

COAST COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2023

COAST COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Coast Community College District
Costa Mesa, California

Report on the Audit of the Financial Statements***Opinions***

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements*. As a result of this implementation, there was no impact to the beginning business-type activities net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 24, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 74 to 78, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coast Community College District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Continuing Disclosure Information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 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, and grant agreements and other matters. The purpose of that report is 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.



Crowe LLP

Sacramento, California
December 1, 2023

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

INTRODUCTION

The following Discussion and Analysis provides an overview of the financial position and activities of the Coast Community College District (the “District”) for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The District is reporting according to the standards of Governmental Accounting Standards Board Statements (GASB) No. 34 and 35 using the Business Type Activity (BTA) model. The California Community College Chancellor’s Office, through its Fiscal Accountability Standards Committee, recommended that all community college districts use the reporting standards under the BTA model.

The District includes three comprehensive community colleges. The mission of the District is to respond to the educational needs of an ever-changing community and to provide programs and services that reflect academic excellence. The District’s three colleges promote open access and celebrate the diversity of its students and staff, as well as the community. Coastline Community College, Golden West College, and Orange Coast College offer associate degrees, vocational certificates, and transfer education, as well as developmental instruction and a broad array of specialized training. Specific activities in the colleges and the continuing education programs are directed toward economic development within the community.

The annual report includes three basic financial statements that provide information on the District as a whole:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

Each of these statements will be reviewed and significant events discussed. The previous year’s financial information is also provided for comparison.

Financial and Enrollment Highlights

2022-23 FY Enacted State Budget

On June 27, 2022, Governor Newsom approved the \$308 billion spending plan for the 2022-23 FY with his signing of SB154 (Chapter 43/2022), the 2022-23 FY State Budget Act. SB 154 was subsequently amended with the enactment of AB 178 (Chapter 45/2022) on June 30, 2022. Completing the State Budget Package are AB/SB 192, the education trailer bill, and AB/SB 183, the higher education trailer bill.

Key provisions contained in the State Budget Package include the following:

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

- 6.56% Cost Of Living Adjustment (COLA) for the Student Centered Funding Formula (SCFF) and specified categorical programs.
- \$600 million for SCFF rate augmentations, in addition to COLA, providing the District with \$4.1 million.
- \$250.1 million to augment the SCFF Student Success Completion Grant.
- Ongoing extension of the Hold Harmless provision, in a highly modified form as the Funding Floor.
- One-year extension of the Emergency Conditions Allowance with several new requirements, including increasing the Board-approved minimum reserve requirement to 16.67%. This provided the District with approximately \$9 million over two years.
- \$840 million in one-time funds for the Scheduled Maintenance / Instructional Equipment block grant.
- \$650 million in one-time funds for a discretionary block grant to address pandemic-related issues with a focus on technology.
- \$200 million augmentation for part-time faculty health insurance program

Federal COVID-19 Relief

Three rounds of Higher Education Emergency Relief Funds (HEERF) were authorized beginning in March 2020 with the Coronavirus Aid, Relief, and Economic Security (CARES) Act: HEERF I. This was followed in December 2020 with the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA): HEERF II. The last round was in March 2021 with American Rescue Plan (ARP): HEERF III. Districtwide allocations for HEERF I, II, and III totaled \$98,013,567 with the below split between Student Aid Grants and Institutional Funding.

Total Districtwide Allocation:

- \$42,046,748 – Student Grants
- \$55,966,819 – Institutional Funding

All HEERF funds were required to be spent by June 30, 2023. An exception was provided to Golden West College for the Nursing Building Renovation which received an extension to October 2023 to complete the project. The District fully expended all other HEERF funds by the deadline of June 30, 2023.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

Coast Community College District Budget

The Board of Trustees adopted the District's Adopted FY 2022-23 Budget on September 7, 2022. Major changes since the adoption of the Adopted Budget are noted below:

FY 2022-23 Adopted Budget

TOTAL UNRESTRICTED GENERAL FUND	2022-2023 Adopted	2022-2023. Unaudited (as of 7/28/23 P2)
Beginning Balance (District & Colleges)	\$44,915,241	\$44,914,000
Prior Year Fund Balance Adjustment	\$0	\$0
Adjusted Beginning Balance	\$44,915,241	\$44,914,000
Total Revenue	\$243,026,019	\$267,937,674
Revenue & Beginning Balance	\$287,941,260	\$312,851,674
Total Expected Level of Spending	\$247,218,888	\$253,514,224
Estimated Ending Fund Balance	\$40,722,372	\$59,337,450
Estimated Ending Fund Balance %	16.47%	23.41%

**Highlighted Changes in the Projected 2022-23 Ending Unrestricted General Fund Balance
from the 2022-23 Adopted Budget to the 2023-24 Tentative Budget.**

Description	Total Change (millions)	Notes
Revenues:		
SCFF: ECA	\$5.3	The Emergency Conditions Allowance allowing the use of pre-pandemic 2019-20 FTES instead of actual FTES was unexpectedly extended for a final year.
SCFF: Rate Augmentation	\$5.0	The SCFF rates received an augmentation above COLA. The State Chancellor's initial estimated new SCFF rates which were used in the

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

		District's Adopted Budget were much lower than the final rates.
SCFF: Supplemental Allocation	\$(4.7)	The 2022-23 P1 Apportionment reduced funding for the SCFF allocation due to the decline in the number of students that are College Promise, Pell Grant and AB 540 students, and the decline in completions.
SCFF: Student Success Allocation	\$(0.3)	
SCFF: Revenue Deficit Factor	\$1.0	The 2022-23 P1 Apportionment reflected no revenue deficit factor and did not indicate one would occur.

The following highlighted changes were identified during the year-end closing process and are included in the 2022-23 Unaudited Actuals that accompany the 2023-24 FY Adopted Budget.

**Highlighted Changes in the 2022-23 Ending Unrestricted General Fund Balance from
2023-24 Tentative (Pre-close) to Adopted Budget (Post-close)**

Description	Total Change (millions)	Notes
Expenditures:		
Benefit Savings	\$(0.4)	Pension
Non-S/B Savings	\$(1.1)	Operating expenses
Revenues:		
SCFF: Revenue Deficit Factor	\$(2.2)	The recalculated 2022-23 P2 Apportionment 1% deficit.
Lottery	\$2.1	18% Rate Increase from increased Lottery Sales (Lotto Fever)
Interest	\$0.5	Interest increases and temporary cash increase from receipt of SM/IE and COVID-19 BG cash.
Part-time Faculty Reimbursement	\$0.3	State-wide reimbursement rates increased over historical rates.
Local Revenue	\$4.6	Dedicated revenue \$2.6 M, including non-resident tuition at \$1.5 M.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

Other Post-Employment Benefits

To address the need to fund Other Post-Employment Benefits (OPEB), beginning circa 2006, Coast was among the founding members of the Community College League of California (CCLC) Joint Powers Authority for retiree health care funding; a Governmental Accounting Standards Board (GASB) qualified irrevocable trust. More recently, Coast opted to divide assets between the CCLC JPA and the Keenan Futuris Benefit Trust.

Consistent with the guidelines under the GASB Statements 74 & 75, Coast engages the services of an actuary to measure this liability every year. The 2023 study measured the Total OPEB liability at \$107 million. This reflects a decrease of \$14.4 million from the 2022 study. We budget what is referred to as the Employer Contribution Target Amount (ECTA) and the normal cost to meet health care obligations for retirees and current employees. That amount, budgeted on a three-year rolling average is \$10.1 million. The Fiduciary Net Position of this trust on June 30, 2023, was \$92.3 million. This leaves a Net OPEB Liability (NOL) of \$14.6 million, meaning Coast OPEB is funded at 86%.

Supplemental Retirement Plan

At the April 28, 2020, special meeting of the Board of Trustees, action was taken to approve the two plans reflecting 123 employees enrolled in the PARS Supplementary Retirement Plan and the CalSTRS Retirement Incentive Plan. After including all costs of administering the programs, the District realized an overall savings of approximately \$3.7 million in the first year and is projecting \$11.6 million cumulative over five years. The 2023-24 FY will represent the fourth year in this five-year debt service schedule.

At the end of the prior fiscal year, June 30, 2022, approximately 75% of the enrolled positions had been eliminated from the budget, 21% had been backfilled, and 3% of the positions remained vacant. Estimates indicate that the remaining vacant positions will be backfilled in the next few months.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

Categorical Funding

The District’s estimated Grants and Categorical Program funding across all federal, state, and local sources for the 2022-23 FY is projected to be \$114.2 million.

The number of state-determined categorical restricted programs has risen markedly in recent years. For the year beginning July 1, 2022, we estimate that the District will be managing more than 80 restricted programs.

Capital Planning

Scheduled Maintenance Program (Deferred Maintenance) and Instructional Support

The Scheduled Maintenance and Instructional Support Block Grant continues to serve as a vital funding stream in addressing “small capital” needs (i.e., technology replacement, infrastructure repairs, end-of-life systems replacement, etc.). This program has received annual appropriations since 2013-14 and has provided Coast with approximately \$37 million to fund critical infrastructure projects in that time. Fiscal year 2023-24 marks the first year in a decade in which the program is not proposed to receive funding.

Additionally, the Governor’s January budget proposed a \$213 million reduction in the previous year’s appropriation. The May Revision deepens the cut, proposing an additional \$239 million decrease for a total reduction of \$452 million. The final budget reduced the program even further, a total reduction of \$494.3 million, but allows for the flexibility of using COVID-19 Block Grant funds to fund Deferred Maintenance projects. For Coast, this proposal would see our previous apportionment of \$18.8 million reduced to approximately \$8.0 million. Campuses are reassessing and reprioritizing their respective “small capital” project needs.

Proposition 51

As the State winds down the Proposition 51 Capital Program, the Governor’s 2023-24 January budget proposal included \$143.8 million to fund 10 continuing projects. The January proposal did not include any “new start” projects. However, the May Revision increased the appropriation to \$232.3 million for two new starts and 12 continuing capital outlay projects, including the Golden West College Fine Arts Renovation. With the approval of the 2023-24 FY State budget, the Fine Arts project is now eligible to commence the design phase. The eventual construction of the project will be subject to the availability of construction funding from the State.

With the commencement of the Golden West College Fine Arts project, Proposition 51 will have provided Coast Community College District with approximately \$84 million to fund, in part, the Orange Coast College Language and Social Science Building, Golden West College Language Arts Complex, and the OCC Chemistry, and the Fine Arts projects. With State Proposition 51 funds having nearly been exhausted, the legislature continues to have a dialogue about a future State-wide General Obligation Bond initiative.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

Measure M

As of March 31, 2023, the District has expended approximately 92% of its project funds under the Measure M General Obligation bond. Measure M has and will continue to provide a meaningful transformation to our decades-old campus infrastructure.

Taking a portion of the Measure M bond proceeds, the District established a dedicated source of local funds for the express purpose of funding building system repairs/improvements as well as technology/refresh upgrades in future years. This endowment fund received \$60 million in deposits from Measure M and will provide a stable and ongoing source of capital replacement funds. With the availability of HEERF and Scheduled Maintenance funding, the District elected to reinvest some of the accumulated endowment proceeds in 2022-23 FY. This will provide the District with approximately \$8M in additional interest earnings and extend our endowment funding until 2040.

Student Housing

The budget package approves the construction of seven new community college student housing projects worth \$464.1 million for FY 2023-24 using the state Higher Education Student Housing Grant Program. Furthermore, the budget provides \$200 million (one-time General Fund) to fund a Student Housing Revolving Loan Fund with the intent of providing \$300 million each year through FY 2028-29.

SCFF Funding Guarantees

There are two SCFF funding guarantees, the Stability Adjustment and the Hold Harmless, that could affect Coast finances for 2022-23. These guarantees allow the District’s 2022-23 Total Computational Revenue (TCR) to be the greater of its 2022-23 SCFF calculation, the Stability Adjustment, or the Hold Harmless. The Stability Adjustment is equal to the prior year SCFF calculation plus the current year COLA. The Hold Harmless is the 2017-18 TCR plus the intervening years’ COLA.

For 2022-23, neither of these guarantees is triggered. Under the Emergency Conditions Allowance, which was extended as part of the 2022-23 Budget Package for a final year, the District is permitted to use its 2019-20 FTES in place of the actual 2022-23 FTES which generates about \$5 million above the greatest guarantee. An important provision of each of these Hold-Harmless measures is that revenue is separated from enrollment. Thus, the District is protected from the vagaries of softening enrollments while under these measures.

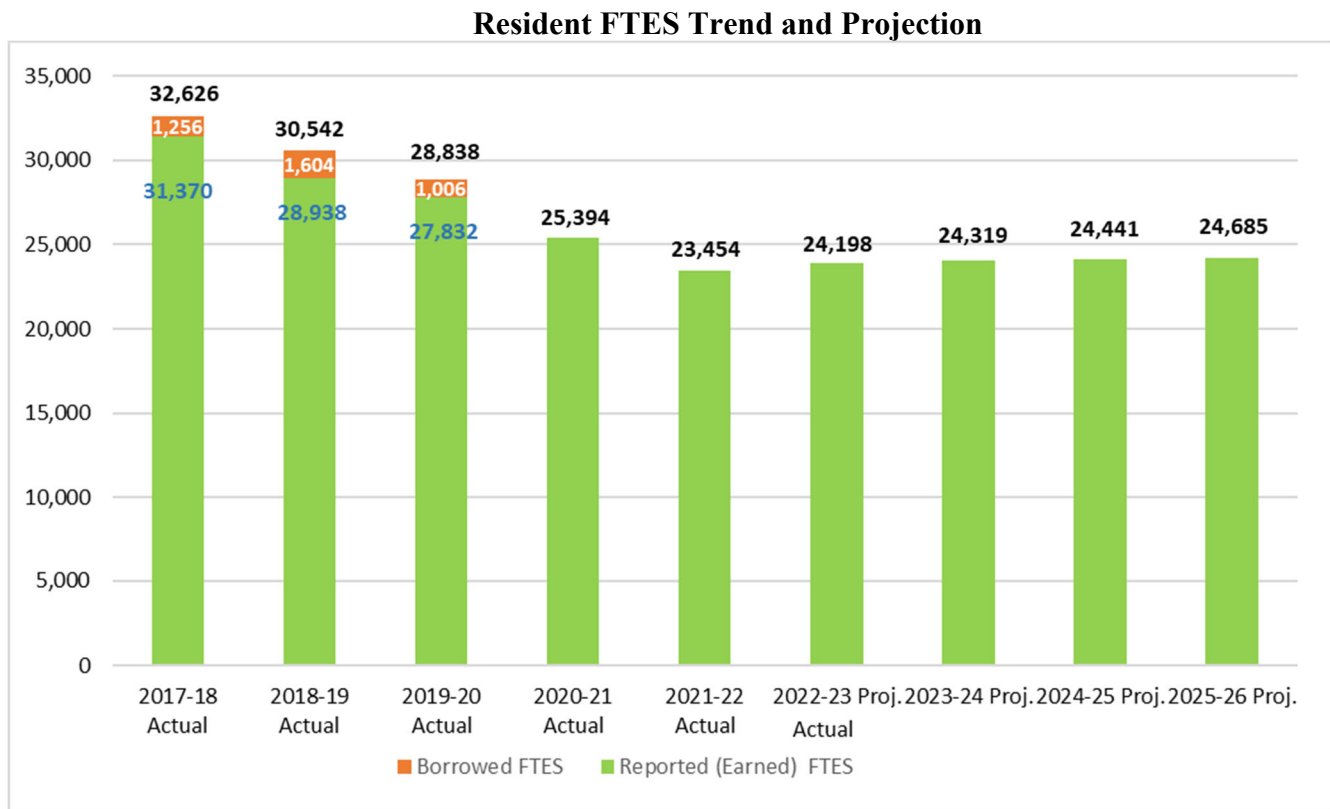
COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

Enrollment Metrics FY 2023-24 and Beyond

Enrollment continues to decline state-wide. For Coast CCD, as measured in the Annual 2023 Enrollment report, resident enrollments were 24,198 full-time equivalent students (FTES). During the past six years, the District has experienced an enrollment decline of 25 percent.

The District's TCR for FY 2022-23 was based on 2019-20 FTES due to the Emergency Conditions Allowance.

Annual Enrollment



COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ending June 30, 2023

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, are one way to measure the financial health of the District.

	(in thousands)		
	2023	2022	Change
ASSETS			
Current assets			
Cash and cash equivalents	\$ 214,495	\$ 166,587	29%
Investments	59,333	60,426	-2%
Account receivables	48,617	29,246	66%
Notes receivable - current portion	750	750	0%
Lease receivable - current portion	1,318	1,443	-9%
Inventories	101	182	-45%
Prepaid expenses	2,871	1,351	113%
Total current assets	<u>327,485</u>	<u>259,985</u>	26%
Non-current assets			
Restricted cash and cash equivalents	160,314	162,919	-2%
Restricted student loans receivable, net	1,516	2,363	-36%
Notes receivable	7,687	8,438	-9%
Lease receivable	29,934	30,998	-3%
Capital and right to use assets, net of depreciation and amortization	<u>915,638</u>	<u>877,986</u>	4%
Total non-current assets	<u>1,115,089</u>	<u>1,082,704</u>	3%
TOTAL ASSETS	<u>1,442,574</u>	<u>1,342,689</u>	7%
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	57,879	63,035	-8%
Deferred outflows - OPEB	12,912	18,082	-29%
Deferred outflows - pension	<u>75,770</u>	<u>43,750</u>	73%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>146,561</u>	<u>124,867</u>	17%
LIABILITIES			
Current liabilities	201,839	137,137	47%
Non-current liabilities	<u>1,260,665</u>	<u>1,208,633</u>	4%
TOTAL LIABILITIES	<u>1,462,504</u>	<u>1,345,770</u>	9%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB	18,042	4,049	346%
Deferred inflows - leases	31,252	32,441	
Deferred inflows - pension	<u>41,376</u>	<u>121,790</u>	-66%
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>90,670</u>	<u>158,280</u>	-43%
NET POSITION			
Net investment in capital assets	148,796	107,167	39%
Restricted	122,044	106,952	14%
Unrestricted	<u>(234,879)</u>	<u>(250,613)</u>	6%
TOTAL NET POSITION	<u>\$ 35,961</u>	<u>\$ (36,494)</u>	199%

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2023

- Cash and cash equivalents (unrestricted and restricted) consist mainly of cash held in the county treasury (\$323 million) and ancillary funds maintained at local banks. Cash increased from the prior year primarily due to the net of cash deferral for restricted programs, and payments of debt obligations and payments of expenditures incurred for Measure M construction projects. On June 30, 2023, the general fund and the building fund had a cash balance of approximately \$136.8 million and \$60.1 million, respectively.
- Investments decreased due to the fluctuations in the rate of return for the General Obligation Series E endowment funds.
- The increase in accounts receivable mostly stemmed from the COVID-19 Higher Education Emergency Relief Funds (HEERFs) which had approximately \$8.5 million more in accounts receivable than in FY 21-22. In addition, there was over \$5 million of accounts receivable from the Education Protection Accounts (EPA), and \$4.9 million for a state funded projects in the Capital Outlay Fund.
- Lease receivable decreased both for the current and non-current as the District implemented GASB Statement No. 87, Leases in FY 2022. The District has various leasing arrangements with outside parties. The rental income recognized under noncancelable leases of land and buildings.
- The District's capital and right to use assets increased in the current year as the District implemented GASB Statement No. 96, Subscription Based IT Arrangements. As a result of the implementation on July 1, 2022 the District recognized \$18.7 million in right to use assets and related lease liabilities. In FY 2023, \$3.2 million was recognized in current year amortization.
- Due to various GASB statements, the District reported a section on deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. As for deferred inflows of resources, it represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Refer to note's disclosures regarding other postemployment benefits, leases, pensions, and general obligation bonds for more details.

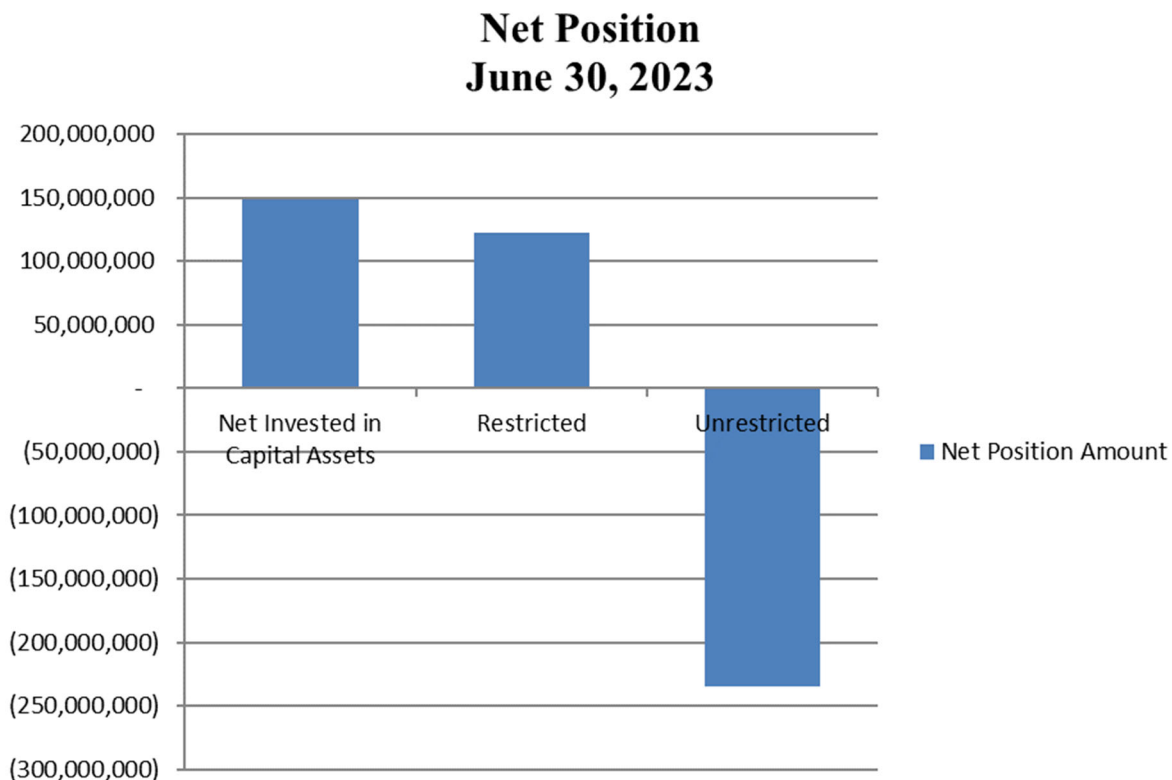
The total liability for Post-Employment Healthcare Benefits (OPEB) was \$ 107,060,823 as of June 30, 2023. This represents a decrease of \$14.4 million from prior year due to the decrease in average medical costs, particularly the valuation expectations are medical cost to increase by 4% per year.

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2023

- Current liabilities increased because of the \$9 million liabilities due to the Chancellor's Office for the FY 22-23 reductions of Physical Plant and Instructional Support allocations. In addition, the unearned revenue increased by \$30.5 million from prior year for the COVID-19 Recovery Block Grant and other categorical programs such as Student Equity & Achievement, and Retention & Enrollment Outreach.
- Deferred inflows showed a decrease \$128.8 million. The reason for the change was due to the District's net pension liability increased in the previous year, which was due to the deterioration of investment returns.
- Net position showed an increase of 199% from prior year. The increase is from restricted and unrestricted net position which includes mainly assets legally or contractually obligated for capital projects, fiduciary activities, and transactions relating to the general operations of the District.



COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2023

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses. State general apportionment, while budgeted for operations, is considered non-operating revenues by generally accepted accounting principles.

	(in thousands)		
	2023	2022	Change
Operating Revenues			
Net tuition and fees	\$ 32,200	\$ 29,128	11%
Grants and contracts, non-capital	144,723	167,193	-13%
Auxiliary sales and charges	2,563	1,093	134%
Total operating revenues	<u>179,486</u>	<u>197,414</u>	-9%
Operating Expenses			
Salaries and benefits	209,629	232,259	-10%
Supplies, materials and other operating expenses and services	88,246	81,917	8%
Financial aid	60,784	79,478	-24%
Utilities	7,114	5,599	27%
Depreciation	<u>34,317</u>	<u>29,673</u>	16%
Total operating expenses	<u>400,090</u>	<u>428,926</u>	-7%
Operating loss	<u>(220,604)</u>	<u>(231,512)</u>	-5%
Non-operating revenues (expenses)			
State apportionments, non-capital	39,159	42,455	-8%
Local property taxes	171,045	156,925	9%
Federal grants and contracts, non-capital	32,842	31,042	6%
State taxes and other revenues	10,244	8,601	19%
Investment income, non-capital	9,161	(17,010)	-154%
Loss on disposal of capital assets	(1,516)	(2,290)	-34%
Interest expense	<u>(35,659)</u>	<u>(6,325)</u>	464%
Total non-operating revenues (expenses)	<u>225,276</u>	<u>213,398</u>	6%
Other revenues, expenses, gains or losses			
State apportionments, capital	7,657	11,190	-32%
Local property taxes, levied for specific purposes	57,571	53,121	8%
Investment income, capital	<u>2,555</u>	<u>(4,168)</u>	-161%
Total other revenues, expenses, gains or losses	<u>67,783</u>	<u>60,143</u>	13%
Change in net position	72,455	42,029	-72%
Net position, beginning of year	<u>(36,494)</u>	<u>(78,523)</u>	54%
Net position, end of year	<u>\$ 35,961</u>	<u>\$ (36,494)</u>	199%

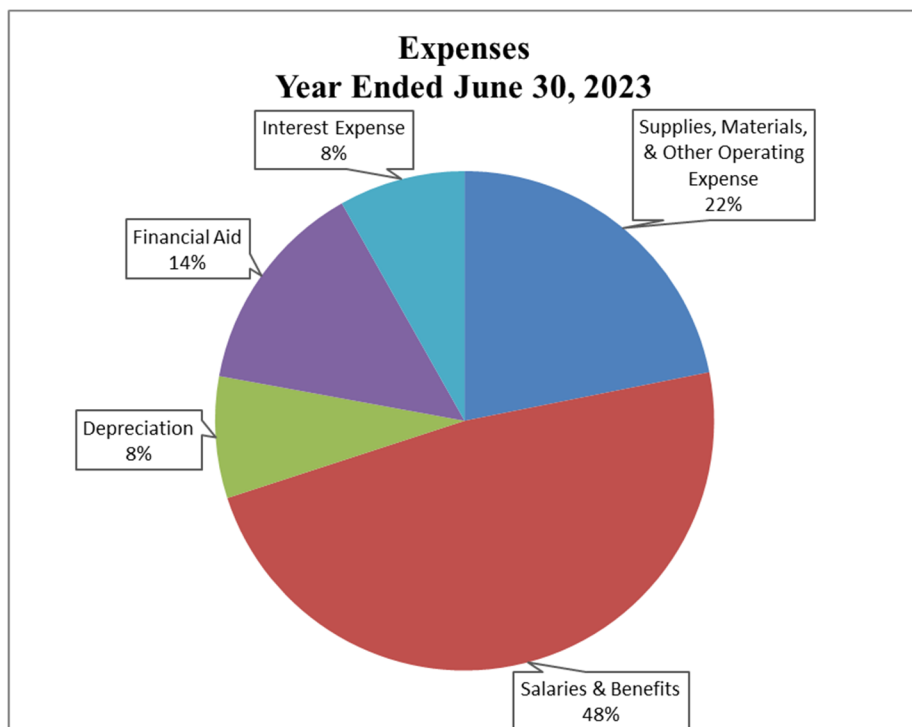
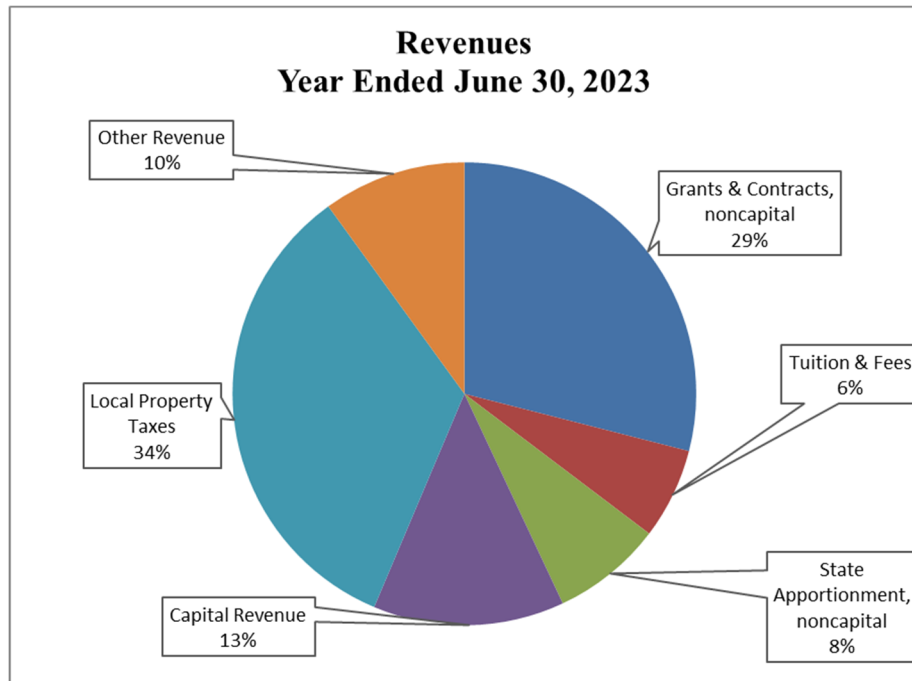
COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ending June 30, 2023

- Net tuition and fees consist of enrollment fees and other fees of \$47.6 million less discounts and allowances of \$15.4 million. Regular enrollment fees of \$46 per unit are set by the State for all community colleges reflecting no significant change from the prior year.
- Revenue from grants and contracts is composed of federal grants (\$74.4 million), state grants (\$81.5 million), and local contracts (\$21.6 million). Comparing to the prior fiscal year, the District recognized \$21.4 million (Student Aid portion) less from COVID 19 - HEERFs. The increase in state grants was due to the District receiving funds from the Physical Plant and Instructional Support program.
- Post-pandemic in-person activities have resumed, thus the revenue generated from the auxiliary services increased and the expenditures for other operations such as supplies, materials, and utilities also increased.
- Financial aid expenses increased due to additional student aid from the receipt of HEERFs.
- The increase in depreciation expense was from the completed construction projects.
- The fiscal year 2023 budget outlook greatly improved for California; therefore, state apportionments and property tax revenues resulted in an increase in the total computational apportionment revenue; The local property taxes included the taxes revenue levied and controlled by the County Auditor-Controller (the County). The taxes levied by the County are used to pay the principal and interest on the bonds. This number increased by about \$14.1 million or 9%.
- In FY 21-22, as the U.S. economy and stock market experienced heightened volatility in markets driven by persistently high inflation, interest income for both capital and non-capital sources earned from investing mutual funds and the General Obligation Series E endowment funds were significant decreased; however, the situation evolved in FY 22-23, the investment returns greatly improved to where the District recognized \$7.9 million additional interest income.
- In FY 22-23, the District received \$18.8 million, with \$16.0 million allocated to scheduled maintenance capital projects and \$2.8 million allocated to instructional support.
- The increase in interest expense was mainly due to accreted interest and other interest costs related to the outstanding bonds.

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ending June 30, 2023



COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

Statement of Cash Flows

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

	(in thousands)		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Cash Provided By (Used in)			
Operating activities	\$ (152,097)	\$ (191,189)	20%
Noncapital financing activities	254,039	239,774	6%
Capital and related financing activities	(65,800)	(23,202)	-184%
Investing activities	<u>9,161</u>	<u>(17,010)</u>	154%
Net change in cash and cash equivalents	45,303	8,373	-441%
Cash balance, beginning of year	329,506	321,133	3%
Cash balance, end of year	<u>\$ 374,809</u>	<u>\$ 329,506</u>	14%

- The primary cash receipts from operating activities are grants, contracts, tuition, and fees; while the outlays include payment of wages, benefits, supplies, services, contracts, scholarships, and financial aid.
- General apportionment is the main source of noncapital financing activities and includes state apportionment, local property taxes, and student fees.
- Cash provided by and utilized for capital and related financing activities reflects the local capital outlay resources.
- Cash used by in investing activities is interest and loss on investments.

The overall cash balance has increased from the previous year due to cash received from categorical programs and scheduled maintenance for capital projects.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held for post-employment benefits. 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 the District 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 Asset and Debt Administration

Capital Assets

As of June 30, 2023, the District had over \$915 million invested in net capital assets. Total capital assets of \$1.3 billion consist of land, buildings and building improvements, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of \$413 million. New additions for construction, equipment and right to use assets of \$73.5 million occurred during 2022-23, and depreciation and amortization expense of \$34.3 million was recorded for the fiscal year. Construction in progress of \$76.3 million will be completed and placed into service as buildings and site improvements and subsequent fiscal years. The financial statements disclosure provides additional information on capital assets. A summary of capital assets net of depreciation is presented below.

	<u>Balance June 30, 2023</u>
Land	\$ 24,141,969
Buildings and site improvements	1,138,861,296
Equipment	70,406,582
Construction in progress	76,276,333
Software subscription assets	<u>18,709,028</u>
Totals at historical cost	<u>1,328,395,208</u>
Less accumulated depreciation and amortization for:	
Buildings and site improvements	(352,974,273)
Equipment	(56,575,717)
Software subscription assets	<u>(3,207,398)</u>
Total accumulated depreciation/amortization	<u>(412,757,388)</u>
Governmental capital and right to use assets, net	<u><u>\$ 915,637,820</u></u>

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

Debt

On June 30, 2023, the District had \$920.7 million in debt for the General Obligation bonds. The payments for general obligation bond debt are funded through property tax assessments. Note 9 on the financial statements provides additional information on long-term liabilities.

Significant Future Events

The 2023-24 FY State Budget

The Governor’s January Budget Proposal for 2023-24 FY represents the first opportunity for the governor to share his vision for 2023-24 FY. It is based on known and projected fiscal data and the administration’s policy priorities. The May Revision presents the last statutory opportunity for the Governor to shape his economic proposal before legislative budget committees complete their work and move into Conference Committee. It also presents an opportunity to reflect on the actual COLA and any necessary revisions to projected state revenues and budget deficits.

The Enacted State Budget for 2023-24 FY was signed into law by Governor Newsom on July 10, 2023. The State Budget bill package includes Senate Bill (SB) 101 (Statutes 2023/Chapter 12), Assembly Bill (AB) 102 (Statutes 2023/Chapter 38), and SB 117 (Statutes 2023/Chapter 50).

All versions of the State Budget reflected the economic realities of shrinking revenues and budget deficits; contained are solutions including funding shifts, borrowing, delays, pullbacks, and reductions. The delay in the 2022 tax filing deadline to October 2023 (as a result of a State of Emergency declaration for California wildfires), results in uncertainty regarding State revenues. However, revenues are projected to continue to decline.

The Enacted Budget reflects a budget deficit estimated to be \$31.5 billion, an increase over the \$22.5 billion deficit projected with the January Proposal. The following table highlights critical changes in the January Proposal, May Revise, and Enacted Budget.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

January Proposal, May Revise, and Enacted Budget Changes

Description	January Proposal	May Revise	Enacted Budget
Funded COLA (SCFF and Selected Categorical Programs)	8.13%	8.22%	8.22%
Funded Growth	0.5%	0.5%	0.5%
One-time Retention and Enrollment Program Reduction to Prior-year Program	\$200M --	\$100M --	\$50M (\$55.4M)
Scheduled Maintenance//Instructional Equipment Reduction (2022-23 funding of \$840 million)	(\$213M)	(\$452.2)	(\$500.0)
COVID-19 Recovery Block Grant Reduction (2022-23 funding of \$650 million)	--	(\$344.7)	--
GWC Fine Arts Project Included in State Bond-funded Projects	No	Yes (Construction must wait for the passage of a new state bond)	Yes (Construction must wait for the passage of a new state bond)
Projected State Deficit	\$22.5B	\$31.5B	\$31.5B
Proposition 98 Guarantee	\$109B	\$107B	\$108.3B

Flexibility was provided for the use of some funds in recognition of the reduction in the Scheduled Maintenance/Instructional Equipment program. Districts are allowed to use remaining one-time funds in the Retention and Enrollment program, COVID-19 Recovery Block Grant, and Scheduled Maintenance/Instructional Equipment program for any purpose of the three programs. Previous proposals to include the Student Equity and Achievement Program, Financial Aid Administration, and Student Mental Health have been rejected and these programs are not included in the allowable flexibility.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

State Fiscal Outlook

On November 22, 2022, the Legislative Analyst’s Office (LAO) released its annual Fiscal Outlook for 2023-24.

The LAO cited concerns regarding rising inflation and interest rates that result in worsening revenues and a projected State deficit of \$24 billion. The Enacted 2022-23 State Budget actually contained a greater deficit of \$31.5 billion.

The LAO’s report questions the ability of the State to continue to afford the program augmentations that were provided in the 2022-23 State Budget and recommended the Legislature examine those augmentations. The 2022-23 Enacted State Budget did include over \$500 million in reductions to 2022-23 program appropriations for community colleges, reflecting the implementation of the LAO’s recommendations.

2023-24 State revenues are still uncertain due to an extension of the 2022-23 income tax deadlines to October 2023 due to the State of Emergency declarations related to wildfires. Actual revenues won’t be known until November 2023 and may reflect further declines.

Pension Contribution

Employer contributions for CalPERS are expected to increase from 25.37% to 26.68% and employer contributions from the CalSTRS employer rate will remain at 19.1% starting July 1, 2023.

Based on these projections, the District will experience an increase across its two major pension programs of \$1.3 million. To help mitigate these obligations, the District joined the CCLC PARS Pension Stabilization Program.

Student Centered Funding Formula Revenues

There are significant changes in the SCFF Hold-Harmless ongoing provision and Base allocation.

Hold-Harmless to Funding Floor

Previously, the Hold-Harmless provision was to sunset at the conclusion of the FY 2024-25, and the District’s TCR will once again revert to being a function of enrollment. However, the FY 2022-23 State Budget Package provides for an ongoing extension of the Hold-Harmless provision, albeit in a highly modified form. The new provision replaces the Hold-Harmless with a Funding Floor effective with the FY 2025-26 with two primary changes. First, the Funding Floor will be based on the District’s FY 2024-25 TCR. Second, the Funding Floor will ***not*** receive COLA.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

While this new Funding Floor provision allows districts to avoid a “fiscal cliff”, what results is a decrease in the Funding Floor's value as expenses increase, but revenues do not. Current estimates indicate this earned base could be more than \$14 million below the newly established funding floor. Thus, the District could experience a “fiscal plateau” and go for several years where the increases in expenditures is not matched with increases in revenues.

Reserves/Fund Balance

Administrative Procedure (AP) 6305-Reserves was revised in alignment with the ECA requirements in 2022-23 FY. The ECA required, among other things, that Districts have a Board-approved reserve requirement of a minimum of two months of operating expenditures, equivalent to 16.7%. The District’s previous AP required an unappropriated reserve of ten percent of prior year unrestricted general fund expenditures consisting of a five percent Reserve for Contingencies, under Title 5, Section 58307, and a five percent Ancillary Reserve. This amount was increased to 16.7%, with half (8.35%) in Reserve for Contingencies and half (8.35%) in Ancillary Reserve.

The minimum reserve requirement for two months of operating expenditures also aligns with the guidance promulgated by the Government Finance Officers Association (GFOA). The CCCCO has been using the two months of operating expenditures as a standard benchmark in its district budget evaluation for the past two years.

The COVID-19 pandemic, coupled with continuing enrollment declines, has resulted in a significant fall-off in revenues. As discussed elsewhere in this letter, one-time federal relief, a one-year extension of the ECA in 2022-23 FY, savings from the recently enacted Supplemental Retirement Program, and prudent fiscal management practices have helped to offset some of these losses. Unfortunately, these one-time sources of revenues have ended and, due to the current economic conditions, additional fiscal solutions are highly unlikely.

The prior year-ending fund balance was approximately 23.64%. Our multi-year projections suggest that the District’s reserves will meet the 16.7% required reserves for the next three years. However, deficit spending beginning in 2023-24 FY will cause the district’s reserves to decline and it will fall short of required reserves with a projected 2026-27 FY reserve of 11.75%. The District is developing a fiscal stabilization plan that will provide implementable solutions to preserve reserves.

Looking Ahead

The 2022-23 FY Enacted Budget is reflective of state and federal economic concerns. Reduced revenues and increasing budget deficits result in severe reductions to categorical programs and signal the potential for continued declines in future years.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2023

One does not have to look far to see the local effects of inflation and the hardship it creates for the students and employees of the District including higher housing, fuel, and commodity prices. At the federal level interest rates are being deliberately raised in an effort to curb inflation.

The Enacted Budget reflects the Governor’s transitory proposal to ease out of Hold Harmless at the end of FY 2024-25 and enter into a permanent funding floor. This “fiscal plateau”, while far less severe than the “fiscal cliff” previously discussed, will leave the District with an estimated flat SCFF revenue of \$246.1 million in 2025-26 FY.

The District has made great strides in communicating budget information and challenges. Recent Town Halls have experienced great participation and sharing transparent budget information in collaboration with constituency groups continues to be a priority. A fiscal stabilization plan is in development to support the identification and implementation of solutions that would result in adjustments in the Districts’ spending plan to align estimates of earned income with planned expenditures in a post-Hold-Harmless environment.

Contacting the District’s Financial Management Team

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 Office of Fiscal Services at Coast Community College District, 1370 Adams Avenue, Costa Mesa, California 92626, or e-mail Daniela Thompson at DThompson@ccd.edu.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 214,495,676
Investments	59,333,301
Receivables	48,617,342
Inventory	100,945
Notes receivable - current portion	750,000
Lease receivable - short-term	1,317,478
Prepaid expenses and other current assets	<u>2,870,795</u>

Total current assets 327,485,537

Noncurrent assets

Restricted cash and cash equivalents	160,313,713
Restricted student loans receivable, net	1,515,860
Notes receivable - noncurrent	7,687,500
Lease receivable - long-term	29,934,233
Non-depreciable/amortizable capital assets	100,418,302
Depreciable/amortizable capital assets, net	<u>815,219,518</u>

Total noncurrent assets 1,115,089,126

Total assets 1,442,574,663

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - debt refunding	57,879,045
Deferred outflows of resources - OPEB	12,912,158
Deferred outflows of resources - pensions	<u>75,770,076</u>

Total deferred outflows of resources 146,561,279

Total assets and deferred outflows of resources \$ 1,589,135,942

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

LIABILITIES

Current liabilities

Accounts payable	\$ 33,238,285
Accrued liabilities	26,697,326
Interest payable	17,586,922
Unearned revenue	79,694,346
Notes payable - current portion	405,000
Amounts held in trust	99,951
Long term liabilities - current portion	<u>44,117,165</u>

Total current liabilities 201,838,995

Noncurrent liabilities

Compensated absences - noncurrent portion	7,272,358
Notes payable - noncurrent portion	1,075,000
Net OPEB liability	14,693,085
Net pension liability	243,541,000
General obligation bonds payable - noncurrent portion	977,378,416
Other noncurrent liabilities	<u>16,705,548</u>

Total noncurrent liabilities 1,260,665,407

Total liabilities 1,462,504,402

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - OPEB	18,042,238
Deferred inflows of resources - leases	31,251,711
Deferred inflows of resources - pensions	<u>41,376,000</u>

Total deferred inflows of resources 90,669,949

NET POSITION

Net investment in capital assets	148,796,231
Restricted for	
Capital projects	45,666,711
Debt service	49,726,951
Scholarships and loans	74,222
Student body and auxiliary	26,576,868
Unrestricted	<u>(234,879,392)</u>

Total net position 35,961,591

Total liabilities, deferred inflows of resources and net position \$ 1,589,135,942

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2023

Operating revenues	
Tuition and fees	\$ 47,681,371
Less: scholarships discounts and allowances	<u>(15,481,461)</u>
Net tuition and fees	<u>32,199,910</u>
Grants and contracts, non-capital	
Federal revenue	41,625,818
State revenue	81,469,140
Local revenue	21,628,009
Sales, net of purchases	<u>2,563,630</u>
Total operating revenue	<u>179,486,507</u>
Operating expenses	
Salaries	181,114,202
Employee benefits	28,514,930
Supplies, materials, and other operating expenses	95,359,497
Financial aid	60,784,279
Depreciation/amortization	<u>34,317,158</u>
Total operating expenses	<u>400,090,066</u>
Loss from operations	<u>(220,603,559)</u>
Non-operating revenues (expenses)	
State apportionments, non-capital	39,158,911
Local property taxes, levied for general purposes	171,044,899
Federal grants and contracts, non-capital	32,841,531
State taxes and other revenue	10,243,917
Interest and investment income, non-capital	9,161,144
Loss on disposal of capital assets	(1,515,900)
Interest expense on capital asset-related debt	<u>(35,658,660)</u>
Total non-operating revenues	<u>225,275,842</u>
Gain before capital contributions	<u>4,672,283</u>
Capital contributions	
Local property taxes, levied for specific purposes	57,571,515
State apportionments, capital	7,657,370
Interest and investment income, capital	<u>2,554,689</u>
Total capital contributions	<u>67,783,574</u>
Change in net position	72,455,857
Net position, beginning of year	<u>(36,494,266)</u>
Net position end of the year	<u><u>\$ 35,961,591</u></u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

Cash flows from operating activities

Tuition and fees	\$ 33,047,038
Federal grants and contracts	41,625,818
State grants and contracts	81,469,140
Local grants and contracts	21,628,009
Sales	2,563,630
Payment to suppliers	(52,185,470)
Payments to/on - behalf of employees	(219,454,208)
Payments to/on - behalf of students	(60,791,220)
Net cash used in operating activities	<u>(152,097,263)</u>

Cash flows from non-capital financing activities

State apportionments and receipts	39,158,911
Property taxes	171,044,899
State taxes and other revenue	10,243,917
Federal grants and contracts	32,841,531
Principal collections on notes receivable	750,000
Net cash provided by non-capital financing activities	<u>254,039,258</u>

Cash flows from capital and related financing activities

State apportionments for capital purposes	7,657,370
Net purchase of capital assets	(79,482,848)
Interest on investments, capital funds	2,554,689
Property taxes levied for specific purposes	57,571,515
Net sale (purchases) of investments	1,093,026
Principal paid on long-term debt	(25,848,340)
Interest paid on long-term debt	(29,345,110)
Net cash used in capital and financing activities	<u>(65,799,698)</u>

Cash flows from investing activities

Interest on investments	<u>9,161,144</u>
Net cash provided by investing activities	<u>9,161,144</u>

Net change in cash and cash equivalents 45,303,441

Cash balance, beginning of year 329,505,948

Cash balance, end of year \$ 374,809,389

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

Reconciliation of loss from operations to net cash used in operating activities	
Loss from operations	\$ (220,603,559)
Adjustments to reconcile loss from operations to net cash used in operating activities	
Depreciation/amortization expense	34,317,158
Changes in assets and liabilities	
Receivables, net	(18,524,240)
Inventory	81,338
Lease receivable	1,189,662
Prepaid expenses and other current assets	(1,519,787)
Deferred outflows of resources - OPEB and Pensions	(26,849,733)
Accounts payable	22,885,664
Accrued liabilities and other liabilities	6,779,527
Net pension liability	92,512,000
Unearned revenue	36,336,389
Subscription liability	(3,207,398)
Compensated absences	(344,187)
Amounts held in trust for others	(6,941)
Net OPEB liability, PARS and MPP liability	(7,533,029)
Deferred inflows of resources - OPEB and Pensions	<u>(67,610,127)</u>
 Total adjustments	 <u>68,506,296</u>
 Net cash used in operating activities	 <u><u>\$ (152,097,263)</u></u>
 Supplementary disclosure of non-cash transactions	
 Amortization of premium on debt	 \$ 2,579,000
Accretion of interest	\$ 8,673,614
Amortization of deferred loss on refunding	\$ 5,155,593

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u>Trust Fund</u>
	Retiree (OPEB)
	<u>Trust</u>
ASSETS	
Investments	
Master trust	\$ 49,271,646
Mutual fund - fixed income	21,063,618
Mutual fund - domestic equity	14,558,128
Mutual fund - international equity	4,381,959
Mutual fund - real estate	<u>3,092,387</u>
 Total assets	 <u>92,367,738</u>
 NET POSITION	
Restricted for OPEB benefits	 <u><u>\$ 92,367,738</u></u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
June 30, 2023

	Retiree (OPEB) <u>Trust</u>
Additions	
Interest and investment income	\$ 6,713,995
Employer contributions	<u>7,869,180</u>
Total additions	<u>14,583,175</u>
Deductions	
Employer retiree benefits	7,869,180
Administrative expenses	<u>235,721</u>
Total deductions	<u>8,104,901</u>
Net increase in net position	6,478,274
Net position	
Net position, beginning of year	<u>85,889,464</u>
Net position, end of year	<u><u>\$ 92,367,738</u></u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENTS OF FINANCIAL POSITION
DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT, COASTLINE COMMUNITY COLLEGE, GOLDEN WEST COLLEGE,
AND ORANGE COAST COLLEGE FOUNDATIONS
For the Year Ended June 30, 2023

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
ASSETS				
Current assets				
Cash and cash equivalents	\$ 289,181	\$ 1,077,215	\$ 1,486,865	\$ 3,619,047
Accounts receivable	-	19,324	1,090	5,425
Pledges receivable	-	6,375	-	-
Due from Coast Community College District	-	-	50,000	-
Due from Coast CCD Enterprise, Inc.	49,806	-	-	-
Prepaid expenses	-	-	70,942	25,000
Total current assets	<u>338,987</u>	<u>1,102,914</u>	<u>1,608,897</u>	<u>3,649,472</u>
Non-current assets				
Receivable for split-interest agreement	54,604	7,209	-	176,716
Operating investments, at fair value	17,319	301,406	693,520	668,004
Investments, at fair value	-	1,900,823	9,901,205	28,909,541
Investments held with FCCC	-	334,055	234,192	23,756
Assets held for sale	-	-	-	53,200
Investment in Coast CCD Enterprise, Inc.	90,854	-	-	-
Other assets - art	-	-	1,300,000	-
Property and equipment, net	-	465,649	-	14,913,495
Total non-current assets	<u>162,777</u>	<u>3,009,142</u>	<u>12,128,917</u>	<u>44,744,712</u>
Total assets	<u>\$ 501,764</u>	<u>\$ 4,112,056</u>	<u>\$ 13,737,814</u>	<u>\$ 48,394,184</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 6,417	\$ 248,614	\$ 8,338	\$ 158,234
Designated scholarships	-	-	100,762	542,685
Unearned revenue	-	-	-	262,175
Due to Coast Community College District	-	-	3,157	-
Due to CCD Enterprise	3,755	-	-	-
Total current liabilities	<u>10,172</u>	<u>248,614</u>	<u>112,257</u>	<u>963,094</u>
Non-current liabilities				
Split-interest agreement	<u>2,032</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	12,204	248,614	112,257	963,094
Net assets				
Net assets without donor restrictions	436,988	603,066	1,114,368	3,969,473
Net assets with donor restrictions	<u>52,572</u>	<u>3,260,376</u>	<u>12,511,189</u>	<u>43,461,617</u>
Total net assets	<u>489,560</u>	<u>3,863,442</u>	<u>13,625,557</u>	<u>47,431,090</u>
Total liabilities and net assets	<u>\$ 501,764</u>	<u>\$ 4,112,056</u>	<u>\$ 13,737,814</u>	<u>\$ 48,394,184</u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
COAST COMMUNITY COLLEGE DISTRICT ENTERPRISE CORPORATION
June 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 1,322,134
Prepaid taxes	8,080
Accounts receivable	<u>32,198</u>
Total current assets	<u>1,362,412</u>

Noncurrent assets

Deposits with District	40,000
Equipment	522,814
Accumulated depreciation	<u>(502,865)</u>
Total non-current assets	<u>59,949</u>

Total assets	<u><u>\$ 1,422,361</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable - related party	\$ 601,478
Accounts payable - trade	13,776
Due to Coast Community College District Foundation	40,000
Unearned revenue	<u>586,910</u>
Total current liabilities	<u>1,242,164</u>

Stockholders' equity

Common stock (1\$ par value, 100,000 authorized, 158 shares issued and outstanding)	158
Retained earnings	<u>180,039</u>
Total stockholders' equity	<u>180,197</u>

Total liabilities and stockholders' equity	<u><u>\$ 1,422,361</u></u>
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See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT FOUNDATION, COASTLINE
COMMUNITY COLLEGE FOUNDATION,
GOLDEN WEST COLLEGE FOUNDATION, AND ORANGE COAST COLLEGE FOUNDATION
June 30, 2023

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Changes in net assets without donor restriction				
Support and revenues				
Support:				
Contributions	\$ 1,948	\$ 20,532	\$ 769	\$ 55,366
Management fees	-	-	83,227	139,774
Miscellaneous revenue	-	-	-	9,989
Donated services	77,606	562,669	467,133	850,998
Donated facilities	-	12,806	18,000	19,898
Special events	-	5,000	77,439	-
Total support	<u>79,554</u>	<u>601,007</u>	<u>646,568</u>	<u>1,076,025</u>
Other income, gains and losses				
Charter fees	-	-	-	1,417,030
Vending machine commissions	-	-	2,224	-
Administrative fees, Coast CCD Enterprise, Inc	95,071	-	-	-
Trademark fees, Coast CCD Enterprise, Inc	60,000	-	-	-
Investment income, net of expense	71	42,334	22,249	29,375
Realized (loss) gain on investments	-	(3,777)	(2,619)	(801)
Unrealized gain on investments	-	3,360	48,536	93,552
Change in value of Coast CCD Enterprise, Inc.	90,854	-	-	-
Net assets released from restriction	-	264,367	663,385	8,935,395
Total other income, gains, and losses	<u>245,996</u>	<u>306,284</u>	<u>733,775</u>	<u>10,474,551</u>
Total support and revenues	<u>325,550</u>	<u>907,291</u>	<u>1,380,343</u>	<u>11,550,576</u>
Operating expenses				
Program services				
Student and college support	171,712	373,353	678,226	3,757,334
Sailing program	-	-	-	5,409,976
Supporting services				
Management and general	45,236	284,896	222,129	544,621
Fundraising	-	176,653	262,273	179,460
Total expenses	<u>216,948</u>	<u>834,902</u>	<u>1,162,628</u>	<u>9,891,391</u>
Change in net assets without donor restriction	<u>108,602</u>	<u>72,389</u>	<u>217,715</u>	<u>1,659,185</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT FOUNDATION, COASTLINE COMMUNITY COLLEGE FOUNDATION,
GOLDEN WEST COLLEGE FOUNDATION, AND ORANGE COAST COLLEGE FOUNDATION
June 30, 2023

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Changes in net assets with donor restriction				
Support and revenues				
Support				
Contributions	\$ -	\$ 758,792	\$ 529,665	\$ 668,044
Fundraising for college programs	-	-	-	2,061,791
Program related sales	-	-	-	125,297
Miscellaneous revenue	-	2,900	-	42,830
In-kind contributions	-	7,759	1,300,000	16,064
Donated vessels	-	-	-	5,209,682
Total support	<u>-</u>	<u>769,451</u>	<u>1,829,665</u>	<u>8,123,708</u>
Other income, gains and losses				
Loss on sale of donated assets	-	-	-	(513,405)
Investment income, net of expense	-	5,979	253,190	580,296
Realized loss on investments	-	(24,246)	(27,697)	(18,521)
Unrealized gain on investments	-	23,402	703,128	1,866,714
Change in value for split-interest agreements	3,040	-	-	8,687
Change in value, FCCC investments	-	14,366	24,232	658
Total other income, gains, and losses	<u>3,040</u>	<u>19,501</u>	<u>952,853</u>	<u>1,924,429</u>
Total support and revenues	<u>3,040</u>	<u>788,952</u>	<u>2,782,518</u>	<u>10,048,137</u>
Net assets released from restriction	<u>-</u>	<u>(264,367)</u>	<u>(663,385)</u>	<u>(8,935,395)</u>
Change in net assets with donor restriction	<u>3,040</u>	<u>524,585</u>	<u>2,119,133</u>	<u>1,112,742</u>
Change in net assets	111,642	596,974	2,336,848	2,771,927
Net assets				
Beginning of year	<u>377,918</u>	<u>3,266,468</u>	<u>11,288,709</u>	<u>44,659,163</u>
End of year	<u>\$ 489,560</u>	<u>\$ 3,863,442</u>	<u>\$ 13,625,557</u>	<u>\$ 47,431,090</u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF INCOME AND RETAINED EARNINGS
DISCRETELY PRESENTED COMPONENT UNIT
COAST COMMUNITY COLLEGE DISTRICT ENTERPRISE CORPORATION
For the Year Ended June 30, 2023

Operating revenues	
Space rental income	\$ 6,350,870
Total operating revenue	<u>6,350,870</u>
Operating expenses	
Salaries	1,074,328
Employee benefits	228,635
Supplies	15,907
Rental	2,203,898
Other services	2,612,851
Depreciation	<u>25,105</u>
Total operating expenses	<u>6,160,724</u>
Net operating income before income tax	<u>190,146</u>
Income tax expense	<u>(1,314)</u>
Net income	<u>188,832</u>
Retained earnings, beginning of year	<u>(8,793)</u>
Retained earnings, end of year	<u><u>\$ 180,039</u></u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - DISCRETELY PRESENTED COMPONENT UNITS
COAST COMMUNITY COLLEGE DISTRICT, COASTLINE COLLEGE, GOLDEN WEST COLLEGE, AND
ORANGE COAST COLLEGE FOUNDATIONS
For the Year Ended June 30, 2023

	Coast Community College District <u>Foundation</u>	Coastline Community College <u>Foundation</u>	Golden West College <u>Foundation</u>	Orange Coast College <u>Foundation</u>
Cash flows from operating activities				
Contributions, fundraising, and other income	\$ 1,948	\$ 462,084	\$ 980,244	\$ 2,910,498
Interest and dividends	71	48,313	-	609,671
Other operating activities and charter fees	-	-	-	1,160,860
Vending machine commissions	-	-	2,224	-
Reimbursements to Coast Community College District on behalf of employees	-	-	(80,665)	-
Administrative and trademark fees, net	155,071	-	-	-
Payments for college support	-	-	(146,014)	-
Payments to/on behalf of employees	-	-	-	(265,544)
Payments to suppliers	(87,852)	(151,916)	(129,563)	(3,803,391)
Payments to/on behalf of students for scholarships	(24,500)	(112,883)	(282,095)	(591,631)
Net cash provided by operating activities	<u>44,738</u>	<u>245,598</u>	<u>344,131</u>	<u>20,463</u>
Cash flows from investing activities				
Purchase of investments	-	(2,886,237)	(2,704,025)	-
Proceeds from sale of investments	-	2,852,306	2,380,584	-
Proceeds from sale of boats and equipment	-	-	-	1,222,494
Acquisition of boats and equipment	-	-	-	(506,067)
Interest and dividends on split interest agreement	(277)	-	-	(10,709,538)
Interest and dividends reinvested	277	-	-	10,010,002
Net cash provided by (used in) investing activities	<u>-</u>	<u>(33,931)</u>	<u>(323,441)</u>	<u>16,891</u>
Cash flows from financing activities				
Net purchase of capital assets	-	(256,649)	-	-
Net cash used in financing activities	<u>-</u>	<u>(256,649)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>44,738</u>	<u>(44,982)</u>	<u>20,690</u>	<u>37,354</u>
Cash and cash equivalents, beginning of year	<u>244,443</u>	<u>1,122,197</u>	<u>1,466,175</u>	<u>3,581,693</u>
Cash and cash equivalents, end of year	<u>\$ 289,181</u>	<u>\$ 1,077,215</u>	<u>\$ 1,486,865</u>	<u>\$ 3,619,047</u>
Reconciliation of change in net assets to cash provided by (used in) operating activities				
Change in net assets	\$ 111,642	\$ 596,974	\$ 2,336,848	\$ 2,771,927
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities				
Depreciation expense	-	-	-	4,115,560
Change in value of Coast CCD Enterprise, Inc.	(90,854)	-	-	-
Change in value of split-interest agreement	(3,040)	-	-	(8,687)
Non-cash contributions and donated vessels received	-	-	-	(5,209,682)
Gain on sale of donated items	-	-	-	513,405
Other assets - art	-	-	(1,300,000)	-
Change in value, FCCC investments	-	(14,366)	(9,590)	(658)
Realized and unrealized gain on investment	-	1,261	(721,348)	(1,940,944)
Change in assets - (increase)/decrease				
Prepaid expenses and other assets	-	-	(1,722)	-
Accounts receivable	-	45,300	785	-
Due from Coast CCD Enterprise, Inc	23,129	-	-	-
Pledges receivable	-	(4,175)	-	-
Change in liabilities - increase/(decrease)				
Scholarships payable	-	-	37,275	-
Advance on conditional grant	-	(366,265)	-	-
Unearned Revenue	-	-	-	(448,763)
Accounts payable	3,428	(13,131)	(1,274)	228,305
Due to Coast Community College District	-	-	3,157	-
Due to Coast CCD Enterprise, Inc	433	-	-	-
Net cash provided by operating activities	<u>\$ 44,738</u>	<u>\$ 245,598</u>	<u>\$ 344,131</u>	<u>\$ 20,463</u>
Non-cash investment activities include				
Equipment and vessels				<u>\$ 5,225,746</u>
Supplemental cash flow information				
Purchases of property and equipment in accounts payable		<u>\$ 209,000</u>		

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
COAST COMMUNITY COLLEGE DISTRICT ENTERPRISE CORPORATION
For the Year Ended June 30, 2023

Cash flows from operating activities

Cash received from space rental income	\$ 6,513,246
Cash paid for operating expenses	<u>(6,039,309)</u>

Net cash provided by operating activities	<u>473,937</u>
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Net change in cash and cash equivalents	473,937
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Cash and cash equivalents, beginning of year	<u>848,197</u>
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Cash and cash equivalents, end of year	<u>\$ 1,322,134</u>
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Reconciliation of net income to cash provided by operating activities

Net income	\$ 188,832
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Adjustments to net income to net cash provided by operating activities

Depreciation	25,105
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Changes in operating assets

Accounts receivable	315
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Prepaid taxes	8,836
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Changes in operating liabilities

Accounts payable	124,825
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Accounts payable - trade	(27,516)
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Unearned revenue	<u>153,540</u>
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Total adjustments	<u>285,105</u>
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Net cash provided by operating activities	<u><u>\$ 473,937</u></u>
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See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Coast Community College District (the "District") is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees. Currently, the District operates three college campuses located in the cities of Fountain Valley, Costa Mesa, and Huntington Beach, 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) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the following potential component units:

- Coast Community College District Foundation
- Coastline Community College Foundation
- Golden West College Foundation
- Orange Coast College Foundation
- Coast Community College District Enterprise Corporation

Each Foundation is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. The Enterprise Corporation is a separate for-profit corporation and operates the swap meet at Golden West and Orange Coast Colleges. The Board of Directors are elected independent of any District's Board of Trustee's appointments. The Board of Directors are responsible for approving their own budgets and accounting and finance related activities; however, the District's governing board has fiscal responsibility over each Foundation and the Enterprise Corporation. The financial activities of the Foundations and the Enterprise Corporation have been discretely presented. Their separate financial statements may be obtained through the District.

Basis of Presentation and Accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

Fiduciary funds for which the District acts only as an agent or trust are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position at the fund financial statement level.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundations' and Enterprise Corporation financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred in accordance with accounting principles generally accepted in the United States of America. Recognition of contributions is dependent upon whether the contribution is restricted or unrestricted. The Foundations' net assets are classified on the Statement of Financial Position as net assets without donor restriction or net assets with donor restriction based on the absence or existence of donor-imposed restrictions. The Foundations' and Enterprise Corporation statements were prepared in accordance with the pronouncements of the Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' and Enterprise Corporations financial information in the District's report for these differences.

Cash and Cash Equivalents: The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt or construction of capital assets. Restricted cash and cash equivalents are classified as noncurrent assets in the statement of net position.

Investments: Investments are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

Receivables: Receivables consist primarily of amounts due from the Federal, State, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

Inventory: Inventory is presented at the lower of cost or market and is expensed when used. Inventory consists of items held for resale in the food service and sailing center operations and expendable instructional, custodial, health and other supplies held for consumption.

Prepaid Expenses: Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Restricted Student Loans Receivable, Net: Student loans receivable consist of loan advances to students awarded under the student financial aid programs the District administers for Federal agencies. Student loans receivable are recorded net of cancelled principal. The receivables are held in trust for the awarding Federal agency.

Capital Assets and Depreciation: Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their acquisition value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Buildings valued at \$5,000 or more as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method with a half-year convention over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for building, 10 years for land improvements, 8 years for equipment and vehicles and 3 years for technology.

Accounts Payable and Accrued Liabilities: Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable.

Unearned Revenue: Revenue from Federal, State, and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees, and other support received but not earned are recorded as unearned revenue until earned.

Compensated Absences: Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

The District has accrued a liability for the amounts attributable to load banking hours within accrued liabilities. Load banking hours consist of hours worked by instructors in excess of a full- time load for which they may carryover for future paid time off.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Retiree Health Benefit OPEB Trust (the Trust): The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) 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, then maintain investment liquidity and thirdly, to protect investment yield. As such, the District acts as the fiduciary of the Trust.

Pension Stabilization Trust (the PST): The PST was established to help California public entities stabilize the funding of their pension benefit liabilities by creating a secure vehicle to hold assets pending their contribution to a pension plan in satisfaction of their funding obligation. The PST is an irrevocable governmental trust intended to qualify as a trust arrangement that is tax exempt under applicable guidance and procedures under Section 115 of the Internal Revenue Code. The PST is administered by Benefit Trust Company as directed by the Board of Authority; the District appoints one member. The District is the sole beneficiary of the PST; the fund does not meet the definition of a fiduciary activity, thus, it is reported as a blended component unit. Separate financial statements are not prepared.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Perkins Loan Program Liability and Termination: The District administers Title IV Perkins Loans for the benefit of its students. Funds for the Perkins program were initially received through Federal Capital Contributions (FCC) from the US Department of Education (ED) and were supplemented with Institutional Capital Contributions (ICC). Over the years, the proportion of federal to institutional matching funds has varied, from a 90/10 split to a 75/25 split. Fiscal year 2017-2018 was the last year in which new Perkins loans were allowed to be disbursed as Congress did not renew the program. Districts have been given the option of assigning existing Perkins loans back to the federal government or continuing to collect on these loans while returning the FCC portion as loans are repaid. The District has elected to continue to collect on Perkins loans and return the FCC portion as it is collected. Historically, the balance of the Perkins loan was reported in student loans receivable and in restricted net position. Due to the termination of the program and the District being required to return the FCC in future years, a liability has been established for the amount of the remaining FCC due to the ED. On May 24, 2019, the ED issued a memo stating that a decision had been made not to require distribution of assets from institutions as the ED is continuing to explore options to reimburse institutions for loan service cancellations; therefore, the entire amount is shown as a noncurrent long-term liability.

Medicare Premium Payment Liability: For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments 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 related liability for the District's proportionate share of the MPP Program is reported in the financial statements; as the plan is not material additional disclosures are not included.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability, net OPEB liability and leases reported which is in the Statement of Net Position.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) program of CalSTRS and Public Employers Retirement Fund B (PERF B) a program of CalPERS, and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate.

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 24,393,587	\$ 51,376,489	\$ 75,770,076
Deferred inflows of resources	\$ 26,792,000	\$ 14,584,000	\$ 41,376,000
Net pension liability	\$ 82,262,000	\$ 161,279,000	\$ 243,541,000
Pension expense	\$ 10,198,605	\$ 11,828,570	\$ 22,027,175

Net Position: The District's net position is classified as follows:

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2023 there is no balance of nonexpendable restricted net position.

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board, as designated, to meet current expenses for specific future purposes.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

On-Behalf Payments: GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all Community Colleges in California.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues and Expenses: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, most Federal, State, and local grants and contracts and Federal appropriations, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is a non-operating expense.

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 calculations and corrections are accrued in the year in which the measurements are generated.

Property Taxes: Secured property taxes attach as an enforceable lien on property as of January 1. 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. Orange County bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State, or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

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

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

New Accounting Pronouncements: In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB 96 defines a subscription-based information technology arrangement and requires the recognition of a right to use subscription asset and corresponding subscription liability. This statement was effective for fiscal years beginning after June 15, 2022. There was no impact to the District's July 1, 2022 net position as a result of the implementation of GASB Statement No. 96.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the District and Component Units as of June 30, 2023 consisted of the following:

	<u>District</u>	<u>Component Units</u>
Cash in County Treasury	\$ 339,438,613	\$ -
Cash with fiscal agent	1,978,393	-
Cash on hand and in banks	31,777,383	7,794,442
Cash in revolving funds	<u>1,615,000</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 374,809,389</u>	<u>\$ 7,794,442</u>

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The District is considered to be an involuntary participant in an external investment pool. The District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire 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.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2023.

The pool sponsor's annual financial report may be obtained from the Auditor-Controller County of Orange, 12 Civic Center Plaza, Room 200, Santa Ana, CA 92702.

Cash with Fiscal Agent: Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2023, the funds are held with a bank in a money market account and recorded at fair value.

Custodial Credit Risk - Deposits and Certificate of Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2023, the carrying amount of the District's cash in banks was \$33,392,383 and the bank balance was \$26,228,889. The bank balance amount insured was \$500,000.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. California law allows for a sliding scale of collateralization depending on the type of pledged security; 150 percent of an agency's deposit for Real Estate backed securities; 110 percent of an agency's deposit for Non-Real Estate backed securities; and 105 percent of an agency's deposit for a Letter of Credit. Collateralization of District deposits minimizes the District risk, but does not eliminate the Risk. In the event of a bank failure, the FDIC will honor written collateralization agreements if the agreement is valid and enforceable under applicable law. All cash held by financial institutions that is not insured is collateralized in the form of a Contract for Deposit that allows for collateralization via a Letter of Credit.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - INVESTMENTS

Policies: Under provisions of California Government Code Sections 16430, 53601 and 53602, the District may invest in the following types of investments:

- State of California Local Agency Investment Fund (LAIF)
- County Treasurer's Investment Pools
- U.S. Treasury notes, bonds, bills or certificates of indebtedness
- Fully insured or collateralized certificates of deposit
- Fully insured and collateralized credit union accounts

The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2023.

The District's investments at June 30, 2023 are presented herein:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Treasury bonds	\$ 30,396,640	\$ -	\$ 8,079,322	\$ 6,466,236	\$ 15,851,082
U.S. government sponsored enterprise	26,958,268	2,717,381	7,381,319	11,663,872	5,195,696
Mutual funds - equity*	439,944	-	-	-	-
Mutual funds - fixed income*	1,538,449	-	-	-	-
Total	<u>\$ 59,333,301</u>	<u>\$ 2,717,381</u>	<u>\$ 15,460,641</u>	<u>\$ 18,130,108</u>	<u>\$ 21,046,778</u>

*Invested in mutual funds which have no maturity date.

Investments held by the OPEB Trust are disclosed in Note 14.

Investment Valuation: Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment fair value measurements at June 30, 2023 are presented herein:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury bonds	\$ 30,396,640	\$ 30,396,640	\$ -	\$ -
U.S. government sponsored enterprise	26,958,268	-	26,958,268	-
Mutual funds - equity	439,944	439,944	-	-
Mutual funds - fixed income	1,538,449	1,538,449	-	-
Total	<u>\$ 59,333,301</u>	<u>\$ 32,375,033</u>	<u>\$ 26,958,268</u>	<u>\$ -</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - INVESTMENTS (Continued)

	Fair Value	S&P's Rating as of Year End	
		AAA	AA+
U.S. government			
sponsored enterprise	\$ 26,958,268	\$ -	\$ 26,958,268
U.S. Treasury bonds	30,396,640	-	30,396,640
Mutual funds - equity	439,944	439,944	-
Mutual funds - fixed income	1,538,449	1,538,449	-
Total	\$ 59,333,301	\$ 1,978,393	\$ 57,354,908

Interest Rate Risk: Interest rate risk is the risk that changes in 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. Board Policy 6320 Investments includes as the primary objectives 1) Safety: Preservation of principal is the foremost objective of the District; Liquidity: The District's portfolio will remain sufficiently liquid to enable the District to meet its liquidity needs, and 3) Yield: The District's portfolio will be designed to obtain a market rate of return through economic cycles consistent with the constraints imposed by its safety objective and cash flow considerations. Board Policy 6320 does not specify limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, the District has operated within parameters of the "Permitted Investments" as specified in the Measure M 2016 Official Statement and the Board Resolution No. 13.06 authorizing the election. These parameters set up the outer boundaries of what the bond proceeds can be invested in. The District has since developed an investment strategy for those proceeds. Information about the exposure of the District's investments to this risk is provided above. Effective January 1, 2017, AB2738 prohibits the proceeds from the sale of bonds from being withdrawn for investment outside the county treasury.

Therefore, the proceeds of the 2017E Series are managed by the Office of the Orange County Treasurer (Treasurer). These deposits may only be invested in U.S. Treasury Securities or U.S. Government-Sponsored Agencies (GSE) in a ladder portfolio to a period not to extend past 2036.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District has operated within parameters of the "Permitted Investments" as specified in the Measure M 2016 Official Statement and the Board Resolution No. 13.06 authorizing the election. These parameters set up the outer boundaries of what the bond proceeds can be invested in. The District has since developed an investment strategy for those proceeds. Information about the exposure of the District's investments to this risk is provided herein.

Concentration of Credit Risk: Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount that may be invested in any one issuer. In accordance with governmental accounting standards, the District is exposed to concentration of credit risk whenever an investment in any one issuer exceeds 5%. Investments guaranteed by the U.S. Government and investments in mutual funds and external investment pools are excluded from this requirement.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2023 are summarized as follows:

Federal	\$ 17,010,140
State	15,313,904
Local sources	<u>16,293,298</u>
Total receivables	<u><u>\$ 48,617,342</u></u>
Student loans receivable, net	<u><u>\$ 1,515,860</u></u>

NOTE 5 - NOTE RECEIVABLE

The District entered into a note receivable in the amount of \$20,000,000 for the sale of KOCE and the KOCE-TV operating license on March 17, 2004. The payments are to be made to the District over 26 years. The District received \$750,000 during this fiscal year and is expecting to receive \$750,000 in the next fiscal year. The balance of the note receivable as of June 30, 2023, is \$8,437,500.

NOTE 6 – LEASES RECEIVABLE

The District is a lessor for leases of property and buildings. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. For the fiscal year ended June 30, 2023 the District recognized inflows of resources from lease revenue and interest revenue totaling \$1,317,476 and \$294,396, respectively.

Future inflows of resources related to leases receivable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payments</u>
2024	\$ 1,317,478	\$ 294,396	\$ 1,611,874
2025	1,273,771	278,608	1,552,379
2026	1,227,613	262,903	1,490,516
2027	1,243,636	246,879	1,490,515
2028	1,295,150	230,224	1,525,374
2029-2033	6,835,293	845,494	7,680,787
2034-2038	5,268,110	629,079	5,897,189
2039-2043	4,396,856	328,915	4,725,771
2044-2048	2,365,337	205,553	2,570,890
2049-2053	1,917,322	133,561	2,050,883
2054-2058	2,072,120	81,307	2,153,427
2059-2063	<u>2,039,025</u>	<u>25,048</u>	<u>2,064,073</u>
Total	<u><u>\$ 31,251,711</u></u>	<u><u>\$ 3,561,967</u></u>	<u><u>\$ 34,813,678</u></u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the District consists of the following:

	Balance <u>July 1, 2022</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance <u>June 30, 2023</u>
Non-depreciable				
Land	\$ 24,141,969	\$ -	\$ -	\$ 24,141,969
Construction in progress	45,225,634	39,777,218	(8,726,519)	76,276,333
Depreciable				
Buildings and improvements	1,137,197,475	20,962,641	(19,103,126)	1,139,056,990
Equipment and vehicles	<u>67,704,839</u>	<u>2,763,238</u>	<u>(61,495)</u>	<u>70,406,582</u>
Total	<u>1,274,269,917</u>	<u>63,503,097</u>	<u>(27,891,140)</u>	<u>1,309,881,874</u>
Less accumulated depreciation:				
Buildings and improvements	345,444,038	25,303,155	(17,587,226)	353,159,967
Equipment and vehicles	<u>50,840,607</u>	<u>5,806,605</u>	<u>(61,495)</u>	<u>56,585,717</u>
Total	<u>396,284,645</u>	<u>31,109,760</u>	<u>(17,648,721)</u>	<u>409,745,684</u>
Subscription assets:				
Software	<u>-</u>	<u>18,709,028</u>	<u>-</u>	<u>18,709,028</u>
Accumulated subscription amortization:				
Software	<u>-</u>	<u>3,207,398</u>	<u>-</u>	<u>3,207,398</u>
Capital assets, net	<u>\$ 877,985,272</u>	<u>\$ 51,102,365</u>	<u>\$ (10,242,419)</u>	<u>\$ 915,637,820</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue as of June 30, 2023, consisted of the following:

Categorical aid	\$ 62,289,408
Enrollment fees	16,921,704
Other local	<u>483,234</u>
Total	<u>\$ 79,694,346</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LONG TERM LIABILITIES

The long-term liabilities activity for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amount Due within One Year
Debt					
Bonds payable	\$ 945,799,423	\$ -	\$ 25,018,339	\$ 920,781,084	\$ 33,825,000
Accreted interest	69,182,331	8,673,614	6,746,660	71,109,285	-
Bonds premium	24,485,105	-	2,579,000	21,906,105	2,593,058
Pension bonds	1,825,000	-	445,000	1,380,000	455,000
Note payable	1,865,000	-	385,000	1,480,000	405,000
Other long term liabilities					
Compensated absences	9,921,386	-	266,270	9,655,116	2,382,758
Perkins loan program liability	2,337,878	-	621,287	1,716,591	-
Net pension liability	151,029,000	92,512,000	-	243,541,000	-
Net OPEB liability - Retiree benefits	35,645,375	11,355,643	32,307,933	14,693,085	-
Net OPEB liability - MPP	818,150	-	157,491	660,659	-
Subscription liability	-	18,709,028	3,207,398	15,501,630	3,489,842
SRP PARS liability	4,144,525	-	1,381,508	2,763,017	1,371,507
Total	\$ 1,247,053,173	\$ 131,250,285	\$ 73,115,886	\$ 1,305,187,572	\$ 44,522,165

Measure C: On November 5, 2002, \$370,000,000 in general obligation bonds were authorized by an election (Measure C) held within the District. The bonds were authorized (i) to finance the construction, acquisition, and modernization of certain property and District facilities and (ii) to provide a portion of the monies needed to prepay certain lease and debt obligations of the District, and (iii) to pay the related costs of bonds issuance.

Between 2003 and 2006, the District issued bonds, Series A, B, and C, totaling \$370,000,000. In 2005, the District issued 2005 Refunding Bonds totaling \$74,893,867 to advance refund portions of the District's Series 2003A bonds.

The 2002 General Obligation Bonds, Series 2006B mature August 1, 2030 with interest accreting at an average 5.05% compounded semiannually each year and due upon maturity.

Accreted interest on the 2002 General Obligation Bonds, Series 2006B was \$62,624,628 at June 30, 2023. Premiums were fully amortized as of June 30, 2020.

Series B

Year ending June 30,	Principal	Interest	Total
2026	\$ 9,717,577	\$ 15,297,423	\$ 25,015,000
2027	9,704,441	16,600,559	26,305,000
2028	9,693,999	17,981,001	27,675,000
2029-2031	19,743,814	42,971,186	62,715,000
Total	\$ 48,859,831	\$ 92,850,169	\$ 141,710,000

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LONG TERM LIABILITIES (Continued)

Measure M: On November 6, 2012, \$698,000,000 in general obligation bonds were authorized by an election (Measure M) held within the District. The bonds were authorized to (i) finance the construction, acquisition, and modernization of certain property and District facilities, (ii) to finance an endowment for voter-approved technology upgrades, (iii) to provide a portion of the monies needed to prepay certain lease and debt obligations of the District, and (iv) to pay the related costs of bonds issuance.

On May 29, 2013, the District issued bonds, Series A, Series B, Tax-Exempt Refunding Series A, and Taxable Refunding Series B totaling \$315,740,000. In 2015, the District issued Refunding Bonds totaling \$162,855,806 to advance refund Series C from Measure C. In 2019, the District issued Series F and Refunding bonds totaling \$318,961,253. The 2019 Refunding Bonds were issued to advance refund a portion of Series A from Measure C.

The 2012 General Obligation Bonds, Series 2013A mature August 1, 2024 and bear interest at rates ranging from 1.50% to 5.00% with interest due semiannually on February 1 and August 1.

Series A

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,640,000	\$ 310,600	\$ 3,950,600
2025	<u>4,125,000</u>	<u>165,000</u>	<u>4,290,000</u>
Total	<u>\$ 7,765,000</u>	<u>\$ 475,600</u>	<u>\$ 8,240,600</u>

The 2013 Tax-Exempt Refunding Bonds, Series A mature August 1, 2024 and bear interest at rates ranging from 2.00% to 5.00% with interest due semiannually on February 1 and August 1. Unamortized premiums on the 2013 Tax-Exempt Refunding Bonds, Series A were \$1,871,445 at June 30, 2023. The 2022 Refunding Bonds were issued to advance refund a portion of 2013 Tax-Exempt Refunding bonds.

Tax-Exempt Refunding Series A

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 19,110,000</u>	<u>\$ 1,833,750</u>	<u>\$ 20,943,750</u>

On August 31, 2016, the District issued bonds, Series C totaling \$30,000,000, to (i) finance an endowment for voter-approved technology upgrades and (ii) to pay the cost of using the bonds.

The 2012 General Obligation Bonds, Series 2016C mature through August 1, 2023 and bear interest at rates ranging from 0.80% to 1.98% with interest due semiannually on February 1 and August 1.

Series C

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 3,815,000</u>	<u>\$ 37,673</u>	<u>\$ 3,852,673</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LONG TERM LIABILITIES (Continued)

On March 29, 2017, the District issued bonds, Series D and Series E, totaling \$300,000,000. Series D bonds to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the bonds. Series E bonds are being issued to (i) finance voter-approved technology upgrades, and (ii) pay the costs of issuing the Series E bonds.

The 2012 General Obligation Bonds, Series 2017D mature through August 1, 2042 and bear interest at rates ranging from 0.80% to 1.98% with interest due semiannually on February 1 and August 1.

Unamortized Premiums on the 2012 General Obligation Bonds, Series 2017D were \$11,441,085 at June 30, 2023.

The 2022 Refunding Bonds were issued to advance refund a portion of 2012 General Obligation bonds, Series 2017D. At June 30, 2022, \$158,215,000 of 2012 General Obligation bonds, Series 2017D were considered defeased.

Series D

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 12,841,000	\$ 12,841,000
2025	5,330,000	12,707,750	18,037,750
2026	6,335,000	12,416,125	18,751,125
2027	7,420,000	12,072,250	19,492,250
2028	7,800,000	11,691,750	19,491,750
2029-2033	16,000,000	33,290,250	49,290,250
2034-2038	12,150,000	9,327,500	21,477,500
2039-2043	<u>65,000,000</u>	<u>3,980,000</u>	<u>68,980,000</u>
Total	<u>\$ 120,035,000</u>	<u>\$ 108,326,625</u>	<u>\$ 228,361,625</u>

On November 20, 2019, the District issued bonds, Series 2019F, totaling \$167,996,253, to (i) finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and (ii) pay the costs of issuing the 2019F bonds. The current interest bonds of \$84,700,000 mature August 1, 2021 through August 1, 2039 and bear interest at rates ranging from 3.00% to 4.00% with interest due semiannually on August 1 and February 1. The Capital Appreciation Bonds of \$83,296,253 mature August 1, 2025 through August 1, 2043 and bear interest at rates ranging from 1.68% to 3.18%. Unamortized premiums and accreted interest on capital appreciation bonds were \$8,593,576 and \$8,484,657 at June 30, 2023, respectively.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LONG TERM LIABILITIES (Continued)

Series F

Year ending June 30,	Principal	Interest	Total
2024	\$ 1,580,000	\$ 2,832,900	\$ 4,412,900
2025	-	2,769,700	2,769,700
2026	118,329	2,781,371	2,899,700
2027	265,000	2,769,700	3,034,700
2028	1,210,000	2,759,100	3,969,100
2029-2033	28,560,000	11,056,700	39,616,700
2034-2038	19,031,288	7,547,412	26,578,700
2039-2043	88,651,761	55,417,089	144,068,850
2044-2045	24,619,875	27,255,125	51,875,000
Total	<u>\$ 164,036,253</u>	<u>\$ 115,189,097</u>	<u>\$ 279,225,350</u>

On November 20, 2019, the District issued 2019 Refunding Bonds totaling \$150,965,000 to (i) advance refund portions of the outstanding principal of the District's 2012 General Obligation Bonds, Series 2013A and (ii) pay the costs of issuing the Refunding Bonds. The 2019 Refunding Bonds mature August 1, 2020 through August 1, 2038 and bear interest at rates ranging from 1.68% to 4.00% with interest due semiannually on February 1 and August 1.

2019 Refunding

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,655,000	\$ 3,909,617	\$ 5,564,617
2025	1,685,000	3,877,362	5,562,362
2026	6,080,000	3,794,765	9,874,765
2027	6,560,000	3,653,483	10,213,483
2028	7,070,000	3,492,633	10,562,633
2029-2033	44,180,000	14,324,483	58,504,483
2034-2038	62,080,000	6,991,092	69,071,092
2039	15,000,000	221,775	15,221,775
Total	<u>\$ 144,310,000</u>	<u>\$ 40,265,210</u>	<u>\$ 184,575,210</u>

On November 19, 2020, the District issued 2020 Refunding Bonds totaling \$211,770,000 to advance refund the outstanding principal of the District's 2015 Refunding Bonds and pay the costs of issuing the Refunding Bonds. The 2020 Refunding Bonds mature August 1, 2020 through August 1, 2035 and bear interest at rates ranging from 0.279% to 2.264% with interest due semiannually on February 1 and August 1.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LONG TERM LIABILITIES (Continued)

2020 Refunding

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 715,000	\$ 4,425,981	\$ 5,140,981
2025	720,000	4,421,836	5,141,836
2026	720,000	4,416,335	5,136,335
2027	730,000	4,409,103	5,139,103
2028	735,000	4,400,025	5,135,025
2029-2033	95,320,000	18,696,812	114,016,812
2034-2036	<u>110,050,000</u>	<u>3,795,483</u>	<u>113,845,483</u>
Total	<u>\$ 208,990,000</u>	<u>\$ 44,565,575</u>	<u>\$ 253,555,575</u>

On February 8, 2022, the District issued 2022 Refunding Bonds totaling \$205,715,000 to advance refund portions of outstanding principal of the District's 2013 Refunding Bonds and 2012 General Obligation Bonds, Series 2017D and pay the costs of issuing the Refunding Bonds. The 2022 Refunding Bonds mature August 1, 2022 through August 1, 2039 and bear interest at rates ranging from 0.523% to 2.982% with interest due semiannually on February 1 and August 1.

2022 Refunding

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,310,000	\$ 5,005,317	\$ 8,315,317
2025	20,280,000	4,979,068	25,259,068
2026	2,715,000	4,753,352	7,468,352
2027	2,750,000	4,717,595	7,467,595
2028	2,795,000	4,675,850	7,470,850
2029-2033	37,785,000	22,362,923	60,147,923
2034-2038	93,225,000	15,282,499	108,507,499
2039-2040	<u>41,000,000</u>	<u>2,057,580</u>	<u>43,057,580</u>
Total	<u>\$ 203,860,000</u>	<u>\$ 63,834,184</u>	<u>\$ 267,694,184</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LONG TERM LIABILITIES (Continued)

The following table summarizes the Outstanding General Obligation Bonds at June 30, 2023:

<u>General Obligation Bonds</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2023</u>
Series B	6/28/2006	8/1/2030	3.63-5.00	\$ 149,859,831	\$ 48,859,831
Accreted Interest				-	62,624,628
Total Measure C				149,859,831	111,484,459
Measure M:					
Series A	5/29/2013	8/1/2038	1.50-5.00	190,000,000	7,765,000
Series B	5/29/2013	8/1/2018	0.45-1.64	10,000,000	-
Refunding Series A	5/29/2013	8/1/2024	2.00-5.00	80,265,000	19,110,000
Refunding Series B	5/29/2013	8/1/2020	0.35-2.27	35,475,000	-
2015 Refunding	10/29/2015	8/1/2036	2.00-5.00	162,855,806	-
Series C	8/31/2016	8/1/2023	0.80-1.98	30,000,000	3,815,000
Series D	3/29/2017	8/1/2042	4.00-5.00	280,000,000	120,035,000
Series E	3/29/2017	8/1/2019	1.43-1.69	20,000,000	-
Series F	11/20/2019	8/1/2043	1.68-4.00	167,996,253	164,036,253
Accreted Interest				-	8,484,657
2019 Refunding	11/20/2019	8/1/2038	1.67-2.96	150,965,000	144,310,000
2020 Refunding	10/28/2020	8/1/2035	0.28-2.26	211,770,000	208,990,000
2022 Refunding	2/8/2022	8/1/2039	0.52-2.98	205,715,000	203,860,000
Total Measure M				1,545,042,059	880,405,910
Total				\$ 1,694,901,890	\$ 991,890,369

Pension Obligation Bonds: During the fiscal year ended June 2021, the District issued 2020A Taxable Pension Obligation Bonds totaling \$2,280,000. The bonds were issued to finance the costs of the STRS early retirement incentive offered by the District during fiscal year ended June 30, 2020. The bonds bear an interest rate of 1.32% and mature through August 1, 2025.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - LONG TERM LIABILITIES (Continued)

2020A Pension Obligation Bonds

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 455,000	\$ 15,213	\$ 470,213
2025	460,000	9,174	469,174
2026	465,000	3,069	468,069
Total	<u>\$ 1,380,000</u>	<u>\$ 27,456</u>	<u>\$ 1,407,456</u>

SRP PARS Liability: During the fiscal year ended June 30, 2020, the District offered a Supplementary Retirement Plan (SRP) administered by Public Agency Retirement Services (PARS) to classified employees who met specific service criterion in exchange for agreeing to retire on or before June 30, 2020. A total of 95 employees are participating.

NOTE 10 - NOTE PAYABLE

On March 24, 2016, the District entered into a note payable in the amount of \$3,765,000 at an interest rate of 3.75% to purchase the property on Newhope Street in the city of Fountain Valley, California. The indenture authorizes, upon default, the Trustee to declare immediately due and payable the total unpaid principal of the notes and accrued interest thereon. The payments are to be made over 10 years as presented herein.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 405,000	\$ 51,750	\$ 456,750
2025	415,000	36,469	451,469
2026	440,000	20,719	460,719
2027	220,000	4,125	224,125
Total	<u>\$ 1,480,000</u>	<u>\$ 113,063</u>	<u>\$ 1,593,063</u>

NOTE 11 - PERKINS LOAN PROGRAM LIABILITY

During fiscal year 2017-18, the District established a liability of \$2,405,774 for the Federal Capital Contributions (FCC) received from the US Department of Education (ED) which funded the Perkins loan program. With the close-out of the Perkins loan program, the FCC is due back to the ED. The District has elected to continue to collect on these loans and will return the FCC to the ED as it is collected. On May 24, 2019, the ED issued a memo stating that a decision had been made not to require distribution of assets from institutions as the ED is continuing to explore options to reimburse institutions for loan service cancellations. At June 30, 2023, the Perkins Loan Program Liability balance totaled \$1,716,591. See Note 1, Perkins Loan Program Termination for additional information.

(Continued)

NOTE 12 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) - a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for any 36 consecutive months of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the "Special Legislation"), were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021-22.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, and the Special Legislation, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-22. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2021-22.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2021, valuation adopted by the CalSTRS board in May 2022, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2022.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorized the CalSTRS board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2022, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2022–23 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2022-23 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2022	8.250%	10.850%	19.100%
July 1, 2023 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$17,271,587 to the plan for the fiscal year ended June 30, 2023.

State – 10.828 percent of the members' calculated based on creditable compensation from two fiscal years prior.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2022, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022–23 for a total contribution rate of 10.828%.

Special legislation appropriated supplemental state contributions to reduce the state's portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2022-23. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, the "Rainy-Day Budget Stabilization Fund Act", which passed in 2014. Accordingly, the contribution amounts are subject to change each year based on the availability of funding. For fiscal year 2021–22, CalSTRS received \$410.0 million in supplemental state contributions from Proposition 2 funds. Additionally, CalSTRS received a one-time supplemental payment of \$173.7 million from the General Fund in fiscal year 2021–22 to offset forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020–21.

The CalSTRS state contribution rates effective for fiscal year 2022-23 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2022	2.017%	6.311%	2.50%	10.828%
July 01, 2023 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.

(2) The CalSTRS board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.

(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, and 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 amounts 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 as of June 30, were as follows:

District's proportionate share of the net pension liability	\$ 82,262,000
State's proportionate share of the net pension liability associated with the District	<u>46,496,000</u>
Total	<u><u>\$ 128,758,000</u></u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2022, the District's proportion was 0.118 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$10,198,605. In addition, the District recognized revenue and corresponding expense of \$14,919,944 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 sources shown herein.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 67,000	\$ 6,168,000
Changes of assumptions	4,080,000	-
Net differences between projected and actual earnings on investments	-	4,023,000
Net differences between changes in proportion and differences between District contributions	2,975,000	16,601,000
Contributions made subsequent to measurement date	<u>17,271,587</u>	<u>-</u>
Total	<u>\$ 24,393,587</u>	<u>\$ 26,792,000</u>

\$17,271,587 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2024	\$ (3,519,517)
2025	\$ (7,166,517)
2026	\$ (9,005,516)
2027	\$ 3,511,150
2028	\$ (3,549,100)
2029	\$ 59,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2022 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

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

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those 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 the total pension liability.

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

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 investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
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)

* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District proportionate share of the net pension liability	<u>\$ 139,711,000</u>	<u>\$ 82,262,000</u>	<u>\$ 34,562,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 13 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The Schools Cost-sharing Multiple-employer Defined Benefit Pension Plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at: <https://www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf>.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2023 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2022-2023.

Employers - The employer contribution rate was 25.37 percent of applicable member earnings.

The District contributed \$19,270,489 to the plan for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the District reported a liability of \$161,279,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2022, the District's proportion was 0.469 percent, which was a decrease of 0.016 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$11,828,570. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 729,000	\$ 4,013,000
Changes of assumptions	11,931,000	-
Net differences between projected and actual earnings on pension plan investments	19,043,000	-
Changes in proportion and differences between District contributions and proportionate share of the contributions	403,000	10,571,000
Pension contributions subsequent to measurement date	<u>19,270,489</u>	<u>-</u>
Total	<u><u>\$ 51,376,489</u></u>	<u><u>\$ 14,584,000</u></u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

\$19,270,489 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2024	\$ 2,181,417
2025	\$ 690,416
2026	\$ 3,038,417
2027	\$ 11,611,750

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of the June 30, 2022 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2021
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2021-22 measurement period, the financial reporting discount rate for PERF B was lowered from 7.15 percent to 6.90 percent. In addition, the inflation assumption was reduced from 2.50 percent to 2.30 percent. Lastly, demographic assumptions for mortality rates were updated.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10 (1, 2)</u>
Global Equity – cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period

(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
District proportionate share of the net pension liability	<u>\$ 232,976,000</u>	<u>\$ 161,279,000</u>	<u>\$ 102,024,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: In addition to the pension benefits described in Notes 12 and 13, the District administers a single-employer defined benefit healthcare plan. The District provides medical, dental and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. The District reports the financial activity of the plan as a trust fund in these financial statements and no separate financial statement is prepared.

Eligibility: Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. For employees, participating in CalSTRS and hired after July 1, 2018 and for employees participating in CalPERS and hired on or after January 1, 2018, the eligibility requirement is a minimum age of 60 and a minimum fifteen years of service with the District. Grandfathered employees participating in CalSTRS and hired before July 1, 2018 and for employees participating in CalPERS and hired before January 1, 2018, the eligibility requirement is minimum age of 55 and 10 years of service with the District. Additional age and service criteria may be required.

Employees Covered by Benefit Term: The following is a table of plan participants at June 30, 2023:

	<u>Number of Participants</u>
Inactive participants currently receiving benefits	860
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	<u>1,188</u>
	<u>2,048</u>

Contributions: The contribution requirements are established and may be amended by the District. All contributions are discretionary and an actuarial determined contribution was not calculated. Depending on the medical plan, the District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses up to age 70 and \$3,000 or \$4,000 maximum per year beyond age 70 until death. For fiscal year ended June 30, 2023, the District contributed \$7,869,180 to the plan.

OPEB Plan Investments: The Plan has assets with two trustees; the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) held in the Retiree Health Benefit OPEB Trust (the Trust), and Benefit Trust Company held in the Futuris Public Entity Investment Trust (Futuris). These accounts collectively comprise the Plan assets. The Plan's policy for allocation of invested assets is established and may be amended by each Retirement Board of Authority through a majority vote. It is the policy of both Boards to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of specific asset classes. Assets held in the Plan are limited to those within the terms of the trust agreement and the participation agreement, any applicable plan documents and in accordance with California Code Section 53620 through 53622. The investment policy has a long-term focus. It discourages both major shifts of asset class allocations over a short time span and, except for liquidity purposes, the use of cash equivalents. There is no established net rate of return or asset allocation policy.

The JPA or Futuris did not violate any provisions of the investment policy during the fiscal year ended June 30, 2023.

The District participates with other colleges in the Balanced Fund Master Trust held by U.S. Bank as trustee for the JPA. The Balanced Fund is comprised of various mutual funds and the District owns a pro-rata interest in the pool. In a Master Trust, the market value of the pool is converted to units valued at \$1.00 per unit and the District's individual statement reflects the units that they own in the pool. Master Trusts are unitized to the dollar and thus, the market and cost are the same. Income earnings, gains, losses and expense are allocated pro rata to all colleges participating in the Master Trust.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

At June 30, 2023, all Plan investments were in either master trusts or mutual funds. The Plan held no investments in any one organization that represented 5% or more of fiduciary net position.

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was not available.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The mutual funds held in the Master Trust are priced using a net asset value (NAV). The mutual funds may include several different underlying investments, including equities, bonds, real estate, and global securities. The NAV price is derived from the value of these investments, accrued income, anticipated cash flows (maturities), management fees, and other fund expenses. Certain investments within the fund may be deemed unobservable and not considered to be in an active market. The Plan's investments' fair value measurements at June 30, 2023, are presented herein.

Investment	Costs	Fair Value Measurements Using			NAV*
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Master Trust	\$ 49,271,646	\$ -	\$ -	\$ -	\$ 49,271,646
Mutual fund - fixed income	21,063,618	21,063,618	-	-	-
Mutual fund - domestic equity	14,558,128	14,558,128	-	-	-
Mutual fund - international equity	4,381,959	4,381,959	-	-	-
Mutual fund - real estate	3,092,387	3,092,387	-	-	-
Total	<u>\$ 92,367,738</u>	<u>\$ 43,096,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,271,646</u>

*Investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the hierarchy tables for such investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The plan discount rate of 5.75% was determined using the following asset allocation and assumed rate of return:

Asset Class - Community College League of California	Percentage of Allocation	Rate Return*
US large cap	29%	7.55%
US small cap	13%	7.55%
All foreign stock	9%	7.55%
Other fixed income	49%	3.00%
 Asset Class - Futuris	 Percentage of Allocation	 Rate Return*
All fixed income	55%	4.25%
Real estate investment trends	4%	7.55%
All domestic equities	22%	7.55%
All international equities	19%	7.55%

*Geometric average

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 19-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points.

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

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Census data	The census data was provided by the District as of June 2023
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	5.75%
Discount rate	5.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	95% for certificated and classified employees
Mortality	For certificated employees, the 2020 CalSTRS mortality tables were used. For classified employees, the 2021 CalPERS active mortality for miscellaneous employees were used.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in Net OPEB Liability (Asset):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2022	\$ 121,534,839	\$ 85,889,464	\$ 35,645,375
Changes for the year			
Service cost	4,236,119	-	4,236,119
Interest	6,883,803	-	6,883,803
Employer contributions	-	7,869,180	(7,869,180)
Net investment income	-	6,713,995	(6,713,995)
Changes in assumptions	(822,121)	-	(822,121)
Experience gain/losses	(16,902,637)	-	(16,902,637)
Benefit payments	(7,869,180)	(7,869,180)	-
Administrative expenses	-	(235,721)	235,721
Net changes	(14,474,016)	6,478,274	(20,952,290)
Balances at June 30, 2023	\$ 107,060,823	\$ 92,367,738	\$ 14,693,085

Fiduciary Net Position as a percentage of the Total OPEB Liability, at June 30, 2023: 86.28 %

Sensitivity of the net pension liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 5.75 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (4.75 percent) and 1 percent (6.75 percent):

	Discount Rate 1% Lower (4.75%)	Valuation Discount Rate (5.75%)	Discount Rate 1% Higher (6.75%)
Net OPEB liability	\$ 23,722,576	\$ 14,693,085	\$ 6,637,172

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3 percent) and 1 percent higher (5 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	\$ 7,342,546	\$ 14,693,085	\$ 23,259,130

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2023 the District recognized OPEB expense of \$6,080,565. 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 expected and actual experience	\$ 3,271,163	\$ (17,341,018)
Change of assumptions	3,383,652	(701,220)
Net difference between projected and actual earnings on investments	<u>6,257,343</u>	<u>-</u>
Total	<u>\$ 12,912,158</u>	<u>\$ (18,042,238)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending <u>June 30,</u>	
2024	\$ (406,118)
2025	(621,381)
2026	2,123,900
2027	(1,864,252)
2028	(2,276,969)
2029 and thereafter	<u>(2,085,260)</u>
Total	<u>\$ (5,130,080)</u>

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7.6 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

NOTE 15 - PUBLIC AGENCY RETIREMENT SYSTEM (PARS)

Plan Description: The Public Agency Retirement System (PARS) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the PARS Board of Trustees.

Funding Policy: Contributions of 7.5% of covered compensation of eligible employees are made by the employer and employee. Total contributions, employer and employee combined, were made in the amount of \$735,865 during the fiscal year. The total amount of covered compensation was approximately \$10,652,000. Total contributions made are 100% of the amount of contributions required for fiscal year 2023.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 16 - INTERNAL SERVICE FUNDS

The District is exposed to various risks of loss related injuries to employees and medical claims. During the fiscal year, the District maintained an Internal Service Fund to account for and finance its uninsured risks of loss. The Self Insurance Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim filed prior to June 30, 1998. During July 1, 1998, the District is fully insured for workers' compensation. The Self Insurance Fund also provides for a maximum of \$275,000 for each claim each plan year for medical claims. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims and premiums.

At June 30, 2023, the District accrued the claims liability in accordance with GASB standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The present value of the liability, estimated at \$3,732,301, is included in accrued liabilities.

Changes in the reported liability are shown herein:

<u>Reported Liability</u>	<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Fiscal Year Liability</u>
Workers' compensation	\$ 104,675	\$ (55,433)	\$ 2,585	\$ 46,657
Health and other benefits	<u>1,979,692</u>	<u>19,999,885</u>	<u>18,293,933</u>	<u>3,685,644</u>
Total	<u>\$ 2,084,367</u>	<u>\$ 19,944,452</u>	<u>\$ 18,296,518</u>	<u>\$ 3,732,301</u>

NOTE 17 - JOINT POWERS AGREEMENTS

The District participates in four Joint Powers Authority (JPA) entities by written agreement; the Protected Insurance Program for Schools (PIPS), the Schools Association for Excess Risk (SAFER), the Public Risk Innovation, Solutions, and Management (PRISM), and the Statewide Association of Community Colleges (SWACC).

PIPS is a California Joint Power Authority (JPA) insurance pool and provides workers' compensation reinsurance protection to its public schools and community college membership throughout California. This is a finite risk sharing pool that transfers risk away from the members to the insurance market. Member premiums are determined based on payroll expense and District loss experience based upon claims incurred.

The SAFER Joint Power Authority is a general liability and property loss excess insurance pool which provides coverage for liability losses from \$1,000,000 to \$50,000,000 for liability, and \$5,000,000 to \$250,000,000 for excess property coverage, dependent upon selected coverage sought by each member.

Public Risk Innovation, Solutions, and Management Master Rolling Owner Controlled Insurance Program covers liability, property, and workers' compensation job-site risks of construction activities for District projects. District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. CSAC Membership is comprised of over 360 various counties, cities, schools, special districts, and other JPAs. Premiums are determined for each construction project or projects.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 17 - JOINT POWERS AGREEMENTS (Continued)

The Statewide Association of Community Colleges Joint Power authority ("SWACC") was established to provide a comprehensive program of property and liability coverage for more than 40 community colleges in California. The program's general objectives are to formulate, develop and administer, on behalf of the member public agencies, a program of insurance, to obtain lower costs for that coverage, and to develop comprehensive loss control programs.

Each of the above JPAs is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA, including selection of management and approval of members, independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Each JPA maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationships between the District and the JPAs are such that none of the JPAs are component units of the District for financial reporting purposes.

The most recent condensed financial information available for PIPS, SAFER, PRISM, and SWACC is shown herein.

<u>JPA Condensed Financial Information</u>	<u>PIPS</u> 6/30/2022 <u>(Audited)</u>	<u>SAFER</u> 6/30/2022 <u>(Audited)</u>	<u>PRISM</u> 6/30/2022 <u>(Audited)</u>	<u>SWACC</u> 6/30/2022 <u>(Audited)</u>
Total assets	\$ 229,417,398	\$ 34,471,514	\$ 1,053,760,735	\$ 50,281,881
Total deferred outflows of resources	\$ -	\$ -	\$ 2,000,236	\$ -
Total liabilities	\$ 169,617,184	\$ 35,199,355	\$ 908,008,660	\$ 34,250,259
Total deferred inflows of resources	\$ -	\$ -	\$ 3,713,839	\$ -
Net position	\$ 59,800,214	\$ (727,841)	\$ 144,038,472	\$ 16,031,622
Total revenues	\$ 307,966,291	\$ 112,130,159	\$ 1,438,627,790	\$ 32,350,668
Total expenses	\$ 310,190,361	\$ 114,763,648	\$ 1,480,943,952	\$ 33,595,009
Change in net position	\$ (2,224,070)	\$ (2,633,489)	\$ (42,316,162)	\$ (1,244,341)

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 18 - FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the statement of revenues, expenses and change in net position. A schedule of expenses by function is shown herein.

	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses	Financial Aid	Depreciation	Total
Instructional activities	\$ 77,648,713	\$ 12,301,274	\$ 6,265,163	\$ -	\$ -	\$ 96,215,150
Academic support	24,724,557	3,916,917	6,336,164	-	-	34,977,638
Student services	29,251,951	4,634,156	4,231,101	-	-	38,117,208
Operation and maintenance of plant	8,383,080	1,328,065	8,780,387	-	-	18,491,532
Instructional support services	27,458,277	4,349,998	64,856,439	-	-	96,664,714
Community services and economic development	379,540	60,128	104,725	-	-	544,393
Ancillary services and auxiliary operations	12,023,906	1,723,837	5,932,282	-	-	19,680,025
Physical property and related acquisitions	1,244,178	200,555	(1,146,764)	-	-	297,969
Transfers, student aid and other outgo	-	-	-	60,784,279	-	60,784,279
Depreciation expense	-	-	-	-	34,317,158	34,317,158
Total	<u>\$ 181,114,202</u>	<u>\$ 28,514,930</u>	<u>\$ 95,359,497</u>	<u>\$ 60,784,279</u>	<u>\$ 34,317,158</u>	<u>\$ 400,090,066</u>

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Litigation: The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

Grants: The District has received state and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Purchase Commitments: As of June 30, 2023, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$47,259,000. Projects will be funded through bond proceeds, state funds and general funds.

REQUIRED SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
For the Year Ended June 30, 2023

Total OPEB Liability	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Service cost	\$ 4,772,670	\$ 4,903,918	\$ 5,038,776	\$ 3,833,255	\$ 3,938,670	\$ 4,122,744	\$ 4,236,119
Interest	5,885,743	6,133,300	6,394,336	6,130,451	6,333,154	6,709,047	6,883,803
Benefit payments	(6,533,048)	(6,794,370)	(6,713,720)	(6,588,869)	(6,687,203)	(7,829,307)	(7,869,180)
Changes in benefit terms	-	-	(5,671,949)	-	-	-	-
Changes in assumptions	-	-	5,642,081	-	2,467,525	-	(822,121)
Experience gains and losses	-	-	(8,547,263)	-	5,553,374	-	(16,902,637)
Net change in Total OPEB liability	4,125,365	4,242,848	(3,857,739)	3,374,837	11,605,520	3,002,484	(14,474,016)
Total OPEB liability, beginning of year	<u>99,041,524</u>	<u>103,166,889</u>	<u>107,409,737</u>	<u>103,551,998</u>	<u>106,926,835</u>	<u>118,532,355</u>	<u>121,534,839</u>
Total OPEB liability, end of year (a)	<u>\$ 103,166,889</u>	<u>\$ 107,409,737</u>	<u>\$ 103,551,998</u>	<u>\$ 106,926,835</u>	<u>\$ 118,532,355</u>	<u>\$ 121,534,839</u>	<u>\$ 107,060,823</u>
Plan Fiduciary Net Position	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contributions - employer	\$ 6,533,048	\$ 6,794,370	\$ 6,713,720	\$ 6,588,869	\$ 6,687,203	\$ 7,829,307	\$ 7,869,180
Net investment income	6,030,540	4,292,242	4,562,166	4,804,481	5,013,912	5,823,885	4,931,867
Investment gains/losses	-	382,212	(314,535)	(1,076,335)	12,961,946	(21,087,592)	1,782,128
Benefit payments	(6,533,048)	(6,794,370)	(6,713,720)	(6,588,869)	(6,687,203)	(7,829,307)	(7,869,180)
Administrative expense	<u>(106,841)</u>	<u>(159,926)</u>	<u>(191,502)</u>	<u>(226,595)</u>	<u>(248,663)</u>	<u>(263,558)</u>	<u>(235,721)</u>
Net change in plan fiduciary net position	5,923,699	4,514,528	4,056,129	3,501,551	17,727,195	(15,527,265)	6,478,274
Fiduciary trust net position, beginning of year	<u>65,693,627</u>	<u>71,617,326</u>	<u>76,131,854</u>	<u>80,187,983</u>	<u>83,689,534</u>	<u>101,416,729</u>	<u>85,889,464</u>
Fiduciary trust net position, end of year (b)	<u>\$ 71,617,326</u>	<u>\$ 76,131,854</u>	<u>\$ 80,187,983</u>	<u>\$ 83,689,534</u>	<u>\$ 101,416,729</u>	<u>\$ 85,889,464</u>	<u>\$ 92,367,738</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 31,549,563</u>	<u>\$ 31,277,883</u>	<u>\$ 23,364,015</u>	<u>\$ 23,237,301</u>	<u>\$ 17,115,626</u>	<u>\$ 35,645,375</u>	<u>\$ 14,693,085</u>
Plan Fiduciary net position as a percentage of the total OPEB liability	69.42%	70.88%	77.44%	78.27%	85.56%	70.67%	86.28%
Covered payroll	\$ 110,477,993	\$ 119,244,509	\$ 124,441,825	\$ 131,516,042	\$ 120,941,417	\$ 126,517,097	\$134,198,827
Net OPEB liability as a percentage of covered payroll	28.56%	26.23%	18.78%	17.67%	14.15%	28.17%	10.95%

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

See the accompanying note to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2023

	State Teacher's Retirement Plan <u>Last 10 Fiscal Years</u>								
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of the net pension liability	0.1360%	0.1460%	0.1410%	0.1400%	0.1430%	0.1390%	0.1400%	0.1150%	0.1180%
District's proportionate share of the net pension liability	\$ 79,474,320	\$ 98,293,040	\$ 114,042,210	\$ 129,472,000	\$ 131,427,010	\$ 125,316,000	\$ 135,314,000	\$ 52,507,000	\$ 82,262,000
State's proportionate share of the net pension liability associated with the District	<u>47,990,508</u>	<u>51,986,043</u>	<u>64,931,754</u>	<u>76,595,165</u>	<u>75,248,479</u>	<u>68,368,000</u>	<u>73,948,000</u>	<u>31,240,000</u>	<u>46,496,000</u>
Total	<u>\$ 127,464,828</u>	<u>\$ 150,279,083</u>	<u>\$ 178,973,964</u>	<u>\$ 206,067,165</u>	<u>\$ 206,675,489</u>	<u>\$ 193,684,000</u>	<u>\$ 209,262,000</u>	<u>\$ 83,747,000</u>	<u>\$ 128,758,000</u>
District's covered payroll	\$ 60,100,000	\$ 67,800,000	\$ 71,000,000	\$ 77,100,000	\$ 77,600,000	\$ 86,100,000	\$ 83,893,000	\$ 80,583,000	\$ 84,531,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	132%	145%	161%	168%	169%	145.55%	171.01%	77.06%	119.81%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%	71%	72.56%	71.82%	87.21%	81.20%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2015 are not available.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2023

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of the net pension liability	0.5164%	0.5156%	0.4943%	0.4778%	0.5211%	0.5300%	0.5360%	0.4850%	0.4687%
District's proportionate share of the net pension liability	\$ 58,623,973	\$ 75,999,949	\$ 97,624,556	\$ 114,063,471	\$ 138,941,665	\$ 154,370,000	\$ 164,436,000	\$ 98,522,000	\$ 161,279,000
District's covered payroll	\$ 53,300,000	\$ 56,743,000	\$ 59,706,000	\$ 61,460,000	\$ 70,665,000	\$ 73,047,000	\$ 77,197,000	\$ 69,293,000	\$ 71,513,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	110%	134%	164%	186%	197%	211%	213%	142%	225%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%	71%	70.05%	70.00%	80.97%	69.76%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2015 are not available.

See the accompanying note to the required supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS (PENSION)
For the Year Ended June 30, 2023

	State Teachers' Retirement Plan <u>Last 10 Fiscal Years</u>									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Contractually required contribution	\$ 6,022,305	\$ 7,618,862	\$ 9,698,103	\$ 11,199,040	\$ 14,100,932	\$ 14,345,723	\$ 13,014,147	\$ 14,302,633	\$ 17,271,587	
Contributions in relation to the contractually required contributions	<u>(6,022,305)</u>	<u>(7,618,862)</u>	<u>(9,698,103)</u>	<u>(11,199,040)</u>	<u>(14,100,932)</u>	<u>(14,345,723)</u>	<u>(13,014,147)</u>	<u>(14,302,633)</u>	<u>(17,271,587)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 67,800,000	\$ 71,000,000	\$ 77,100,000	\$ 77,600,000	\$ 86,100,000	\$ 83,893,000	\$ 80,583,000	\$ 84,531,000	\$ 90,427,000	
Contributions as percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%	

All years prior to 2015 are not available

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of the employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of the employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of the employers pursuant to SB 90.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS (PENSION)
For the Year Ended June 30, 2023

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 6,678,600	\$ 7,075,135	\$ 8,536,763	\$ 10,974,290	\$ 13,192,231	\$ 15,223,988	\$ 14,343,570	\$ 16,383,570	\$ 19,270,489
Contributions in relation to the contractually required contributions	<u>(6,678,600)</u>	<u>(7,075,135)</u>	<u>(8,536,763)</u>	<u>(10,974,290)</u>	<u>(13,192,231)</u>	<u>(15,223,988)</u>	<u>(14,343,570)</u>	<u>(16,383,570)</u>	<u>(19,270,489)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 56,743,000	\$ 59,706,000	\$ 61,460,000	\$ 70,665,000	\$ 73,047,000	\$ 77,197,000	\$ 69,293,000	\$ 71,513,000	\$ 75,958,000
Contributions as percentage of its covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%

All years prior to 2015 are not available.

See the accompanying note to the required supplementary information

COAST COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2023

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Net OPEB Liability is presented to illustrate the elements of the District's Net OPEB Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District's Proportionate Share of the Net Pension Liability: The schedule is intended to show trends about the rate of return on plan assets.

Schedule of the District's Contributions (Pensions): The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms (Pensions): There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions (Pensions): The discount rate used for the Public Employer's Retirement Fund B (PERF B) plan was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15, 7.15 and 6.90 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 actuarial reports, respectively.

The inflation rate used for the PERF B plan was 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, and 2.30 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>							
	As of June 30 2022	As of June 30, 2021	As of June 30, 2020	As of June 30 2019	As of June 30 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

During the 2020-21 measurement period, the financial reporting discount rate for the District's OPEB Plan was lowered from 6.0 percent to 5.75 percent.

SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT
ORGANIZATION
For the year ended June 30, 2023

The Coast Community College District encompasses approximately 105 square miles located in Orange County. The District currently operates Coastline College, Golden West College, Orange Coast College, and the District site. The District serves a large population in Orange County, which covers the communities of Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Midway City, Newport Beach, Santa Ana, Seal Beach/Surfside, Stanton, Sunset Beach and Westminster. The Chancellor is the chief administrative officer and is assisted by vice chancellors, deans, directors, division chairpersons, and members of the faculty in bringing educational excellence to the community. The Board of Trustees has five members elected at large to overlapping four-year terms.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2023 were as follows:

BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Mary L. Hornbuckle	President	2024
Dr. Lorraine Prinsky	Vice President	2024
Mr. Jim Moreno	Board Clerk	2026
Dr. Elizabeth Dorn Parker	Trustee	2026
Mr. Jerry Patterson	Trustee	2024
Mr. John Bruning	Student Trustee	2024

DISTRICT ADMINISTRATORS

Dr. Whitney Yamamura
Chancellor

Dr. Angelica L. Suarez
President, Orange Coast College

Dr. Meridith Randall
Interim President, Golden West College

Dr. Vince Rodriguez
President, Coastline College

Marlene Drinkwine
Vice Chancellor, Finance and Administrative Services

Dr. Marco Baeza
Vice Chancellor, Human Resources

Dr. Andreea M. Serban
Vice Chancellor, Educational Services and Technology

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
ORGANIZATION
For the year ended June 30, 2023

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Coast Community College District Foundation, established November 18, 1976
Master Agreement revised July 1, 2021
Erik Fallis, Executive Director

Coastline Community College Foundation, established May 21, 1984
Master Agreement revised July 1, 2021
Mariam Khosravani

Golden West College Foundation, established Sept 21, 1984
Master Agreement revised July 1, 2021
Bruce Berman, Director

Orange Coast College Foundation, established August 14, 1984
Master Agreement revised July 1, 2021
Doug Bennett, Executive Director

Coast Community College District Enterprise Corporation, established May 7, 1997
Master Agreement revised July 1, 2021
Janet Houlihan, President

COAST 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	Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-recipient Award Amount	Federal Expenditures
<u>United States Department of Education</u>				
<i>Direct:</i>				
Student Financial Aid Cluster:				
Federal Work Study	84.033	(1)	\$ -	\$ 795,411
Financial Aid Administrative Allowance	84.063	(1)	-	59,646
Pell Grant 22-23	84.063	(1)	-	31,621,972
Pell Grant 21-22	84.063	(1)	-	1,219,559
Federal Supplemental Educational Opportunity Grant 21-22	84.007	(1)	-	514,534
Federal Supplemental Educational Opportunity Grant 22-23	84.007	(1)	-	761,503
Federal Direct Student Loans 22-23	84.268	(1)	-	4,256,028
Federal Direct Student Loans 21-22	84.268	(1)	-	175,353
Perkins Loans	84.038	(1)	-	1,236,469
Subtotal Student Financial Aid Cluster			-	40,640,475
Higher Education Institutional Aid:				
Title V STEM Academy Yr 4	84.031S	(1)	-	145,697
Title V STEM Academy Yr 5	84.031S	(1)	-	434,935
Title V Gateway STEM Academy Yr 1- GWC	84.031	(1)	-	114,766
Title V Gateway STEM Academy Yr 2- GWC	84.031	(1)	-	528,799
<i>Passed through CSU Fullerton Auxiliary Services</i>				
<i>Cooperation</i>				
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	18,095
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	9,487
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	329
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	13,219
<i>Passed through Vanguard University</i>				
Vista: Novel Approaches for Leveraging Tomorrow's Solutions with Today's Answers in Improving Education (Vista)	84.031S	(1)	-	26,199
Subtotal Higher Education Institutional Aid			-	1,291,526
<i>Direct</i>				
Higher Education Emergency Relief Fund (HEERF)				
COVID-19 CRRSAA HEERF- Student Aid OCC	84.425E	(1)	-	14,600
COVID-19 CRRSAA HEERF- Student Aid GWC	84.425E	(1)	-	800
COVID-19 CRRSAA HEERF- Institutional OCC	84.425F	(1)	-	3,042,738
COVID-19 CRRSAA HEERF- Institutional GWC	84.425F	(1)	-	1,311,554
COVID-19 CRRSAA HEERF - Minority Serving Institutions GWC	84.425L	(1)	-	405,355
COVID-19 CRRSAA HEERF - Minority Serving Institutions OCC	84.425L	(1)	-	12,218
COVID-19 ARP HEERF - Institutional OCC	84.425F	(1)	-	13,428,883
COVID-19 ARP HEERF - Institutional GWC	84.425F	(1)	-	7,821,188
COVID-19 ARP HEERF - Institutional CCC	84.425F	(1)	-	793,327
COVID-19 ARP HEERF - Minority Serving Institutions CCC	84.425L	(1)	-	268,706
Subtotal Higher Education Emergency Relief Fund			-	27,099,369

(Continued)

COAST 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	Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-recipient Award Amount	Expenditures
<u>United States Department of Education (Continue)</u>				
<i>Passed through California Community Colleges Chancellor's Office:</i>				
<i>Career and Technical Education - Basic Grants to States (CTE)</i>				
CTE Title I, Part C - Carl D. Perkins FYE	84.048A	(1)	\$ -	\$ 1,627,541
Subtotal CTE Program			-	1,627,541
<i>Passed through California Department of Education:</i>				
Adult Education - Basic Grants to States	84.002	(1)	-	134,146
Subtotal: Passed Through Programs			-	134,146
Total United States Department of Education			-	70,793,057
<u>United States Department of Health and Human Services</u>				
<i>Passed through California Community Colleges Chancellor's Office</i>				
Temporary Assistance for Needy Families (OCC)	93.558	(1)	-	72,486
Temporary Assistance for Needy Families (GWC)	93.558	(1)	-	42,714
Temporary Assistance for Needy Families (CCC)	93.558	(1)	-	34,954
Subtotal TANF Program			-	150,154
<i>Passed through Yosemite Community College District</i>				
Child Development Training Consortium	93.575	(1)	-	13,800
Subtotal Childcare Development Fund Cluster			-	13,800
<i>Passed through Regents of the University of California</i>				
Biomedical Research and Research Training				
Orange County Bridges to the Baccalaureate Program	93.859	2018-3636	-	6,287
Total United States Department of Health and Human Services			-	170,241
<u>National Endowment for Humanities</u>				
<i>Direct</i>				
The Vietnam War Institute	45.163	(1)	-	105,616
Subtotal: Direct Programs			-	105,616
Total: National Endowment for Humanities			-	105,616

(Continued)

COAST 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	Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-recipient Award Amount	Federal Expenditures
<u>National Science Foundation</u>				
<i>Direct:</i>				
Cyberup! Digital Forensics and Incident Response	47.076	(1)	\$ -	\$ 11,765
NSF Scholarships in STEM	47.076	(1)	-	74,318
<i>Passed through from the Regents of the University of California</i>				
Promoting Cross-Enrollment to Bridge the 2-4 year Gap for Underrepresented Students	47.076	1928554	-	45,624
Total National Science Foundation - Research and Development Cluster			-	131,707
<u>United States Department of Defense</u>				
<i>Direct:</i>				
<i>Regions Investing in the Next Generation</i>				
Passed through from CA Governor's Office of Planning and Research (OPR)				
Small Business Innovation Research (SBIR) Program	12.903	(1)	-	10,065
CADENCE Internship Program				
Passed through from University of Alabama	12.600	OPR20121	-	8,500
NCAE K12 RING Capacity CCC	12.905	2022-1457	-	51,161
Total United States Department of Defense			-	69,726
<u>United States Department of Homeland Security</u>				
Federal Emergency Management Agency (FEMA)				
Aquatic Center Grant 21-22	97.012	C8966328	-	27,338
Aquatic Center Grant 22-23	97.012	C8967316	-	25,750
Total United States Department of Homeland Security			-	53,088
<u>U.S. Department of the Treasury</u>				
<i>Passed through from the California Community Colleges Chancellor's Office</i>				
Coronavirus State and Local Fiscal Recovery Funds				
SFRF Emergency Financial Aid Assistance OCC	21.027	(1)	-	1,894,116
SFRF Emergency Financial Aid Assistance GWC	21.027	(1)	-	1,078,500
SFRF Emergency Financial Aid Assistance CCC	21.027	(1)	-	1,197,000
<i>Passed through from Charitable Ventures</i>				
Coronavirus State and Local Fiscal Recovery Funds - District 5 Childcare Grant Relief Program	21.027	(1)	-	13,358
<i>Passed through from Orange County Executive Office</i>				
Coronavirus State and Local Fiscal Recovery Funds - ARPA State & Local Fiscal Recovery	21.027	SLFRP1607	-	184,052
Total U.S Department of the Treasury			-	4,367,026
Total Federal Program Expenditures				\$ 75,690,461

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2023

<u>Program Name</u>	<u>Program Revenues</u>						<u>Total Program Expenditures</u>
	<u>Cash Received</u>	<u>Prior Year Unearned Revenue</u>	<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	<u>Accounts Payable</u>	<u>Total</u>	
State categorical aid programs							
Adult Education Program (formerly Adult Education Block Grant)	\$ 1,789,137	\$ 1,360,293	\$ -	\$ 1,020,278	\$ -	\$ 2,129,152	\$ 2,129,152
Asian American, Native Hawaiian & Pacific Island	452,091	-	-	452,091	-	-	-
Basic Needs Centers	1,044,779	754,295	-	1,195,180	-	603,894	603,894
IEPI Innovation & Effectiveness GWC	200,000	302,925	-	186,179	-	316,746	316,746
CalFresh Outreach	-	19,276	-	12,207	70	6,999	6,999
California college promise	3,190,644	1,401,132	-	1,650,377	-	2,941,399	2,941,399
Campus safety & sexual assault	-	17,611	-	7,506	-	10,105	10,105
CCAP Instructional Materials	-	61,587	-	56,747	-	4,840	4,840
CRPP Innovative Best Practices	449,962	-	-	449,962	-	-	-
MESA	-	-	1,394,214	1,394,214	-	-	-
NEXTUP	768,992	90,118	-	175,165	-	683,945	683,945
CTE data unlocked initiative	-	30,761	-	30,761	-	-	-
Dream Resource Liaison	310,491	459,156	-	640,788	-	128,859	128,859
Disabled student programs & service (DSPS)	4,394,905	527,469	-	1,085,234	-	3,837,140	3,837,140
EEO Innovative Best Practices	150,000	208,333	-	358,333	-	-	-
Extended opportunity programs and services (EOPS)	4,674,790	226,690	-	1,254,313	-	3,647,167	3,647,167
Equal employment opportunity	138,888	79,626	-	155,868	-	62,646	62,646
L.A.E.P Admin Cost Allowance	331,757	-	-	331,757	-	-	-
Learning Align Employment Prgm	6,303,360	-	-	6,294,164	-	9,196	9,196
LGBTQ+ One Time	-	289,788	-	284,146	-	5,642	5,642
Library Service Platform	-	30,253	-	24,543	-	5,710	5,710
Local & Systemwide Technology & Data Security	397,000	-	-	200,255	-	196,745	196,745
COVID-19 Recovery Block Grant	17,416,334	-	-	13,240,543	-	4,175,791	4,175,791
Culturally Competent Faculty PD DIS	-	151,304	-	64,745	-	86,559	86,559
Direct Assessment CBE Collab CCC	170,000	120,000	-	92,575	-	197,425	197,425

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2023

Program Name	Program Revenues						Total Program Expenditures
	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	
Cooperative agency resource education (CARE)	\$ 514,219	\$ 77,721	\$ -	\$ 219,531	\$ -	\$ 372,409	\$ 372,409
CalWORKS Reg Efforts Dollars	-	13	-	13	-	-	-
CalWORKs Welfare Reform	893,766	61,353	-	234,792	-	720,327	720,327
Financial aid technology CY	115,823	143,981	-	60,690	-	199,114	199,114
Guided pathways	1,196,937	809,673	-	1,422,298	-	584,312	584,312
Hunger free campus	-	15,360	-	15,360	-	-	-
K-16 OC Pathways	300,000	-	-	297,283	-	2,717	2,717
Mental Health Services	-	200,135	-	-	19	200,116	200,116
Mental health support	801,611	819,452	-	1,163,256	-	457,807	457,807
Nonresident dreamer emergency aid	1,948	-	-	-	-	1,948	1,948
Nursing education - AS RN enrollment growth retention	103,290	23,941	-	346	-	126,885	126,885
On Behalf Pension Contribution	560,774	-	-	-	-	560,774	560,774
Professional development for classified employees	-	52,112	-	49,628	-	2,484	2,484
Regional Equity & Recovery Partners (RERP)	56,108	-	-	56,108	-	-	-
Restricted Lottery	6,148,438	-	-	4,106,925	8,403	2,033,110	2,033,110
Retention and Enrollment Outreach	4,275,643	2,962,663	-	3,799,571	1,753,235	1,685,500	1,685,500
Rising Scholars Network	160,000	-	-	48,957	-	111,043	111,043
SEAP	12,421,111	8,881,926	-	9,631,391	-	11,671,646	11,671,646
SFAA (BFAP)	1,677,966	88,799	-	125,227	-	1,641,538	1,641,538
Strong workforce program - Local	3,269,326	3,285,248	-	3,187,770	1,590	3,365,214	3,365,214
Strong workforce program - Regional	1,278,618	-	788,887	-	-	2,067,505	2,067,505
Systemwide Technology & Data Security	150,000	-	-	53,400	-	96,600	96,600
State funded equipment	1,156,470	1,765,123	-	1,728,962	-	1,192,631	1,192,631
Student success completion	8,451,682	227,942	-	1,509,483	-	7,170,141	7,170,141
UMOJA	-	9,623	-	857	-	8,766	8,766
Student Food & Housing Support	783,255	778,415	-	1,409,133	-	152,537	152,537
VRC One-Time	-	122,381	-	49,308	-	73,073	73,073
VRC Ongoing	295,252	630,633	-	637,359	-	288,526	288,526
Zero Textbook Cost	60,000	-	-	44,208	-	15,792	15,792
Zero Textbook Cost (One-Time)	540,000	-	-	540,000	-	-	-
Total state categorical aid programs	<u>\$ 87,395,367</u>	<u>\$ 27,087,111</u>	<u>\$ 2,183,101</u>	<u>\$ 61,049,787</u>	<u>\$ 1,763,317</u>	<u>\$ 53,852,475</u>	<u>\$ 53,852,475</u>

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
APPORTIONMENT ANNUAL ATTENDANCE
For the year ended June 30, 2023

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2022 Only)			
1. Noncredit	54	-	54
2. Credit	2,436	-	2,436
B. Summer Intersession (Summer 2023 - Prior To July 1, 2023)			
1. Noncredit	0	-	0
2. Credit	6	-	6
C. Primary Terms (Exclusive of Summer Intersession)			-
1. Census Procedure Courses			-
(a) Weekly Census Contact Hours	10,027	-	10,027
(b) Daily Census Contact Hours	605	-	605
2. Actual Hours of Attendance Procedure Courses			-
(a) Noncredit	384	-	384
(b) Credit	1,120	-	1,120
3. Independent Study/Work Experience			-
(a) Weekly Census Contact Hours	6,413	-	6,413
(b) Daily Census Contact Hours	3,153	-	3,153
(c) Noncredit Independent Study/Distance Education Courses	0	-	0
D. Total FTES	24,198	-	24,198
Supplemental Information:			
E. In-service Training Courses (FTES)	61	-	61
F. Basic Skills Courses and Immigrant Education			-
(a) Noncredit	373	-	373
(b) Credit	267	-	267
CCFS 320 Addendum			
CDCP Noncredit FTES	353	-	353

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS
June 30, 2023

There were no adjustments to any funds of the District.

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

General fund balance	\$ 59,337,450
Child development fund balance	230,438
Bond interest and redemption fund balance	49,726,951
Capital outlay fund balance	45,666,711
Measure M - Bond construction funds balance	112,797,891
Self-insurance fund balance	\$ 140,902,681
Amount reported as OPEB plan fund balance	(92,367,738)
Incurred but not reported liability	<u>(3,732,301)</u>
Self-insurance fund balance - revised	44,802,642
All other funds	20,261,213
Total fund balances - business-type activity funds	332,823,296

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

Notes receivable is recognized in the statement of net position. The repayment of notes receivable is reported as revenue in the governmental funds, but the repayment reduces the notes receivable in the statement of net position.	8,437,500
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of \$4,745,250 is already recorded in other governmental funds. Capital assets, net of accumulate depreciation are added to total net assets.	910,892,570
Deferred charges on refunding debt are recorded as deferred outflows and are amortized over the life of the refunded debt.	57,879,045
Deferred outflows of resources - OPEB and Pensions are for contributions made during the fiscal year that are removed from expenses and differences between estimated and actual results. The contributions will be recognized as a reduction of the net pension liability in the subsequent year and the differences will be amortized.	88,682,234
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of \$741,457 is already recorded in the General Fund.	(8,913,659)
Long-term liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(1,013,796,474)

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

The liability of employers contributing for other post employment retirement plans in excess of annual required contributions is reported as a liability in the governmental funds.	\$ (14,693,085)
The liability of employers contributing for the Medicare premium payment plan.	(660,659)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(244,921,000)
Deferred inflows of resources - OPEB and Pensions represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from various differences between estimated and actual results. These amounts are deferred and amortized.	(59,418,238)
Interest expense related to bonds incurred through June 30, 2023 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(17,586,922)
The liability of employers contributing for the Supplementary Retirement Plan administered by PARS	<u>(2,763,017)</u>
Total net position - business-type activities	<u>\$ 35,961,591</u>

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the year ended June 30, 2023

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Adjust Adjustments	Revised Data	Reported Data	Adjust Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional salaries - Contract or regular	1100	\$ 43,630,127	\$ -	\$ 43,630,127	\$ 43,630,127	\$ -	\$ 43,630,127
Instructional salaries - Other	1300	31,517,380	-	31,517,380	31,517,381	-	31,517,381
Total instructional salaries		75,147,507	-	75,147,507	75,147,508	-	75,147,508
Non-instructional salaries - Contract or regular	1200	-	-	-	18,925,835	-	18,925,835
Non-instructional salaries - Other	1400	-	-	-	2,432,238	-	2,432,238
Total non-instructional salaries		-	-	-	21,358,073	-	21,358,073
Total academic salaries		75,147,507	-	75,147,507	96,505,581	-	96,505,581
<u>Classified Salaries</u>							
Non-instructional salaries - Regular status	2100	-	-	-	42,061,600	-	42,061,600
Non-instructional salaries - Other	2300	-	-	-	1,887,416	-	1,887,416
Total non-instructional salaries		-	-	-	43,949,016	-	43,949,016
Instructional aides - Regular status	2200	4,278,358	-	4,278,358	4,278,358	-	4,278,358
Instructional aides - Other	2400	514,331	-	514,331	514,331	-	514,331
Total instructional aides		4,792,689	-	4,792,689	4,792,689	-	4,792,689
Total classified salaries		4,792,689	-	4,792,689	48,741,706	-	48,741,706
Employee benefits	3000	36,247,293	-	36,247,293	72,715,826	-	72,715,826
Supplies and materials	4000	-	-	-	1,590,532	-	1,590,532
Other operating expenses	5000	-	-	-	18,737,432	-	18,737,432
Equipment replacements	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		\$ 116,187,490	\$ -	\$ 116,187,490	\$ 238,291,077	\$ -	\$ 238,291,077

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the year ended June 30, 2023

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Adjust Adjustments	Revised Data	Reported Data	Adjust Adjustments	Revised Data
<u>Exclusions</u>							
<u>Activities to exclude</u>							
Instructional staff-retirees' benefits & retirement incentives	5900	\$ 4,534,089	\$ -	\$ 4,534,089	\$ 4,534,089	\$ -	\$ 4,534,089
Student health services above amount collected	6441	-	-	-	94,839	-	94,839
Student transportation	6491	-	-	-	757,930	-	757,930
Non-instructional staff-retirees' benefits & retirement incentives	6740	-	-	-	5,322,627	-	5,322,627
<u>Objects to exclude</u>							
Rents and leases	5060	-	-	-	1,218,344	-	1,218,344
Lottery expenditures							
Academic salaries	1000	-	-	-	1,640,781	-	1,640,781
Classified Salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	589,469	-	589,469
Software	4100	-	-	-	-	-	-
Books, magazines, & periodicals	4200	-	-	-	-	-	-
Instructional supplies & materials	4300	-	-	-	-	-	-
Noninstructional supplies & materials	4400	-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	4,400,095	-	4,400,095
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		<u>4,534,089</u>	<u>-</u>	<u>4,534,089</u>	<u>18,558,173</u>	<u>-</u>	<u>18,558,173</u>
Total for ECS 84362, 50% Law		<u>\$ 111,653,401</u>	<u>\$ -</u>	<u>\$ 111,653,401</u>	<u>\$ 219,732,904</u>	<u>\$ -</u>	<u>\$ 219,732,904</u>
Percent of CEE (instructional salary cost/total CEE)		<u>50.81%</u>	<u>0.00%</u>	<u>50.81%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>
50% of current expense of education					<u>\$ 109,866,452</u>	<u>\$ -</u>	<u>\$ 109,866,452</u>

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
For the year ended June 30, 2023

EPA Proceeds: \$ 32,799,843

<u>Activity Classification</u>	<u>Activity Code (0100-5900)</u>	<u>Salaries and Benefits (1000-3000)</u>	<u>Operating Expenses (4000-5000)</u>	<u>Capital Outlay (6000)</u>	<u>Total</u>
Instructional Activities	0100-5900	\$ 32,799,843	\$ -	\$ -	\$ 32,799,843
Total Expenditures		<u>\$ 32,799,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,799,843</u>
Revenues Less Expenditures					<u>\$ -</u>

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Coast Community College District, and is presented on the accrual basis of accounting. The information in this schedule 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). 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. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The federal student loan program listed below is administered directly by the District, and balances and transactions relating to this program is included in the District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2023, consists of:

	<u>Assistance Listing Number</u>	<u>Amount Outstanding</u>
Perkins Loans	84.038	\$1,236,469

Schedule of State Financial Awards: The Schedule of State Financial Awards was prepared on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

Schedule of Workload Measures for State General Apportionment: Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

Reconciliation of Governmental Funds to the Statement of Net Position: The schedule provides the information necessary to reconcile the fund balance to the audited financial statements.

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

Proposition 55 Education Protection Account (EPA) Expenditure Report: This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

The Board of Trustees
Coast Community College District
Costa Mesa, California

Report on Compliance with State Laws and Regulations***Opinion on Compliance with State Laws and Regulations***

We have audited Coast Community College District's compliance with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* applicable to community colleges in the State of California for the year ended June 30, 2023:

Description

SCFF Data Management Control Environment
SCFF Supplemental Allocation Metrics
SCFF Success Allocation Metrics
Salaries of Classroom Instructors (50 Percent Law)
Apportionment for Activities Funded From Other Sources
Student Centered Funding Formula Base Allocations: FTES
Residency Determination for Credit Courses
Students Actively Enrolled
Dual Enrollment (CCAP)
Scheduled Maintenance Program
Gann Limit Calculation
Apprenticeship Related and Supplemental Instruction (RSI) Funds
Disabled Student Programs and Services (DSPS)
Proposition 1D and 51 State Bond Funded Projects
Education Protection Account Funds
State Fiscal Recovery Fund
Student Representation Fee
COVID-19 Response Block Grant Expenditures

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2023.

Basis for Opinion on Compliance with State Laws and Regulations

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

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

(Continued)

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 government programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *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 and to test and report on internal control over compliance in accordance with the *Contracted District Audit Manual*, 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.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Sacramento, California
December 1, 2023

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

The Board of Trustees
Coast Community College District
Costa Mesa, California

We have audited, in accordance with the 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 business-type activities, the fiduciary activities and the discretely presented component units of Coast 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 1, 2023. The financial statements of Coast Community College District Foundation, Coastline Community College Foundation, Golden West College Foundation, Orange Coast College Foundation, and Coast Community College District Enterprise Corporation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Coast Community College District Foundation, Coastline Community College Foundation, Golden West College Foundation, Orange Coast College Foundation, and Coast Community College District Enterprise Corporation. As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. As a result of this implementation, there was no impact to the beginning business-type activities net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being written in a more compact, cursive-like font.

Crowe LLP

Sacramento, California
December 1, 2023

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

The Board of Trustees
Coast Community College District
Costa Mesa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coast Community College District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coast Community College District's major federal programs for the year ended June 30, 2023. Coast Community College 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, Coast Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion Each on Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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.

(Continued)

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.

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

Crowe LLP

Sacramento, California
December 1, 2023

FINDINGS AND RECOMMENDATIONS

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR'S REPORT

FINANCIAL STATEMENTS

Type of auditor's report issued *Unmodified*

Internal control over financial reporting

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425E, 84.425F and 84.425L	COVID 19: CARES - Higher Education
21.027	Emergency Relief Fund (HEERF)
84.007, 84.033, 84.038, 84.063, 84.268	SFRF Emergency Financial Aid Assistance
	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,270,714

Auditee qualified as low-risk auditee? X Yes _____ No

STATE AWARDS

Type of auditor's report issued on compliance for state programs *Unmodified*

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

No matters were reported.

CONTINUING DISCLOSURE INFORMATION

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS – GENERAL FUND
(UNAUDITED)
For the year ended June 30, 2023

	2024 (Budgeted)	2023	2022	2021
Total revenues	\$ 394,699,882	\$ 351,994,942	\$ 308,694,491	\$ 297,010,427
Total expenditures	413,318,488	334,811,213	291,007,099	275,472,221
Total other sources	<u>1,124,313</u>	<u>(2,760,278)</u>	<u>(8,398,561)</u>	<u>(12,282,158)</u>
Change in fund balance	(17,494,293)	14,423,451	9,288,831	9,256,048
Ending fund balance	<u>\$ 41,843,157</u>	<u>\$ 59,337,450</u>	<u>\$ 44,913,999</u>	<u>\$ 35,625,168</u>
Available reserve	<u>\$ 45,844,234</u>	<u>\$ 41,188,380</u>	<u>\$ 38,124,897</u>	<u>\$ 14,603,740</u>
Available reserve %	<u>11.09%</u>	<u>12.30%</u>	<u>13.10%</u>	<u>5.30%</u>
Full-time equivalent students	<u>26,211</u>	<u>24,198</u>	<u>23,454</u>	<u>28,838</u>
Total long term debt	<u>\$ 993,106,795</u>	<u>\$ 1,033,874,695</u>	<u>\$ 1,045,494,737</u>	<u>\$ 1,056,618,529</u>

Available reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the General Fund. The 2024 budget reserve balance was estimated using the budgeted contingency reserve balances less other 2023 amounts reserved.

The 2023 budget is the Plan and Budget adopted by the Board of Trustees on September 7, 2022.

The California Community College Chancellor's Office has provided guidelines that recommend an ending fund balance of 3% of unrestricted expenditures as a minimum with a prudent ending fund balance being 5% of unrestricted expenditures.

Long-term debt is reported for the District as a whole and includes debt related to all funds, excluding the postemployment healthcare, Medicare premium payment, and net pension liabilities.

COAST COMMUNITY COLLEGE DISTRICT
2021-2022 LARGEST LOCAL SECURED TAXPAYERS (UNAUDITED)
June 30, 2023

2022-2023 Largest Local Secured Taxpayers

<u>Property Owner</u>	<u>Land Use</u>	<u>2022-2023 Assessed Valuation</u>	<u>% of Total (1)</u>
The Irvine Company	Commercial	\$ 1,337,846,366	0.80%
South Coast Plaza	Commercial	441,619,720	0.26%
Bella Terra Associates LLC	Commercial	372,000,959	0.22%
PH Finance LLC	Commercial	324,456,416	0.19%
Socal Holding LLC	Oil & Gas	278,250,600	0.17%
Villas at Fashion Island LLC	Apartments	276,293,376	0.16%
PR II/MCC South Coast Property Owner LLC	Commercial	271,186,719	0.16%
DCO Pacific City LLC	Apartments	226,357,555	0.14%
United Dominion Realty LP	Apartments	222,257,828	0.13%
PCH Beach Resort LLC	Commercial	204,525,308	0.12%
Hyundai Motor America	Commercial	201,509,794	0.12%
Newport Center Hotel LLC	Commercial	196,027,123	0.12%
520 Newport Center Drive LLC	Commercial	186,629,413	0.11%
JKS-CMFV LLC	Commercial	186,110,038	0.11%
650 Newport Center Drive LLC	Commercial	169,210,202	0.10%
Interinsurance Exchange of the Automobile Club of America	Commercial	159,057,401	0.09%
Bay Island Club	Residential	152,810,134	0.09%
The Waterfront Hotel LLC	Commercial	147,779,266	0.09%
UDR Newport Beach North LP	Apartments	145,144,257	0.09%
Westminster Mall LLC	Commercial	144,975,096	0.09%
		<u>\$ 5,644,047,571</u>	3.36%

(1) The District's fiscal year 2022/23 Local Secured Assessed Valuation: \$167,655,266,211.

Source: California Municipal Statistics. Inc.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
(UNAUDITED)
June 30, 2023

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Revenue from federal sources			
Higher Education act	\$ 29,300,374	\$ 27,939,026	\$ (1,361,348)
Temporary Assistance for Needy Families (TANF)	150,337	150,154	(183)
Career and Technical Education act	1,693,774	1,627,541	(66,233)
Other federal revenues	3,982,702	2,003,306	(1,979,396)
Revenue from state sources			-
General apportionments	38,344,218	38,442,681	98,463
Categorical apportionments	87,741,715	45,879,065	(41,862,650)
Other state revenues	52,110,809	26,408,403	(25,702,406)
Revenue from local sources			
Property taxes	167,718,042	172,490,919	4,772,877
Interest and investment income	300,000	3,117,866	2,817,866
Student fees and charges	29,859,551	29,495,479	(364,072)
Other local revenue	2,294,166	4,440,502	2,146,336
Total revenue	413,495,688	351,994,942	(61,500,746)
Expenditures			
Academic salaries	101,010,364	106,167,676	(5,157,312)
Classified salaries	87,000,648	69,778,588	17,222,060
Employee benefits	90,913,393	86,153,110	4,760,283
Supplies and materials	12,011,725	6,181,191	5,830,534
Other operating expenses and services	90,001,622	33,849,219	56,152,403
Capital outlay	18,401,318	20,500,920	(2,099,602)
Other uses	7,911,643	12,180,509	(4,268,866)
Total expenditures	407,250,713	334,811,213	72,439,500
Excess (deficiency) of revenues over expenditures	6,244,975	17,183,729	10,938,754
Other financing sources (uses)			
Interfund transfers in	264,654	5,848,214	5,583,560
Interfund transfers out	(11,412,965)	(8,608,492)	2,804,473
Total other funding sources (uses)	(11,148,311)	(2,760,278)	8,388,033
Excess (deficiency) of revenues over expenditures and other sources (uses)	(4,903,336)	14,423,451	19,326,787
Fund balance, beginning of year		44,913,999	
Fund balance end of year		\$ 59,337,450	