agreement for a new postage meter for five years, beginning December 2022. Under the terms of the lease, the District paid the monthly payment of $242. The annual interest rate charged on the lease is 3.19%. At the lease inception, the District recorded a right-to-use leased asset and liability of $13,430.

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

Fiscal Year	Principal	Interest	Total
2024	$ 45,489	$ 669	$ 46,158
2025	3,148	254	3,402
2026	2,734	168	2,902
2027	2,822	80	2,902
2028	1,202	6	1,208
Total	$ 55,395	$ 1,177	$ 56,572

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET)

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

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ (1,993,161)	$ 965,593	$ 687,203	$ 52,494
MPP Program	60,969	-	-	(17,021)
Total	$ (1,932,192)	$ 965,593	$ 687,203	$ 35,473

<u>District Plan</u>

Plan Administration

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

	Number of Participants
Inactive Employees Receiving Benefits	5
Active Employees	129
	134

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.

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET), continued

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, 2022, the District paid $104,841 in benefits. Additionally, the District recognized a reduction in the total OPEB liability (asset) of $1,501,553 associated with the implicit rate subsidy.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of the June 30, 2022 measurement date:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59%	7.55%
All Fixed Income	25%	4.25%
Real Estate Investment Trusts	8%	7.25%
All Commodities	3%	7.55%
Treasury Inflation Protected Securities	5%	3.00%

Rate of Return

For the June 30, 2022 measurement date, the annual money-weighed rate of return on investments, net of investment expense, was 6.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET), continued

Net OPEB Liability (Asset) of the District

The District's net OPEB asset of $1,993,161 was measured as of June 30, 2022, 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 as of the June 30, 2022 measurement date, were as follows:

Total OPEB liability	$	2,952,817
Plan fiduciary net position		4,945,978
Net OPEB liability (asset)	$	(1,993,161)
Plan fiduciary net position as a percentage of the total OPEB liability		167.50%

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	6.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%

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 and School 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.

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET), continued

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 Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2021	$ 2,665,376	$ 5,710,090	$ (3,044,714)
Changes for the year:			
Service cost	198,240	-	198,240
Interest on TOL	183,423	-	183,423
Employer contributions	-	104,841	(104,841)
Expected investment income	-	385,382	(385,382)
Investment gains/losses	-	(1,148,045)	1,148,045
Administrative expense	-	(1,449)	1,449
Expected benefit payments	(94,222)	(104,841)	10,619
Net change	287,441	(764,112)	1,051,553
Balance June 30, 2022	$ 2,952,817	$ 4,945,978	$ (1,993,161)

There were no changes to benefit terms and assumptions since the previous valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	Discount Rate 1% Lower (5.75%)	Discount Rate (6.75%)	Discount Rate 1% Higher (7.75%)
Net OPEB liability	$ (1,747,909)	$ (1,993,161)	$ (2,216,207)

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET), continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare costs trend rate:

	Trend Rate 1% Lower (3.00%)	Healthcare Cost Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ (2,341,107)	$ (1,993,161)	$ (1,581,017)

Deferred Outflows/Inflows of Resources Related to OPEB
At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 422,340	$ -
Differences between expected and actual experience	61,533	392,527
Change in assumptions	481,720	294,676
	$ 965,593	$ 687,203

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 15.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 62,720
2025	56,965
2026	26,393
2027	214,058
2028	(15,551)
Thereafter	(66,195)
	$ 278,390

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET), continued

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, 2023, the District reported a liability of $60,969 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.019% and 0.020%, respectively, resulting in a net decrease in the proportionate share of 0.001%.

For the year ended June 30, 2023, the District recognized OPEB expense of ($17,021).

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET), continued

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.54%
Investment Rate of Return	3.54%
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, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among 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, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (ASSET), continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	Rate 1% Lower (5.75%)	Discount Rate (6.75%)	Rate 1% Higher (7.75%)
Net OPEB liability	$ (1,747,909)	$ (1,993,161)	$ (2,216,207)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rate
The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rate, as well as what the net OPEB liability would be if it were calculated using a Medicare costs trend rate that is one percent lower or higher than the current rate:

	Trend Rate 1% Lower (3.00%)	Healthcare Cost Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ (2,341,107)	$ (1,993,161)	$ (1,581,017)

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, 2023, 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 2023, 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, 2023, the District reported its proportionate share of the aggregate net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 8,569,283	$ 2,807,919	$ 1,888,127	$ 752,216
CalPERS	13,288,723	4,697,370	928,196	1,739,423
Total	$ 21,858,006	$ 7,505,289	$ 2,816,323	$ 2,491,639

California State Teachers' Retirement System (CalSTRS)

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

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

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

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

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

Contributions
Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $1,596,865.

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

District's proportionate share of the net pension liability	$	8,569,283
State's proportionate share of the net pension liability associated with the District		4,291,522
Total	$	12,860,805

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0123% and 0.0130%, respectively, resulting in a net decrease in the proportionate share of 0.0007%.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

For the year ended June 30, 2023, the District recognized pension expense of 752,216. In addition, the District recognized pension expense and revenue of ($320,972) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 419,326
Differences between expected and actual experience	7,029	642,410
Changes in assumptions	424,658	-
Net changes in proportionate share of net pension liability	779,367	826,391
District contributions subsequent to the measurement date	1,596,865	-
Total	$ 2,807,919	$ 1,888,127

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.

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

The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2022 measurement date is seven years.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (44,253)
2025	(428,977)
2026	(594,720)
2027	509,179
2028	(88,828)
Thereafter	(29,474)
	$ (677,073)

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

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

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

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

Actuarial Methods and Assumptions, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

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

*20-year average

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 14,553,820	$ 8,569,283	$ 3,600,317

<u>California Public Employees' Retirement System (CalPERS)</u>

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.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	25.370%	25.370%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $1,555,793.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions
As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $13,288,723. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2022, was 0.0386% and 0.0413%, respectively, resulting in a net decrease in the proportionate share of 0.0027%.

For the year ended June 30, 2023, the District recognized pension expense of $1,739,423. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 1,569,038	$ -
Differences between expected and actual experience	60,057	330,640
Changes in assumptions	983,024	-
Net changes in proportionate share of net pension liability	529,458	597,556
District contributions subsequent to the measurement date	1,555,793	-
Total	$ 4,697,370	$ 928,196

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 of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2022 measurement date is 4.1 years. The remaining amount will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 567,603
2025	486,484
2026	351,940
2027	807,354
	$ 2,213,381

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
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.

Actuarial Methods and Assumptions, continued

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

*An expected inflation of 2.30% used for this period.
**Figures are based on the 2021-22 Asset Liability Management study.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Discount Rate

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 19,196,233	$ 13,288,723	$ 8,406,383

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, 2023, which amounted to $668,440. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2023. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 11 – 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 12 – COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2023, the District had no outstanding commitments with respect to unfinished capital projects.

NOTE 13 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2023 through December 20, 2023, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability						
Service cost	$ 198,240	$ 231,817	$ 225,613	$ 168,637	$ 264,592	$ 155,572
Interest	183,423	222,872	205,740	146,263	136,943	130,706
Change in assumptions	-	(348,746)	-	649,280	-	-
Experience gains/losses	-	(435,971)	(29,949)	69,738	-	-
Benefit payments	(94,222)	(170,131)	(154,365)	(208,988)	(259,846)	(247,934)
Net change in total OPEB liability	287,441	(500,159)	247,039	824,930	141,689	38,344
Total OPEB liability, beginning of year	2,665,376	3,165,535	2,918,496	2,093,566	1,951,877	1,913,533
Total OPEB liability, end of year (a)	$ 2,952,817	$ 2,665,376	$ 3,165,535	$ 2,918,496	$ 2,093,566	$ 1,951,877
Plan fiduciary net position						
Employer contributions	$ 104,841	$ 65,290	$ 154,365	$ -	$ 259,846	$ 247,934
Expected investment income	385,382	1,253,310	308,565	297,197	283,609	385,725
Investment gains/losses	(1,148,045)	-	(152,674)	(26,688)	38,869	-
Administrative expense	(1,449)	(1,726)	(2,162)	(3,708)	(3,632)	(6,117)
Expected benefit payments	(104,841)	(170,131)	(154,365)	(208,988)	(259,846)	(247,934)
Change in plan fiduciary net position	(764,112)	1,146,743	153,729	57,813	318,846	379,608
Fiduciary trust net position, beginning of year	5,710,090	4,563,163	4,409,434	4,351,621	4,032,775	3,653,775
Fiduciary trust net position, end of year (b)	$ 4,945,978	$ 5,709,906	$ 4,563,163	$ 4,409,434	$ 4,351,621	$ 4,033,383
Net OPEB liability (asset), ending (a) - (b)	$ (1,993,161)	$ (3,044,530)	$ (1,397,628)	$ (1,490,938)	$ (2,258,055)	$ (2,081,506)
Covered payroll	$ 14,492,962	$ 13,464,276	$ 13,225,067	$ 13,271,882	$ 11,434,251	$ 10,712,226
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	168%	214%	144%	151%	208%	207%
Net OPEB asset as a percentage of covered payroll	14%	23%	11%	11%	20%	19%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

BARSTOW COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Annual money-weighted rate of return, net of investment expense	6.72%	27.43%	3.49%	6.13%	7.91%	10.52%

See Note to Required Supplementary Information.

BARSTOW COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)	
	2023 (2022)	2022 (2021)
District's proportion of the net OPEB liability	0.019%	0.020%
District's Proportionate Share of the Net OPEB Liability/(Asset)	$ 60,969	$ 77,990
District's Covered-Employee Payroll	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	-0.94%	-0.80%

*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
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0123%	0.0130%	0.0124%	0.0124%	0.0111%
District's proportionate share of the net pension liability	$ 8,569,283	$ 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	4,291,522	2,978,522	6,214,635	6,087,012	5,859,910
Total	$ 12,860,805	$ 8,898,139	$ 18,270,181	$ 17,244,239	$ 16,094,724
District's covered - employee payroll	$ 7,524,403	$ 7,291,932	$ 7,390,152	$ 6,498,170	$ 6,357,020
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	114%	81%	163%	172%	161%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.0386%	0.0413%	0.0404%	0.0369%	0.0330%
District's proportionate share of the net pension liability	$ 13,288,723	$ 8,407,356	$ 12,402,553	$ 10,753,609	$ 8,803,989
District's covered - employee payroll	$ 5,939,873	$ 5,933,135	$ 5,881,730	$ 4,936,081	$ 4,355,206
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	224%	142%	211%	218%	202%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.0117%	0.0118%	0.0117%	0.0116%
District's proportionate share of the net pension liability	$ 10,775,779	$ 9,531,686	$ 7,900,825	$ 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	$ 17,150,639	$ 15,445,420	$ 12,070,798	$ 10,400,623
District's covered - employee payroll	$ 6,352,846	$ 5,855,107	$ 5,422,939	$ 5,145,047
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	170%	163%	146%	132%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
CalPERS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.0317%	0.0299%	0.0331%	0.0330%
District's proportionate share of the net pension liability	$ 7,558,056	$ 5,913,734	$ 4,875,369	$ 3,750,895
District's covered - employee payroll	$ 4,047,213	$ 3,625,981	$ 3,678,218	$ 3,474,038
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	187%	163%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

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

	Reporting Fiscal Year				
CalSTRS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 1,596,865	$ 1,273,129	$ 1,177,647	$ 1,263,716	$ 1,057,902
District's contributions in relation to the statutorily required contribution	1,596,865	1,273,129	1,177,647	1,263,716	1,057,902
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,360,550	$ 7,524,403	$ 7,291,932	$ 7,390,152	$ 6,498,170
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	Reporting Fiscal Year				
CalPERS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 1,555,793	$ 1,360,825	$ 1,228,159	$ 1,159,936	$ 891,555
District's contributions in relation to the statutorily required contribution	1,555,793	1,360,825	1,228,159	1,159,936	891,555
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,132,412	$ 5,939,873	$ 5,933,135	$ 5,881,730	$ 4,936,081
District's contributions as a percentage of covered-employee payroll	25.37%	22.91%	20.70%	19.72%	18.06%

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

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

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 917,318	$ 799,188	$ 628,253	$ 481,548
District's contributions in relation to				
the statutorily required contribution	917,318	799,188	628,253	481,548
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,357,020	$ 6,352,846	$ 5,855,107	$ 5,422,838
District's contributions as a percentage of				
covered-employee payroll	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 676,407	$ 562,077	$ 429,570	$ 432,963
District's contributions in relation to				
the statutorily required contribution	676,407	562,077	429,570	432,963
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,355,206	$ 4,047,213	$ 3,625,981	$ 3,678,218
District's contributions as a percentage of				
covered-employee payroll	15.53%	13.89%	11.85%	11.77%

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 total OPEB liability, including beginning and ending balances and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The were no changes to assumptions since the previous valuation.

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

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.
- *Changes of Assumptions* - The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There were no changes since the previous valuation for CalSTRS.

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

SUPPLEMENTARY INFORMATION

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.

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Paul Wilkey	President	2024
Julie Hackbarth-McIntyre	Vice President	2026
Fernando (Fred) Baca	Board Secretary	2024
Yolanda Minor	Member	2026
John Gregg	Member	2024
Sakiya Davis	Student Trustee	2024

ADMINISTRATION

Eva Bagg, Ph.D.
Superintendent/President

Dr. Jennifer Rodden
Vice President, Academic Affairs

Deedee Garcia
Vice President, Administrative Services

Heather Minehart
Interim Vice President, Student Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Barstow College Foundation	Melanie Burnau *Executive Director*	Established in 1981 Master Agreement entered into 1981

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Program			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	n/a	$ 8,012,050
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	n/a	87,553
Federal Work Study (FWS)	84.033	n/a	120,572
Federal Direct Student Loans	84.268	n/a	1,326,015
Subtotal Student Financial Aid Cluster			9,546,190
Higher Education Emergency Relief Fund			
COVID-19 HEERF III ARP - Institutional	84.425F	n/a	2,367,733
COVID-19 HEERF III ARP - Minority Serving Institutions	84.425L	n/a	316,483
Supplemental Support under the American Rescue Plan (SSARP) Allocation Table	84.425T	n/a	978,252
Subtotal Higher Education Emergency Relief Fund			3,662,468
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I - Part C	84.048A	21-C01-910	243,528
Total U.S. Department of Education			13,452,186
NATIONAL SCIENCE FOUNDATION			
Passed through University Enterprises Corporation at California State University San Bernardino			
Research and Development Cluster			
Promoting Pre and Post-transfer Success in STEM at Hispanic Serving Institutions	47.076	GT17147A4	22,079
Total National Science Foundation			22,079
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	31,632
Foster Kinship Care Education	93.658	(1)	78,309
Total Department of Health and Human Services			109,941
Total Federal Programs			$ 13,584,206

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

BARSTOW COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues					
	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
Growing Inland Achievement FY21/22	$ 3,408	$ -	$ 3,408	$ -	$ -	$ -
Child Dev Training Consortium	1,288	-	-	-	1,288	1,288
Child Dev Training Consortium FY21/22	1,840	-	-	-	1,840	1,840
Zero Textbook Costs One-Time	180,000	-	180,000	-	-	-
Zero Textbook Costs	20,000	-	20,000	-	-	-
Culturally Competent Faculty FY21/22	50,434	-	50,434	-	-	-
Strong Workforce-Local	313,265	-	311,833	-	1,432	1,432
Strong Workforce-Local FY17/18	490	-	-	-	490	490
Strong Workforce-Local FY18/19	1,813	-	733	-	1,080	1,080
Strong Workforce-Local FY20/21	64,994	-	742	-	64,252	64,252
Strong Workforce-Local FY21/22	263,317	-	204,532	-	58,785	58,785
Adult Ed Block Grant	1,336,524	-	-	-	1,336,524	1,336,524
Adult Ed Block Grant FY21/22	3,354	-	-	-	3,354	3,354
Adult Ed Consortium	30,000	-	19,482	-	10,518	10,518
Adult Ed Consortium FY20/21	4,254	-	-	-	4,254	4,254
Adult Ed Consortium FY21/22	30,000	-	-	-	30,000	30,000
Strong Workforce P02 FY21/22	56,911	-	-	-	56,911	56,911
Strong Workforce P07	-	14,932	-	-	14,932	14,932
Strong Workforce P07 FY21/22	30,201	68,022	-	-	98,223	98,223
Strong Workforce P12 FY21/22	13,445	50,656	-	-	64,101	64,101
Strong Workforce P18 FY20/21	(24,460)	24,460	-	-	-	
Strong Workforce P18 FY21/22	28,331	57,493	-	-	85,824	85,824
Strong Workforce ISM FY21/22	204,942	-	6,152	-	198,790	198,790
Swp R6-Shared FY21/22	53,401	13,978	-	-	67,379	67,379
Learning Aligned Employment	747,183	-	747,183	-	-	-
Learning Aligned Employment FY21/22	498,122	-	498,122	-	-	-
Student Equity/Achievement-SEA	1,578,473	-	867,081	-	711,392	711,392
Student Equity/Achievement-SEA FY21/22	450,513	-	-	-	450,513	450,513
Basic Needs Centers	204,009	-	204,009	-	-	-
Basic Needs Centers FY21/22	173,580	-	57,759	-	115,821	115,821
College Rapid Rehousing	666,667	-	666,667	-	-	-
College Rapid Rehousing FY20/21	71,839	-	-	-	71,839	71,839
College Rapid Rehousing FY21/22	500,000	-	238,410	-	261,590	261,590
Undocumented Resources Liaison	63,735	-	-	-	63,735	63,735
Undocumented Resources Liaison FY21/22	25,077	-	-	-	25,077	25,077
Finish Line Scholars	125,000	-	-	-	125,000	125,000
S.F.A.A./BFAP	183,889	-	46,600	-	137,289	137,289
S.F.A.A./BFAP FY21/22	30,034	-	-	-	30,034	30,034
Financial Aid Technology	41,083	-	41,083	-	-	-
Financial Aid Technology FY18/19	65,567	-	4,709	-	60,858	60,858
Financial Aid Technology FY19/20	41,227	-	41,227	-	-	-
Financial Aid Technology FY20/21	41,210	-	41,210	-	-	-
Financial Aid Technology FY21/22	41,083	-	41,083	-	-	-
Student Success Completion	1,701,430	-	-	-	1,701,430	1,701,430
Student Success Completion FY18/19	-	-	47,333	-	(47,333)	-
College Promise	94,559	-	94,559	-	-	-
College Promise FY19/20	30,173	-	-	-	30,173	30,173
College Promise FY20/21	66,867	-	17,482	-	49,385	49,385
College Promise FY21/22	59,585	-	59,585	-	-	-
Veterans Resource Center	36,873	-	36,873	-	-	-
Veterans Resource Center One-Time	11,846	-	7,328	-	4,518	4,518
Veterans Resource Center FY19/20	3,223	-	-	-	3,223	3,223
Veterans Resource Center FY20/21	37,181	-	37,181	-	-	-
Veterans Resource Center FY21/22	37,181	-	37,181	-	-	-
Mental Health Grant FY21/22	100,387	-	-	-	100,387	100,387
Guided Pathways	223,316	-	223,316	-	-	-
Mental Health Support	116,872	-	86,980	-	29,892	29,892
Mental Health Support FY21/22	174,080	-	-	-	174,080	174,080
LGBTQ+ FY21/22	57,607	-	50,655	-	6,952	6,952
Emergency Financial Aid	533,091	-	-	-	533,091	533,091
Student Food and Housing	187,667	-	187,667	-	-	-
Student Food and Housing FY21/22	192,278	-	106,194	-	86,084	86,084
Emergency Fin Aid Supplemental	70,805	-	-	-	70,805	70,805
CalWORKS	242,829	-	94,534	-	148,295	148,295
CalWORKS FY21/22	87,357	-	-	-	87,357	87,357
Foster & Kinship Care Educational Program	104,199	-	11,157	-	93,042	93,042
Foster & Kinship Care Educational Program FY20/21	12,048	-	-	-	12,048	12,048
Foster & Kinship Care Educational Program FY21/22	17,349	-	-	-	17,349	17,349
NEXTUP	428,095	-	428,095	-	-	-
Extended Opportunity Prog&Svcs	1,175,110	-	770,821	-	404,289	404,289
Extended Opportunity Prog&Svcs FY21/22	379,050	-	-	-	379,050	379,050
Subtotal	14,397,101	229,541	6,589,400	-	8,037,242	8,084,575

BARSTOW COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues					
	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
Balance Forward	14,397,101	229,541	6,589,400	-	8,037,242	8,084,575
CARE	360,966	-	360,966	-	-	-
CARE FY 21/22	204,968	-	49,311	-	155,657	155,657
DSPS	337,157	-	111,849	-	225,308	225,308
DSPS FY21/22	37,015	-	-	-	37,015	37,015
Dsps Electronic Info	10,100	-	8,634	-	1,466	1,466
Dsps Electronic Info FY21/22	7,306	-	-	-	7,306	7,306
Deaf And Hard of Hearing	5,388	-	-	-	5,388	5,388
Deaf And Hard of Hearing FY21/22	32,433	-	-	-	32,433	32,433
Retention And Enrollment SB85	659,332	-	189,046	176,693	293,593	293,593
Covid Recovery Block Grant	1,518,489	-	1,507,442	-	11,047	11,047
Campus Safety & Sexual Assault Prevention FY17/18	12,605	-	12,605	-	-	-
Physical Plant/Instrl Support	5,291,078	-	1,493,370	3,147,079	650,629	650,629
Physical Plant/Instrl Support FY17/18	136,044	-	1	-	136,043	136,043
Physical Plant/Instrl Support FY18/19	65,343	-	-	-	65,343	65,343
Physical Plant/Instrl Support FY19/20	31,418	-	15,111	-	16,307	16,307
Physical Plant/Instrl Support FY21/22	1,000,000	-	972,418	-	27,582	27,582
IT Data Security	50,000	-	50,000	-	-	-
Local & State IT Data Security	200,000	-	200,000	-	-	-
Rural Technology Grant FY19/20	152,952	-	143,819	-	9,133	9,133
Staff Development FY18/19	13,262	-	13,262	-	-	-
Equal Employment Opportunity	138,888	-	138,888	-	-	-
Equal Employment Opportunity FY18/19	4,828	-	-	-	4,828	4,828
Equal Employment Opportunity FY19/20	50,000	-	15,419	-	34,581	34,581
Equal Employment Opportunity FY20/21	50,000	-	50,000	-	-	-
Equal Employment Opportunity FY21/22	50,000	-	50,000	-	-	-
Eeo - Best Practices FY21/22	208,333	-	197,967	-	10,366	10,366
Lottery	240,847	99,027	273,613	-	66,261	66,261
Lottery FY21/22	327,660	-	327,660	-	-	-
Total	$ 25,593,513	$ 328,568	$ 12,770,781	$ 3,323,772	$ 9,827,528	$ 9,874,861

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

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit*	2.63	-	2.63
2. Credit	392.32	-	392.32
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	-	-	-
2. Credit	0.19	-	0.19
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	54.34	-	54.34
(b) Daily Census Contact Hours	15.44	-	15.44
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	51.74	-	51.74
(b) Credit	15.70	-	15.70
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	292.75	-	292.75
(b) Daily Census Contact Hours	1,766.77	-	1,766.77
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	2,591.88	-	2,591.88
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	6.83	-	6.83
2. Noncredit	40.49	-	40.49
Total Basic Skills FTES	47.32	-	47.32
CCFS 320 Addendum			
CDCP Noncredit FTES	7.93	-	7.93

*Including Career Development and College Preparation (CDCP) FTES

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

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 4,478,703	$ -	$ 4,478,703	$ 4,478,703	$ -	$ 4,478,703
Other	1300	1,817,720	-	1,817,720	1,817,720	-	1,817,720
Total Instructional Salaries		6,296,423	-	6,296,423	6,296,423	-	6,296,423
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	1,131,792	-	1,131,792
Other	1400	-	-	-	449,845	-	449,845
Total Non-Instructional Salaries		-	-	-	1,581,637	-	1,581,637
Total Academic Salaries		6,296,423	-	6,296,423	7,878,060	-	7,878,060
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	2,705,100	-	2,705,100
Other	2300	-	-	-	159,884	-	159,884
Total Non-Instructional Salaries		-	-	-	2,864,984	-	2,864,984
Instructional Aides							
Regular Status	2200	542,364	-	542,364	542,364	-	542,364
Other	2400	174,905	-	174,905	174,905	-	174,905
Total Instructional Aides		717,269	-	717,269	717,269	-	717,269
Total Classsified Salaries		717,269	-	717,269	3,582,253	-	3,582,253
Employee Benefits	3000	2,843,813	-	2,843,813	5,115,613	-	5,115,613
Supplies and Materials	4000	-	-	-	157,817	-	157,817
Other Operating Expenses	5000	-	-	-	3,057,185	-	3,057,185
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		9,857,505	-	9,857,505	19,790,928	-	19,790,928
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	(59,273)	-	(59,273)	59,273	-	59,273
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	83,542	-	83,542
Object to Exclude							
Rents and Leases	5060	-	-	-	86,814	-	86,814
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	638,460	-	638,460
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ (59,273)	$ -	$ (59,273)	$ 868,089	$ -	$ 868,089
Total for ECS 84362, 50% Law		$ 9,916,778	$ -	$ 9,916,778	$ 18,922,839	$ -	$ 18,922,839
Percent of CEE (Instructional Salary Cost/Total CEE)		52.41%	0.00%	52.41%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 9,461,420	$ -	$ 9,461,420

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

EPA Revenue	$ 1,266,178

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 1,266,178	$ -	$ -	$ 1,266,178
Total		$ 1,266,178	$ -	$ -	$ 1,266,178

See Note to Supplementary Information.

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

Total Fund Equity - District Funds Included in the Reporting Entity		
General Funds	$ 11,790,745	
Capital Project Funds	19,004,155	
Internal Service Funds	179,981	
Other Student and Trust Funds	153,727	
Total fund balances as reported in the CCFS-311		$ 31,128,608
Assets recorded within the statements of net position not included in the District fund financial statements:		
Capital assets	$ 75,571,086	
Accumulated depreciation	(24,892,298)	
Right-of-use assets	215,452	
Accumulated amortization	(171,701)	50,722,539
Net OPEB asset		1,993,161
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows from OPEB		965,593
Deferred outflows from pensions		7,505,289
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Lease liability	$ (55,395)	
Compensated absences	(669,657)	
Net OPEB liability - MPP Program	(60,969)	
Net pension liability	(21,858,006)	(22,644,027)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows from OPEB		(2,816,323)
Deferred inflows from pensions		(687,203)
Net Assets Reported Within the Statements of Net Position		$ 66,167,637

NOTE 1 – PURPOSE OF SCHEDULES

Organizational Structure

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

Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District has 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 the ECS 84362 (50 Percent Law) Calculation

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

NOTE 1 – PURPOSE OF SCHEDULES, continued

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

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

OTHER INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
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 of Barstow Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2023.

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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 20, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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 described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit

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

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

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

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

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 20, 2023

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Barstow Community College District
Barstow, California

Report on State Compliance

Opinion on State Compliance

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

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Compliance Requirements Tested

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

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

Purpose of this Report

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

CWDL, Certified Public Accountants

San Diego, California
December 20, 2023

FINDINGS AND QUESTIONED COSTS SECTION

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033 84.063, 84.268	Student Financial Aid Cluster
84.425F, 84.425L, 84.425T	Higher Education Emergency Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

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

Section II – Financial Statement Findings

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

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

Section III – Federal Award Findings and Questioned Costs

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

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

Section IV – State Award Findings and Questioned Costs

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

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

FINDING # 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.

FINDING # 2022-001 – SPECIAL TESTS AND PROVISIONS – RETURN TO TITLE IV, continued

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.

Current Status
Implemented

FINDING #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.

FINDING #2022-002 – SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING, continued

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.

Current Status
Implemented

FINDING #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
Total	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.

FINDING #2022-003 – SECTION 412 – SCFF SUPPLEMENTAL ALLOCATION METRICS, continued

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.

Current Status
Implemented.