

COAST COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2022

COAST COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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COAST COMMUNITY COLLEGE DISTRICT
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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***Opinion***

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities and the discretely presented component units of the Coast Community College District, as of June 30, 2022, 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. 87, Leases. 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 79 to 83, 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 as a whole. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* is 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. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 schedule of expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Organization and Continuing Disclosure Information but does not include the financial statements and our auditor's report thereon. 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 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 13, 2022

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

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, 2022. 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

State of the Economy

On January 8, 2021, Governor Newsom released his budget proposal for the 2021-22 fiscal year.–The Budget proposes to reduce to reduce apportionment deferrals for the Student-Centered Funding Formula (SCFF) by more than \$1.1 billion to \$326.5 million Proposition 98 General Fund for 2021-22. The Budget also proposes \$111.1 million ongoing Proposition 98 General fund to provide a 1.5 percent cost-of-living adjustment for apportionments and \$23.1 million ongoing Proposition 98 General Fund for 0.5 percent enrollment growth.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Federal COVID-19 Relief

In March 2021, President Biden signed into law the American Rescue Plan (ARP) Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan. The ARP is a \$1.9 trillion economic stimulus bill designed to speed up the United States recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. The ARP builds on many of the measures in the CARES Act from March 2020 and in the Consolidated Appropriations Act, 2021, from December.

Total Districtwide Allocation:

- \$27,597,163 – Student Grants
- \$25,934,785 – Institutional Funding

The May Revise

The May Revise included an increase of \$185.4 million ongoing Proposition 98 General Fund to reflect a compounded cost-of-living adjustment of 4.05 percent, which represents a 2020-21 cost-of-living adjustment of 2.31 percent and a revised 2021-22 cost-of-living adjustment of 1.7 percent. It also included an increase of approximately \$326.5 million one-time Proposition 98 General Fund to fully retire deferrals from the 2021-22 fiscal year to the 2022-23 fiscal year.

2021-22 FY Enacted State Budget

On July 12, 2021, Governor Gavin Newsom approved the \$262.6 billion spending plan for the 2021-22 fiscal year by signing Senate Bill (SB) 129 into law. SB 129 reflects the State Budget agreement that Governor Newsom reached with legislative leadership by amending Assembly Bill (AB) 128 (Chapter 21/2021), the main State Budget bill that the Legislature sent to Governor Newsom in order to meet its June 15 constitutional deadline.

Highlights:

- 5.07% COLA
- Retiring all community college deferrals created in the 2020-21 State Budget extending the Student-Centered Funding Formula (SCFF) hold-harmless provision from the 2023-24 FY to the 2024-25 FY.
- Allowing community colleges to use federal funds to waive student fees.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Coast Community College District Budget

The Board of Trustees adopted the District's Final FY 2021-22 Budget on September 1, 2021. Major changes since the adoption of the Final Budget are noted below:

Revenue	FY 2021-22 Final Budget	FY 2021-22 Actual (as of 6/20/22, P-2)
Beginning Balance (District & Colleges)	35,775,828	35,775,828
Prior Year Fund Balance Adjustment	-	-
Adjusted Beginning Balance	35,775,828	35,775,828
Total Revenue	229,900,182	245,904,968
Revenue & Beginning Balance	265,676,010	281,680,796
Total Expected Level of Spending	238,781,269	236,765,555
Estimated Ending Fund Balance	26,894,741	44,915,241
Estimated Ending Fund Balance %	11.26%	19.19%

The increase in revenue was due to the following reasons:

- \$2.1 million increase in local revenue
- \$5 million increase due to the deficit factor being eliminated
- \$8 million increase due to recognizing STRS on-behalf payment as required by GASB 68
- \$0.7 million increase in lottery revenue

The decrease in expenditure is the net of:

- \$6.1 million increase in salary and benefits due to the net increase of academic salaries, the decrease in classified salaries, and the increase in benefits which includes the \$8 million in recognizing STRS benefits on-behalf payment as required by GASB 68
- \$8.1 million decrease in non-labor operating expenses due to budgeted expenditures that did not materialize

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.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Consistent with the guidelines under the GASB Statements 74 & 75, Coast engages the services of an actuary to measure this liability every year. The 2022 study measured the Total OPEB liability at \$121 million. This reflects an increase of \$3.0 million from the 2021 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 \$9.8 million. The Fiduciary Net Position of this trust on June 30, 2022, was \$85.9 million. This leaves a Net OPEB Liability (NOL) of \$35.6 million, meaning Coast OPEB is funded at 71%.

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 2022-23 FY will represent the third 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.

Categorical Funding

Coast's estimated Categorical Program funding across all federal, state, and local sources for the 2021-22 FY is projected to be \$109.7 million.

The number of state-determined categorical restricted programs has risen markedly in recent years. During the fiscal year 2022, the District managed between 70 and 80 restricted programs.

Capital Planning

Scheduled Maintenance Program (Deferred Maintenance) and Instructional Support

The 2022-23 Budget includes \$840.7 million in State funding for scheduled maintenance, instructional equipment, water conservation, and energy efficiency projects. This represents a sizable sum of one-time capital funds to address the State's "deferred maintenance" backlog. Coast will receive \$18.5M in funding. Each campus is currently developing their project prioritization for these funds, which are to be expended within five years.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Proposition 51

In November of 2016, California voters passed Proposition 51, the first statewide education bond approved since 2006. In the 2017-18 Fiscal Year, Orange Coast College's Language and Social Science Building Project successfully competed with project submissions across the state, affording the Coast Community College District \$31 million for the design and construction of this project. Subsequently, in 2018-2019, the District was successful in being awarded \$20 million in State resources toward the Golden West College Language Arts Complex. Furthermore, the District was successful in its efforts to pursue partial State-funding to build a new Chemistry building at Orange Coast College. The 2022-23 budget includes \$15.2 million in funding to complete the construction of this new building. The District is expected to provide \$14.1 million in local funds toward the construction of this project as a condition of receiving the State funds.

Measure M

As of June 30, 2022, the District has expended \$574.8 million of its Measure M General Obligation Bond funds. Through the continued and purposeful deliberation of the campus Facilities & Planning committees and the diligent oversight of the Citizens' Oversight Committee, Measure M continues to provide a meaningful transformation of our campuses. Measure M funds will be utilized to satisfy the District's local funding match requirement for the OCC Chemistry project. In addition, the GWC Fine Arts building replacement project is identified as the State's highest priority capital improvement project. Pending the potential inclusion in the State's 23/24 budget, Measure M funds will be utilized to support the local match requirement for that project.

Measure M Endowment

Beginning in 2013, the Coast District has made strides in establishing 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 through the year 2036. In 2022-23, the District is eligible to draw \$2.5 million from our ladder investment portfolio, which would include \$1.5 million for technology and \$1M for building capital needs. With the significant allocation of Scheduled Maintenance/Instructional Equipment and other sources of one-time funds, it is most likely that endowment funds will remain invested for the current fiscal year.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Debt Management

As a part of our continued due-diligence, staff seeks to effectively manage the district’s bonded indebtedness. Acting on the opportunity presented by historic low-interest rates, the district took steps to refund certain maturities from earlier bond issuances/measures. In October 2020, the Board of Trustees adopted a resolution to restructure certain outstanding bonded indebtedness under both Measure C (2002) and M (2012).

Ultimately, more than \$200 million in bonds were refunded resulting in taxpayer savings of approximately \$11.4 million.

Hold-Harmless

There are two Hold-Harmless measures affecting Coast finances. The first is a statutory provision allowing Districts to use the greater of the prior year or the current year revenues for purposes of establishing 2020-21 FY Total Computational Revenue (TCR). Under the Emergency Conditions Allowance approved last March, this hold-harmless mechanism has been extended into the 2021-22 FY, but only for purposes of FTES. As Coast’ TCR is protected under the 2017-18 FY hold- harmless mechanism, this more recent Hold-Harmless provision is not operative for Coast.

The 2020-21 Enacted State Budget has since extended this provision through the 2024-25 FY.

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. However, it will be important to track enrollment very closely as, under current law, the District could face a “fiscal cliff” at the conclusion of the 2024-25 FY when Hold-Harmless sunsets.

Enrollment Metrics FY 2022-23 and Beyond

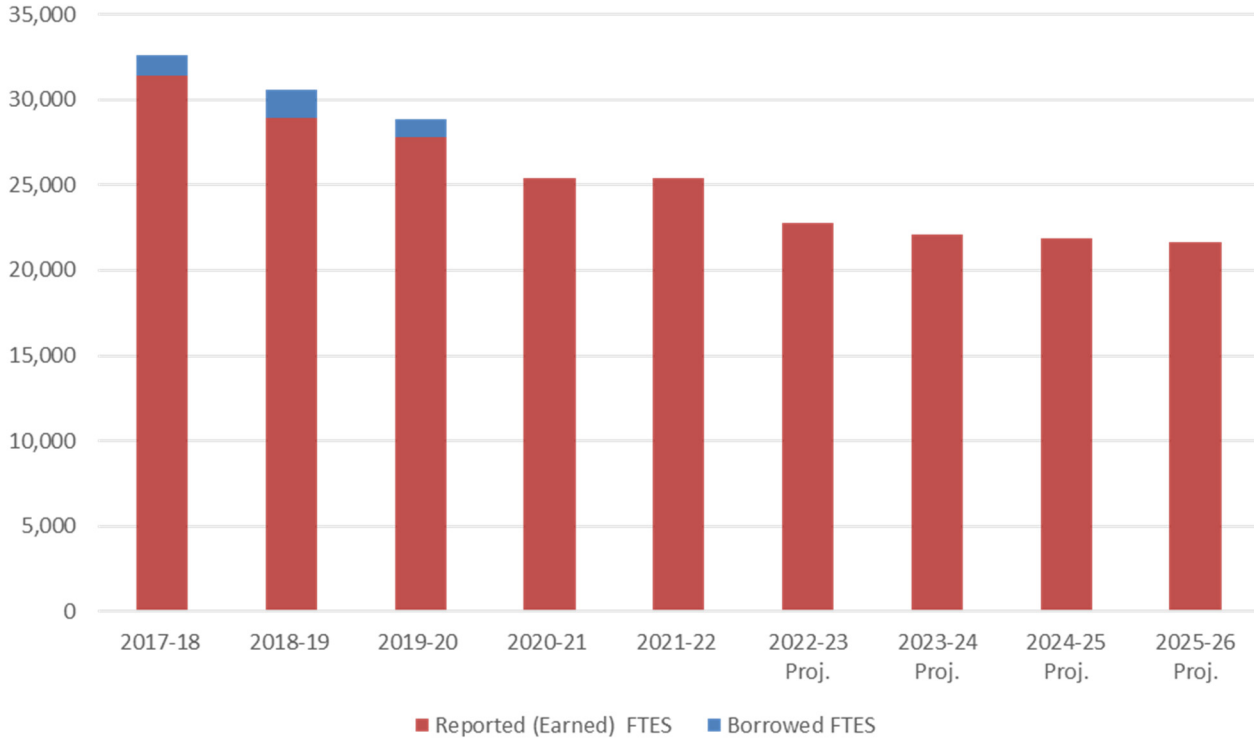
Enrollment continues to decline state-wide. For Coast CCD, as measured in the Annual 2022 Enrollment report, resident enrollments were 23,454 full-time equivalent students (FTES). During the past six years, the District has experienced an enrollment decline of 25 percent.

The District’s Total Computational Revenue for FY 2021-22 was a function of a hold-harmless provision that allowed us to receive the same TCR as FY 2017-18 adjusted for Cost-of-Living Adjustments (COLA) each year.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Annual Enrollment

Full-Time Equivalent Students (FTES)



Note: Beginning in 2025-26, the Hold Harmless is converted to a Funding Floor and is reduced by the projected COLA. This reflects the loss in value from the absence of COLA for the Funding Floor.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

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.

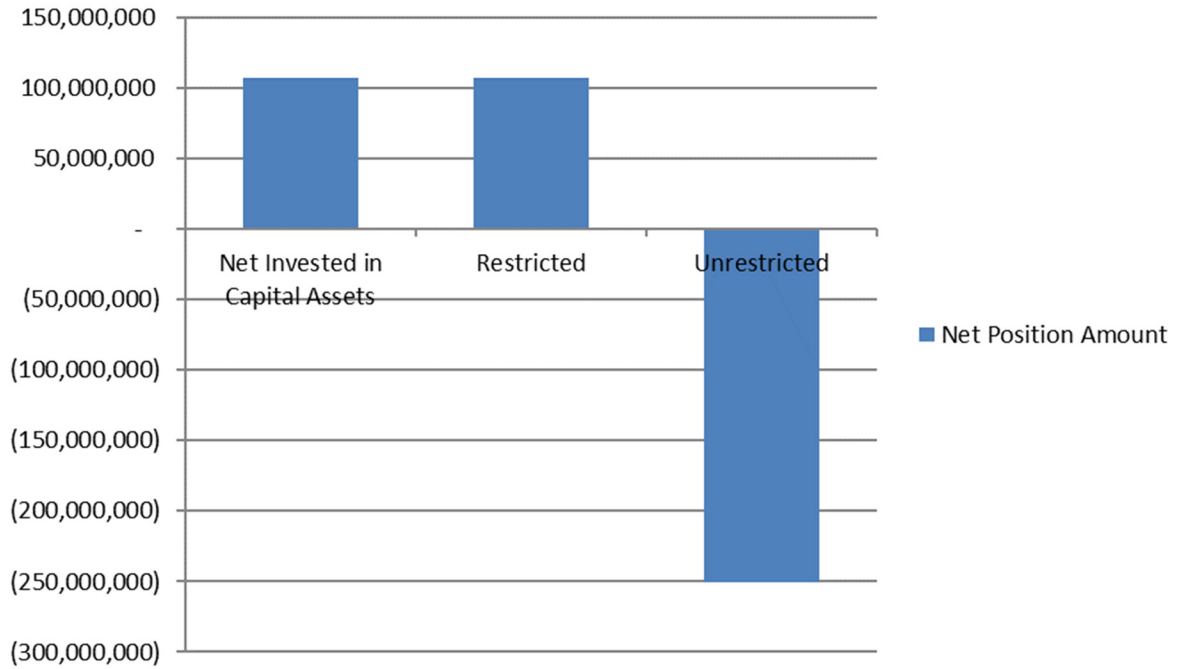
	(in thousands)		
	2022	2021	Change
ASSETS			
Current assets			
Cash and cash equivalents	\$ 166,587	\$ 127,878	30%
Investments	60,426	68,744	-12%
Account receivables	29,246	49,407	-41%
Notes receivable - current portion	750	750	0%
Lease receivable - current portion	1,443	-	N/A
Inventories	182	127	43%
Prepaid expenses	1,351	1,351	0%
Total current assets	<u>259,985</u>	<u>248,257</u>	5%
Non-current assets			
Restricted cash and cash equivalents	162,919	193,255	-16%
Restricted student loans receivable, net	2,363	2,393	-1%
Notes receivable	8,438	9,188	-8%
Lease receivable	30,998	-	N/A
Capital assets, net of depreciation	877,986	853,775	3%
Total non-current assets	<u>1,082,704</u>	<u>1,058,611</u>	2%
TOTAL ASSETS	<u>1,342,689</u>	<u>1,306,868</u>	3%
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	63,035	56,078	12%
Deferred outflows - OPEB	18,082	11,109	63%
Deferred outflows - pension	43,750	63,038	-31%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>124,867</u>	<u>130,225</u>	-4%
LIABILITIES			
Current liabilities	137,137	139,294	-2%
Non-current liabilities	1,208,633	1,353,445	-11%
TOTAL LIABILITIES	<u>1,345,770</u>	<u>1,492,739</u>	-10%
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB	4,049	15,619	-74%
Deferred inflows - Leases	32,441	-	0%
Deferred inflows - pension	121,790	7,258	1578%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>158,280</u>	<u>22,877</u>	592%
NET POSITION			
Invested in capital assets, net of related debt	107,167	113,189	-5%
Restricted	106,952	93,095	15%
Unrestricted	<u>(250,613)</u>	<u>(284,807)</u>	12%
TOTAL NET POSITION	<u>\$ (36,494)</u>	<u>\$ (78,523)</u>	54%

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

- Cash and cash equivalents (unrestricted and restricted) consist mainly of cash held in the county treasury (\$283 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, 2022, the general fund and the building fund had a cash balance of approximately \$77.6 million and \$77.9 million, respectively.
- Investments decreased due to the fluctuations in the rate of return for the General Obligation Series E endowment funds.
- The decreased in accounts receivable mostly stemmed from the COVID-19 Higher Education Emergency Relief Funds (HEERFs) and from the Student Equity and Achievements program. Both of these programs had an accounts receivable balance of \$17.2 million and \$5.8 million for FY 20-21 and FY 21-22, respectively.
- Lease receivable increased both for the current and non-current due to the District implemented GASB Statement No. 87, *Leases*. The District has various leasing arrangements with outside parties. The rental income recognized under noncancelable leases of land and buildings.
- 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 \$121,534,839 as of June 30, 2022. This represents an increase of \$3 million from prior year due to changes in inflation rates, investment rate of return, and service cost.
- Non-current liabilities showed a decrease of \$144.8 million and deferred inflows showed an increase of \$114.5 million. The reason for the changes were related to the District's net pension liability and participation in CalSTRS and CalPERS. Both pension system experienced better than expected investment returns for the actuarial year.
- Net position showed an increase of 54% from prior year. The increase is from restricted 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, 2022

Net Position
June 30, 2022



COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

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)		
	2022	2021	Change
Operating Revenues			
Net tuition and fees	\$ 29,128	\$ 28,485	2%
Grants and contracts, non-capital	167,193	129,663	29%
Auxiliary sales and charges	<u>1,093</u>	<u>191</u>	472%
Total operating revenues	<u>197,414</u>	<u>158,339</u>	25%
Operating Expenses			
Salaries and benefits	232,259	230,181	1%
Supplies, materials and other operating expenses and services	81,917	80,555	2%
Financial aid	79,478	61,849	29%
Utilities	5,599	4,020	39%
Depreciation	<u>29,673</u>	<u>21,307</u>	39%
Total operating expenses	<u>428,926</u>	<u>397,912</u>	8%
Operating loss	<u>(231,512)</u>	<u>(239,573)</u>	-3%
Non-operating revenues (expenses)			
State apportionments, non-capital	42,455	36,075	18%
Local property taxes	210,046	202,808	4%
Federal grants and contracts, non-capital	31,042	33,457	-7%
State taxes and other revenues	8,601	7,691	12%
Investment income, non-capital	(17,010)	15,683	-208%
Loss on disposal of capital assets	(2,290)	-	0%
Interest expense	<u>(6,325)</u>	<u>(26,959)</u>	-77%
Total non-operating revenues (expenses)	<u>266,519</u>	<u>268,755</u>	-1%
Other revenues, expenses, gains or losses			
State apportionments, capital	11,190	-	0%
Investment (losses)/income, capital	<u>(4,168)</u>	<u>(864)</u>	382%
Total other revenues, expenses, gains or losses	<u>7,022</u>	<u>(864)</u>	913%
Change in net position	42,029	28,318	48%
Net position, beginning of year	(78,523)	(126,011)	38%
Cumulative effect of GASB No. 84 implementation	<u>-</u>	<u>19,170</u>	-100%
Net position, beginning of year, restated	(78,523)	(106,841)	27%
Net position, end of year, as restated	<u>\$ (36,494)</u>	<u>\$ (78,523)</u>	54%

COAST COMMUNITY COLLEGE DISTRICT

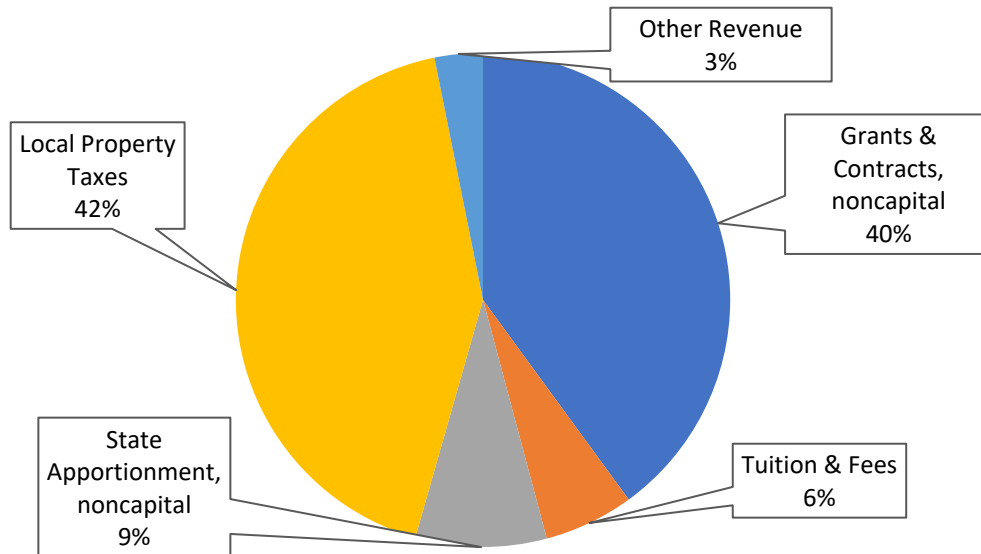
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2022

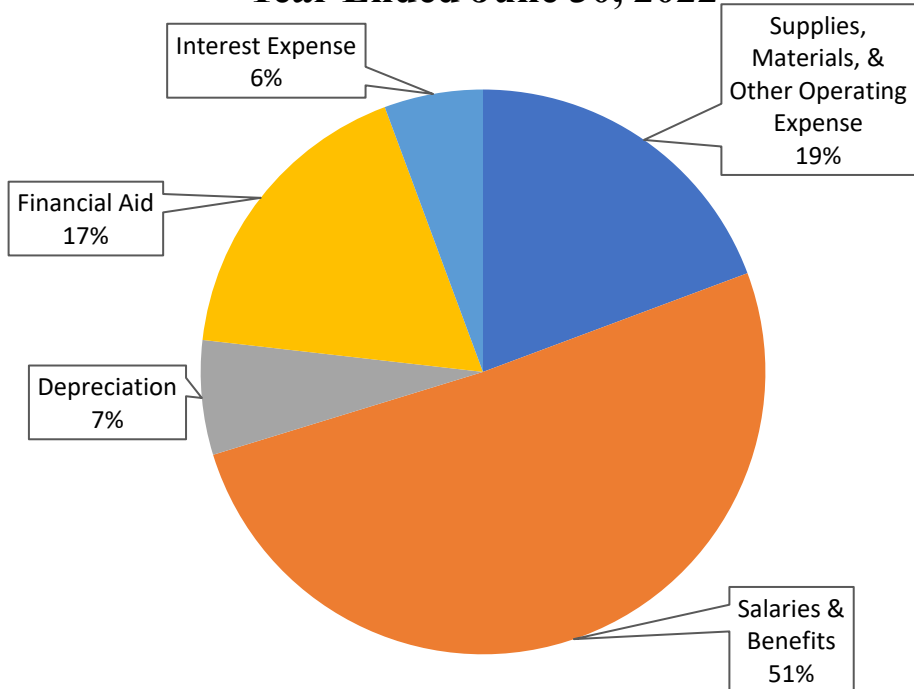
- Net tuition and fees consist of enrollment fees and other fees of \$43.5 million less discounts and allowances of \$14.4 million. Regular enrollment fees of \$46 per unit are set by the State for all community colleges reflecting no significant change from the prior year.
- Revenue from grants and contracts is composed of federal grants (\$85.7 million), state grants (\$67.7 million), and local contracts (\$44.8 million). Comparing to the prior fiscal year, the District recognized \$4.3 million (Institutional portion) and \$21.4 million (Student Aid portion) more from COVID 19 – HEERFs.
- As the end of the pandemic is now in sight and more in-person activities are taking place, the revenue generated from the auxiliary services increased and the expenditures for other operating activities such as supplies, materials, and utilities also increased.
- Financial aid expenses increased because more student aid was provided from the receipt of HEERFs.
- The increase in depreciation expense was from the completed construction projects.
- The fiscal year 2022 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 \$7.2 million or 4%.
- 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 significantly decreased.
- In FY 21-22, the District received \$12.8 million, of which, \$10.6 million was allocated to scheduled of maintenance capital projects and \$2.2 million was allocated to instructional support.
- The decrease in interest expense was mainly due to current year refunding of the District's general obligation bond series 2013 Refunding, Series A and 2017 General Obligation, Series D, which resulted in reduction of related premiums outstanding on the refunded debt.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Revenues
Year Ended June 30, 2022



Expenses
Year Ended June 30, 2022



COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

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>2022</u>	<u>2021</u>	<u>Change</u>
Cash Provided By (Used in)			
Operating activities	\$ (191,189)	\$ (195,815)	2%
Noncapital financing activities	239,774	228,398	5%
Capital and related financing activities	(23,202)	(97,645)	76%
Investing activities	<u>(17,010)</u>	<u>15,683</u>	208%
Net change in cash and cash equivalents	8,373	(49,379)	117%
Cash balance, beginning of year	321,133	370,512	-13%
Cash balance, end of year	<u><u>\$ 329,506</u></u>	<u><u>\$ 321,133</u></u>	3%

- The primary cash receipts from operating activities consist of 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 consists of state apportionment, local property taxes, and student fees.
- Cash provided by and used for capital and related financing activities reflects local capital outlay resources.
- Cash used by in investing activities is interest and loss on investments.

The overall cash balance has increased from prior year because of cash received from categorical programs and scheduled of maintenance for capital projects.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

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, 2022, the District had over \$877 million invested in net capital assets. Total capital assets of \$1.2 billion consist of land, buildings and building improvements, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of \$396 million. New additions for construction and equipment of \$56.8 million occurred during 2021-22, and depreciation expense of \$29.6 million was recorded for the fiscal year. Construction in progress of \$135.7 million was completed and placed into service as buildings and site improvements. The financial statements disclosure provides additional information on capital assets. A summary of capital assets net of depreciation is presented below.

	Balance June 30, 2022
Land	\$ 24,141,969
Buildings and site improvements	1,137,197,473
Equipment	67,714,840
Construction in progress	45,225,632
Totals at historical cost	<u>1,274,279,914</u>
Less accumulated depreciation for:	
Buildings and site improvements	(345,454,034)
Equipment	(50,840,608)
Total accumulated depreciation	<u>(396,294,642)</u>
Governmental capital assets, net	<u>\$877,985,272</u>

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Debt

On June 30, 2022, the District had \$1.0 billion in debt for the General Obligation bonds. The payments for general obligation bond debt are funded through property tax assessments. Note 9 the financial statements provide additional information on long-term liabilities.

Significant Future Events

FY 2022-23 FY Budget and Beyond

On June 27, 2022, Governor Newsom approved the \$308 billion spending plan for the FY 2022-23 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 is the education trailer bill and AB/SB 183 is the higher education trailer bill.

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

- 6.56% COLA for the Student-Centered Funding Formula (SCFF) and specified categorical programs
- \$600 million for SCCF Base Increases, in addition to the COLA
- \$250.1 million to augments the SCFF Student Success Completion Grant
- Ongoing extension of the Hold-Harmless provision, in a highly modified form
- One-year extension of the Emergency Conditions Allowance with several new requirements
- \$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
- \$30 million for the Next Up program, focused on foster youth, has been increased by \$10 million
- \$25 million augmentation for the Student Equity and Achievement Program (SEAP)
- \$25 million augmentation for Extended Opportunity Programs and Services (EOPS)
- \$25 million augmentation for Disabled Student Programs and Services (DSPS)
- \$24 million to modernize technology and protect sensitive data
- 18.7 million to expand eligibility for California Promise waiver to returning students and workload adjustments
- \$10 million to implement a classified employee summer assistance program
- \$10 million to increase support for basic needs centers

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

State Fiscal Outlook

On November 17, 2021, the Legislative Analyst's Office (LAO) released its annual Fiscal Outlook.

The LAO is predicting that the state would enjoy a historic surplus in 2022-23 and a continued more modest prosperity over the next four-year forecast. The anticipated budget surplus, which is expected to exceed 2021 Budget Act estimates by \$28 billion which is largely from unanticipated state revenues resulting from robust sales and bullish stock market. These higher-than-expected revenues along with a projected decrease of \$5 billion in state spending is resulting in a \$31 billion budget surplus for 2022-23. The LAO indicates state revenues have increased an average of 7.4% since 2015-16 while spending limit has only increased by 5.0%. For the budget year of 2022-23 the state could face an additional \$12 billion spending limit obligation in which K-12 schools and community colleges could receive additional one-time fundings totaling \$13 billion for the next three years.

Federal Relief

As noted elsewhere in this letter, several federal relief acts, including the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act), and the American Rescue Plan (ARP) Act have all served to provide local districts with significant one-time sources of revenue.

While much of this relief was targeted as direct aid to students, the Coast Colleges have been able to provide needed support to administrative and student service functions across our district.

Pension Contribution

Employer contributions for CalPERS are expected to increase from 22.91% to 25.37% and employer contributions from the CalSTRS employer rate are expected to increase from 16.92% to 19.1% starting July 1, 2022.

Based on these projections, the District will experience an increase across its two major pension programs of \$3.8 million. To help mitigate these obligations, the District joined the CCLC PARS Pension Stabilization Program.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

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.

While this new Funding Floor provision allows districts to avoid a “fiscal cliff,” what results is a decreasing value of the Funding Floor as expenses increase but revenue does 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.

- **Base Allocation Augmentation**

The Base Allocation is increased by \$600 million statewide, in addition to the 6.56% COLA, to further increase the Base Rates. The State Chancellor released estimates of the new rates on July 1, 2022, but acknowledged that these are preliminary estimates and will change with a subsequent recalculation but are currently estimated to be a 12.45% increase. However, this has no impact on the District's SCFF revenue for FY 2022-23 as the District is still projected to be funded at the Hold-Harmless level, despite the increase in Base rates, due to the decline in District enrollment.

COAST COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ending June 30, 2022

- **Emergency Conditions Allowance**

The Emergency Conditions Allowance recognized the negative impact on enrollment related to the COVID-19 pandemic and allowed Districts to be paid on the greater of 2019-20 FY FTES and current year FTES, beginning in FY 2020-21 and FY 2021-22. This Allowance was not expected to be extended but the State Chancellor's Office recently announced that the Allowance will be extended for one year only, for FY 2022-23. However, approval of applications for this extension is conditional on meeting specific requirements. Of these requirements, most significantly, the District must:

- Adopt an Emergency Conditions Recovery Plan that addresses a plan to improve enrollment amongst other items.
- The district's Board of Trustees adopts a policy aiming to align reserve balances to recommendations included in the Government Finance Officers Association Budgeting Best Practices by no later than February 28, 2023. This new minimum required reserve would be equal to an average two month total general fund operating expenditures or 16.67%, an increase to the current reserve requirement of 10%.

Should it be determined that the District is not in compliance with all the Emergency Conditions Allowance requirements, the State Chancellor's Office would rescind the Allowance and recover any related revenues. The current estimate of revenue related to this Allowance is approximately \$4.5 million in each of FY 2022-23 and FY 2023-24 and would be sufficient to ensure the District meets the increased reserve requirement. This additional revenue will not be budgeted until the Board approves a Board Policy increasing the required reserves.

Reserves/Fund Balance

Administrative Procedure (AP) 6305-Reserves, calls for an unappropriated reserve of 10 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.

The system office is recommending guidance promulgated by the Government Finance Officers Association (GFOA), that unappropriated reserve amounts equate to two months of total general fund operating expenditures or 16.67% reserve. This higher reserve level has also been made one of several conditions of approval for the Emergency Conditions Allowance for 2022-23 FY, as discussed previously.

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, savings from the recently enacted Supplemental Retirement Program, and prudent fiscal management practices are helping to offset some of these losses

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Prior year-ending fund balance was approximately 19.19%. Of this amount, 15% is not committed or assigned for other purposes and is available to meet the proposed unappropriated reserve of 16.67%. Our multi-year projections suggest that for the next three years the District will meet the proposed reserve with the dedication of the additional revenues resulting from the FY 2022-23 Emergency Conditions Allowance.

Looking Ahead

The FY 2022-23 State Enacted Budget contains much good news for community colleges. This includes the fully funded 6.56% COLA, increases to the SCFF Base rates, significant increases to Deferred Maintenance and other categorical programs, and a new COVID-19 Block Grant. However, the Districts continued declining enrollment blunts the magnitude of these revenue increases. In addition, despite continued efforts to improve enrollment and in alignment with state-wide trends, enrollment is projected to continue to, at best, show no significant improvement, and at worst, continues the declining trend. Placing further pressure on the District's budget is the recommendation to increase reserve levels to 16.67%, requiring the dedication of new revenues to meet this reserve in the current and subsequent fiscal years.

While it is very encouraging that an ongoing extension has been applied to the Hold-Harmless, the new modified form as a Funding Floor that receives no annual COLA will necessarily decline in value in the years following its implementation in FY 2025-26. Without significant improvement in enrollment, it is projected that the District's TCR generated by the SCFF will be at the Funding Floor level, and the District will not experience increases in revenue commensurate with inflationary increases and will experience a "fiscal plateau". It is projected that the gap between the Funding Floor and what the District would otherwise have received from the SCFF will be \$14.7 million in FY 2025-26.

As we look to economic projections, federal interest rates continue to rise to combat inflation and recent investment markets' performance has produced negative returns. While it appears that markets are improving and inflation increases have been slowed, labor market disruptions, supply chain issues, and the impact of the COVID-19 pandemic continue to major factors in the economy and make it challenging to accurately predict the future behavior of the economy.

The District has the opportunity to adjust its spending plan and continue with cost-containment measures to align with future projected revenues while also implementing established re-engagement and enrollment plans.

COAST COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

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 Affairs 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, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 166,586,891
Investments	60,426,327
Receivables	29,245,974
Inventory	182,283
Notes receivable - current portion	750,000
Lease receivable - short-term	1,442,960
Prepaid expenses and other current assets	<u>1,351,008</u>

Total current assets 259,985,443

Noncurrent assets:

Restricted cash and cash equivalents	162,919,057
Restricted student loans receivable, net	2,362,988
Notes receivable - noncurrent	8,437,500
Lease receivable - long-term	30,998,413
Non-depreciable capital assets	69,367,603
Depreciable capital assets, net	<u>808,617,669</u>

Total noncurrent assets 1,082,703,230

Total assets 1,342,688,673

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - debt refunding	63,034,638
Deferred outflows of resources - OPEB	18,082,298
Deferred outflows of resources - pensions	<u>43,750,203</u>

Total deferred outflows of resources 124,867,139

Total assets and deferred outflows of resources \$ 1,467,555,812

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

LIABILITIES

Current liabilities:

Accounts payable	\$ 19,557,261
Accrued liabilities	19,917,799
Interest payable	15,776,920
Unearned revenue	43,357,957
Notes payable - current portion	385,000
Amounts held in trust	106,892
Long term liabilities - current portion	<u>38,034,923</u>

Total current liabilities	<u>137,136,752</u>
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Noncurrent liabilities:

Compensated absences - noncurrent portion	7,616,545
Notes payable - noncurrent portion	1,480,000
Net OPEB liability	35,645,375
Net pension liability	151,029,000
General obligation bonds payable - noncurrent portion	1,005,563,284
Other noncurrent liabilities	<u>7,299,046</u>

Total noncurrent liabilities	<u>1,208,633,250</u>
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Total liabilities	<u>1,345,770,002</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - OPEB	4,048,703
Deferred inflows of resources - leases	32,441,373
Deferred inflows of resources - pensions	<u>121,790,000</u>

Total deferred inflows of resources	<u>158,280,076</u>
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NET POSITION

Net investment in capital assets	107,166,774
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Restricted for:

Capital projects	33,634,730
Debt service	46,265,329
Scholarships and loans	16,859
Student body and auxiliary	27,035,375
Unrestricted	<u>(250,613,333)</u>

Total net position	<u>(36,494,266)</u>
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Total liabilities, deferred inflows of resources and net position	<u>\$ 1,467,555,812</u>
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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, 2022

Operating revenues:	
Tuition and fees	\$ 43,564,122
Less: scholarships discounts and allowances	<u>(14,436,249)</u>
Net tuition and fees	<u>29,127,873</u>
Grants and contracts, non-capital:	
Federal revenue	54,666,700
State revenue	67,720,220
Local revenue	44,806,477
Sales, net of purchases	<u>1,092,975</u>
Total operating revenue	<u>197,414,245</u>
Operating expenses:	
Salaries	170,755,579
Employee benefits	61,503,562
Supplies, materials, and other operating expenses	87,516,513
Financial aid	79,477,543
Depreciation	<u>29,673,373</u>
Total operating expenses	<u>428,926,570</u>
Loss from operations	<u>(231,512,325)</u>
Non-operating revenues (expenses):	
State apportionments, non-capital	42,455,317
Local property taxes, levied for general purposes	156,925,250
Federal grants and contracts, non-capital	31,042,393
State taxes and other revenue	8,601,097
Interest and investment income (loss), non-capital	(17,009,984)
Loss on disposal of capital assets	(2,290,324)
Interest expense on capital asset-related debt	<u>(6,324,998)</u>
Total non-operating revenues	<u>213,398,751</u>
Loss before capital contributions	<u>(18,113,574)</u>
Capital contributions:	
Local property taxes, levied for specific purposes	53,120,500
State apportionments, capital	11,190,416
Interest and investment income, capital	<u>(4,168,962)</u>
Total capital contributions	<u>60,141,954</u>
Change in net position	42,028,380
Net position, beginning of year	<u>(78,522,646)</u>
Net position end of the year	<u>\$ (36,494,266)</u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Cash flows from operating activities

Tuition and fees	\$ 29,157,919
Federal grants and contracts	54,666,700
State grants and contracts	67,720,220
Local grants and contracts	43,342,946
Sales	1,092,975
Payment to suppliers	(58,898,793)
Payments to/on- behalf of employees	(248,794,665)
Payments to/on- behalf of students	<u>(79,476,347)</u>
Net cash used in operating activities	<u>(191,189,045)</u>

Cash flows from non-capital financing activities

State apportionments and receipts	42,455,317
Property taxes	156,925,250
State taxes and other revenue	8,601,097
Federal grants and contracts	31,042,393
Principal collections on notes receivable	<u>750,000</u>
Net cash provided by non-capital financing activities	<u>239,774,057</u>

Cash flows from capital and related financing activities

State apportionments for capital purposes	11,190,416
Net purchase of capital assets	(67,848,899)
Interest on investments, capital funds	(4,168,962)
Property taxes levied for specific purposes	53,120,500
Net sale (purchases) of investments	8,318,067
Principal paid on long-term debt	(21,434,595)
Interest paid on long-term debt	<u>(2,378,823)</u>
Net cash used in capital and financing activities	<u>(23,202,296)</u>

Cash flows from investing activities

Interest on investments	<u>(17,009,984)</u>
Net cash used in investing activities	<u>(17,009,984)</u>

Net change in cash and cash equivalents 8,372,732

Cash balance, beginning of year 321,133,216

Cash balance, end of year \$ 329,505,948

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (231,512,325)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	29,673,373
Changes in assets and liabilities:	
Receivables, net	20,190,868
Inventory	(55,256)
Lease receivable	1,286,983
Deferred outflows of resources - OPEB and Pensions	12,313,916
Accounts payable	15,484,118
Accrued liabilities and other liabilities	(10,065,392)
Net pension liability	(148,853,604)
Unearned revenue	1,806,445
Compensated absences	(2,119,398)
Amounts held in trust for others	1,196
Net OPEB liability, PARS and MPP liability	18,985,650
Deferred inflows of resources - OPEB and Pensions	<u>101,674,381</u>
 Total adjustments	 <u>40,323,280</u>
 Net cash provided (used) by operating activities	 <u>\$ (191,189,045)</u>
 Supplementary disclosure of non-cash transactions:	
Amortization of premium on debt	\$ 21,676,784
Accretion of interest	\$ 9,130,697
Amortization of deferred (gain) loss on refunding	\$ 4,482,724
Refunding of debt directly through issuance of new debt	\$ 175,780,000

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	<u>Trust Fund</u>
	Retiree (OPEB)
	<u>Trust</u>
ASSETS	
Investments:	
Master trust	\$ 45,644,572
Mutual fund - fixed income	21,372,009
Mutual fund - domestic equity	12,307,765
Mutual fund - international equity	3,672,035
Mutual fund - real estate	<u>2,893,083</u>
Total assets	<u>85,889,464</u>
NET POSITION	
Restricted for OPEB benefits	<u>\$ 85,889,464</u>

See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
June 30, 2022

	Retiree (OPEB) <u>Trust</u>
Additions:	
Interest and investment income (loss)	\$ (15,263,707)
Employer contributions	<u>7,829,307</u>
Total additions	<u>(7,434,400)</u>
Deductions:	
Employer retiree benefits	7,829,307
Administrative expenses	<u>263,558</u>
Total deductions	<u>8,092,865</u>
Net decrease in net position	(15,527,265)
Net position:	
Net position, beginning of year	<u>101,416,729</u>
Net position, end of year	<u>\$ 85,889,464</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, 2022

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 261,762	\$ 1,122,197	\$ 1,466,175	\$ 3,581,693
Accounts receivable	-	64,624	1,875	5,425
Pledges receivable	-	2,200	50,000	-
Due from Coast Community College District	-	-	-	-
Due from Coast CCD Enterprise, Inc.	72,935	-	-	-
Prepaid expenses	-	-	69,220	25,000
Total current assets	<u>334,697</u>	<u>1,189,021</u>	<u>1,587,270</u>	<u>3,612,118</u>
Non-current assets:				
Pledges receivable, net of discount	-	-	-	-
Receivable for split-interest agreement	54,881	7,209	-	168,029
Operating investments, at fair value	-	301,424	626,336	569,872
Investments, at fair value	-	1,868,135	8,923,600	26,367,193
Investments held with FCCC	-	319,689	224,602	23,098
Assets held for sale	-	-	-	36,600
Property and equipment, net	-	-	-	15,065,805
Total non-current assets	<u>54,881</u>	<u>2,496,457</u>	<u>9,774,538</u>	<u>42,230,597</u>
Total assets	<u>\$ 389,578</u>	<u>\$ 3,685,478</u>	<u>\$ 11,361,808</u>	<u>\$ 45,842,715</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 2,989	\$ 52,745	\$ 9,612	\$ 29,656
Designated scholarships	-	-	63,487	442,958
Unearned revenue	-	-	-	710,938
Advance on conditional grant	-	366,265	-	-
Due to Coast Community College District	-	-	-	-
Due to CCD Enterprise	3,322	-	-	-
Total current liabilities	<u>6,311</u>	<u>419,010</u>	<u>73,099</u>	<u>1,183,552</u>
Non-current liabilities:				
Split-interest agreement	<u>5,349</u>	-	-	-
Total liabilities	<u>11,660</u>	<u>419,010</u>	<u>73,099</u>	<u>1,183,552</u>
Net assets:				
Net assets without donor restrictions	328,386	530,677	896,653	2,310,288
Net assets with donor restrictions	<u>49,532</u>	<u>2,735,791</u>	<u>10,392,056</u>	<u>42,348,875</u>
Total net assets	<u>377,918</u>	<u>3,266,468</u>	<u>11,288,709</u>	<u>44,659,163</u>
Total liabilities and net assets	<u>\$ 389,578</u>	<u>\$ 3,685,478</u>	<u>\$ 11,361,808</u>	<u>\$ 45,842,715</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, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 848,197
Prepaid taxes	8,395
Accounts receivable	<u>41,034</u>

Total current assets	<u>897,626</u>
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Noncurrent assets:

Deposits with District	40,000
Equipment	522,814
Accumulated depreciation	<u>(477,760)</u>

Total non-current assets	<u>85,054</u>
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Total assets	<u><u>\$ 982,680</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable - related party	\$ 476,653
Accounts payable - trade	41,292
Due to Coast Community College District Foundation	40,000
Unearned revenue	<u>433,370</u>

Total current liabilities	<u>991,315</u>
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Stockholders' equity

Common stock (1\$ par value, 100,000 authorized, 158 shares issued and outstanding)	158
Retained earnings	<u>(8,793)</u>

Total stockholders' equity	<u>(8,635)</u>
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Total liabilities and stockholders' equity	<u><u>\$ 982,680</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, 2022

	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	\$ 195	\$ 27,299	\$ 2,650	\$ 11,472
Management fees	-	-	80,816	101,902
Miscellaneous revenue	-	-	-	8,556
In-kind contributions	-	10,809	-	-
Donated services	67,512	522,438	434,101	-
Donated facilities	-	12,353	18,000	690,170
Special events	-	28,860	85,190	19,898
Total support	<u>67,707</u>	<u>601,759</u>	<u>620,757</u>	<u>831,998</u>
Other income, gains and losses:				
Charter fees	-	-	-	1,429,198
Vending machine commissions	-	-	-	-
Administrative fees, Coast CCD Enterprise, Inc	78,455	-	-	-
Trademark fees, Coast CCD Enterprise, Inc	60,000	-	-	-
Investment income, net of expense	61	28,458	35,954	23,966
Realized (loss) gain on investments	-	13,470	(5,602)	86,708
Unrealized (loss) gain on investments	-	(42,165)	(120,580)	(232,035)
Change in value of Coast CCD Enterprise, Inc.	-	-	-	-
Net assets released from restriction	-	373,355	526,547	7,486,595
Total other income, gains, and losses	<u>138,516</u>	<u>373,118</u>	<u>436,319</u>	<u>8,794,432</u>
Total support and revenues	<u>206,223</u>	<u>974,877</u>	<u>1,057,076</u>	<u>9,626,430</u>
Operating expenses:				
Program services:				
Student and college support	135,500	466,387	643,396	2,340,907
Sailing program	-	-	-	5,422,904
Supporting services:				
Management and general	38,244	316,897	216,844	357,463
Fundraising	-	171,531	252,247	158,408
Total expenses	<u>173,744</u>	<u>954,815</u>	<u>1,112,487</u>	<u>8,279,682</u>
Change in net assets without donor restriction	<u>32,479</u>	<u>20,062</u>	<u>(55,411)</u>	<u>1,346,748</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, 2022

	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	\$ -	\$ 269,800	\$ 606,663	\$ 1,258,741
Fundraising for college programs	-	-	-	1,314,190
Program related sales	-	-	-	10,951
Miscellaneous revenue	-	-	-	37,617
In-kind contributions	-	-	-	36,892
Donated vessels	-	-	-	6,101,079
Special events	-	-	25	-
Total support	<u>-</u>	<u>269,800</u>	<u>606,688</u>	<u>8,759,470</u>
Other income, gains and losses:				
Gain on sale of donated assets	-	-	-	235,590
Investment income, net of expense	-	4,863	237,788	470,072
Realized (loss) gain on investments	-	85,698	(59,639)	1,826,692
Unrealized (loss) gain on investments	-	(262,781)	(1,130,636)	(4,882,926)
Change in value for split-interest agreements	10,266	-	-	(358,697)
Change in value, FCCC investments	<u>-</u>	<u>(66,117)</u>	<u>(47,195)</u>	<u>(4,428)</u>
Total other income, gains, and losses	<u>10,266</u>	<u>(238,337)</u>	<u>(999,682)</u>	<u>(2,713,697)</u>
Total support and revenues	<u>10,266</u>	<u>31,463</u>	<u>(392,994)</u>	<u>6,045,773</u>
Net assets released from restriction	<u>-</u>	<u>(373,355)</u>	<u>(526,547)</u>	<u>(7,486,595)</u>
Change in net assets with donor restriction	<u>10,266</u>	<u>(341,892)</u>	<u>(919,541)</u>	<u>(1,440,822)</u>
Change in net assets	42,745	(321,830)	(974,952)	(94,074)
Net assets:				
Beginning of year	<u>335,173</u>	<u>3,588,298</u>	<u>12,263,661</u>	<u>44,753,237</u>
End of year	<u>\$ 377,918</u>	<u>\$ 3,266,468</u>	<u>\$ 11,288,709</u>	<u>\$ 44,659,163</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, 2022

Operating revenues:	
Space rental income	\$ 5,228,832
Total operating revenue	<u>5,228,832</u>
Operating expenses:	
Salaries	787,919
Employee benefits	133,071
Supplies	8,835
Rental	2,078,740
Other services	2,117,924
Depreciation	<u>22,721</u>
Total operating expenses	<u>5,149,210</u>
Net operating income before income tax	<u>79,622</u>
Income tax expense	<u>(800)</u>
Net income	<u>78,822</u>
Retained earnings, beginning of year	<u>(87,615)</u>
Retained earnings, end of year	<u><u>\$ (8,793)</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, 2022

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Cash flows from operating activities:				
Contributions, fundraising, and other income	\$ 7,695	\$ 689,890	\$ 1,007,303	\$ 2,631,757
Interest and dividends	61	33,321	-	506,501
Other operating activities and charter fees	-	-	-	2,288,211
Vending machine commissions	-	-	-	-
Reimbursements to Coast Community College District on behalf of employees	-	-	(84,765)	-
Administrative and trademark fees, net	138,455	-	-	-
Payments for college support	-	-	(152,107)	-
Payments to/on behalf of employees	-	(5,503)	-	(395,439)
Payments to suppliers	(122,821)	(126,210)	(125,144)	(2,117,442)
Payments to/on behalf of students for scholarships	(16,250)	(233,499)	(303,370)	(555,080)
Net cash provided by operating activities	<u>7,140</u>	<u>357,999</u>	<u>341,917</u>	<u>2,358,508</u>
Cash flows from investing activities:				
Purchase of investments	-	(3,461,686)	(658,169)	(12,527,657)
Proceeds from sale of investments	-	3,476,860	350,745	11,275,756
Proceeds from sale of boats and equipment	-	-	-	764,184
Acquisition of boats and equipment	-	-	-	235,569
Interest and dividends on split interest agreement	(995)	-	-	-
Interest and dividends reinvested	995	-	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>15,174</u>	<u>(307,424)</u>	<u>(252,148)</u>
Net increase (decrease) in cash and cash equivalents	<u>7,140</u>	<u>373,173</u>	<u>34,493</u>	<u>2,106,360</u>
Cash and cash equivalents, beginning of year	<u>254,622</u>	<u>749,024</u>	<u>1,431,682</u>	<u>1,475,333</u>
Cash and cash equivalents, end of year	<u>\$ 261,762</u>	<u>\$ 1,122,197</u>	<u>\$ 1,466,175</u>	<u>\$ 3,581,693</u>
Reconciliation of change in net assets to cash provided by (used in) operating activities:				
Change in net assets	\$ 42,745	\$ (321,830)	\$ (974,952)	\$ (94,074)
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities				
Depreciation expense	-	-	-	4,450,285
Change in value of Coast CCD Enterprise, Inc.	-	-	-	-
Change in value of split-interest agreement	(10,265)	-	-	358,697
Non-cash contributions and donated vessels received	-	-	-	(6,101,079)
Gain on sale of donated items	-	-	-	(235,590)
Change in value, FCCC investments	-	66,117	47,195	4,428
Realized and unrealized gain on investment	-	205,778	1,316,457	3,201,561
Change in assets - (increase)/decrease:				
Prepaid expenses and other assets	-	-	8,580	-
Accounts receivable	7,500	(4,474)	(363)	-
Due from Coast Community College District	-	-	-	-
Due from Coast CCD Enterprise, Inc	(27,935)	-	-	-
Pledges receivable	-	2,140	(50,000)	48,866
Contribution receivable from split-interest agreement	-	-	-	-
Change in liabilities - increase/(decrease):				
Scholarships payable	-	-	(3,015)	-
Advance on conditional grant	-	366,265	-	-
Unearned Revenue	-	-	-	710,938
Accounts payable	(4,742)	44,003	5,395	74,331
Charter deposits	-	-	-	-
Due to Coast Community College District	(163)	-	(7,380)	(59,855)
Due to Coast CCD Enterprise, Inc	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 7,140</u>	<u>\$ 357,999</u>	<u>\$ 341,917</u>	<u>\$ 2,358,508</u>
Non-cash investment activities include:				
Equipment and vessels				<u>\$ 6,137,971</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, 2022

Cash flows from operating activities

Cash received from space rental income	\$ 5,292,703
Cash paid for operating expenses	<u>(5,261,194)</u>

Net cash provided by operating activities	<u>31,509</u>
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Cash flows from capital and financing activities

Acquisition of capital assets	<u>(11,593)</u>
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Net change in cash and cash equivalents	19,916
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Cash and cash equivalents, beginning of year	<u>828,281</u>
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Cash and cash equivalents, end of year	<u><u>\$ 848,197</u></u>
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Reconciliation of net income to cash provided by operating activities:

Net income	\$ 78,822
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Adjustments to net income to net cash provided by operating activities:

Depreciation	22,721
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Changes in operating assets:

Accounts receivable	(41,434)
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Prepaid taxes	(2)
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Changes in operating liabilities:

Accounts payable	(169,008)
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Accounts payable - trade	40,105
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Due to Coast Community College District Foundation	(5,000)
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Unearned revenue	<u>105,305</u>
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Total adjustments	<u>(47,313)</u>
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Net cash provided by operating activities	<u><u>\$ 31,509</u></u>
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See accompanying notes to financial statements.

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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	\$ 23,145,633	\$ 20,604,570	\$ 43,750,203
Deferred inflows of resources	\$ 67,779,000	\$ 54,011,000	\$ 121,790,000
Net pension liability	\$ 52,507,000	\$ 98,522,000	\$ 151,029,000
Pension expense	\$ 6,879,169	\$ 14,617,570	\$ 21,496,739

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, 2022 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, 2022

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement: In June 2017, the GASB issued GASB Statement No. 87, Leases. GASB Statement No. 87 requires the recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lease is required to be recognized as a lease liability and an intangible right to use lease asset and the lessor is required to recognize a lease receivable and deferred inflow of resources. This statement was originally effective for fiscal years beginning after December 15, 2019, but due to the adoption of GASB Statement No. 95, the implementation date was extended to reporting periods beginning after June 15, 2021. Based on the implementation of GASB Statement No. 87, on July 1, 2021 the District recognized lease receivables and related deferred inflows of resources of \$33,728,356. There was no change in the District's net position as a result of the implementation.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the District and Component Units as of June 30, 2022 consisted of the following:

	<u>District</u>	<u>Component Units</u>
Cash in County Treasury	\$ 291,097,724	\$ -
Cash with fiscal agent	5,797,418	-
Cash on hand and in banks	30,995,806	7,280,024
Cash in revolving funds	<u>1,615,000</u>	<u>-</u>
 Total cash and cash equivalents	 <u>\$ 329,505,948</u>	 <u>\$ 7,280,024</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, 2022.

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Cash with Fiscal Agent: Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2022, 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, 2022, the carrying amount of the District's cash in banks was \$32,610,806 and the bank balance was \$23,205,255. 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.

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, 2022.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 - INVESTMENTS (Continued)

The District's investments at June 30, 2022 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	\$ 25,735,714	\$ -	\$ 5,833,633	\$ 10,894,067	\$ 9,008,014
U.S. government sponsored enterprise	28,893,195	2,050,836	6,368,812	3,629,553	16,843,994
Mutual funds - equity*	3,637,368	-	-	-	-
Mutual funds - fixed income*	2,160,050	-	-	-	-
Total	<u>\$ 60,426,327</u>	<u>\$ 2,050,836</u>	<u>\$ 12,202,445</u>	<u>\$ 14,523,620</u>	<u>\$ 25,852,008</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, 2022 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	\$ 25,735,714	\$ 25,735,714	\$ -	\$ -
U.S. government sponsored enterprise	28,893,195	-	28,893,195	-
Mutual funds - equity	3,637,368	3,637,368	-	-
Mutual funds - fixed income	2,160,050	2,160,050	-	-
Total	<u>\$ 60,426,327</u>	<u>\$ 31,533,132</u>	<u>\$ 28,893,195</u>	<u>\$ -</u>

	<u>Fair Value</u>	<u>S&P's Rating as of Year End</u>	
		<u>AAA</u>	<u>AA+</u>
U.S. government sponsored enterprise	\$ 28,893,195	\$ -	\$ 28,893,195
U.S. Treasury bonds	25,735,714	-	25,735,714
Mutual funds - equity	3,637,368	3,637,368	-
Mutual funds - fixed income	2,160,050	2,160,050	-
Total	<u>\$ 60,426,327</u>	<u>\$ 5,797,418</u>	<u>\$ 54,628,909</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 - INVESTMENTS (Continued)

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.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2022 are summarized as follows:

Federal	\$ 8,367,619
State	3,999,442
Local sources	<u>16,878,913</u>
Total receivables	<u>\$ 29,245,974</u>
Student loans receivable, net	<u>\$ 2,362,988</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, is \$9,187,500.

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, 2022 the District recognized inflows of resources from lease revenue and interest revenue totaling \$1,286,983 and \$156,868, respectively.

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	Total Lease <u>Payments</u>
2023	\$ 1,442,960	\$ 166,729	\$ 1,609,689
2024	1,455,223	159,135	1,614,358
2025	1,403,323	151,545	1,554,868
2026	1,348,602	144,400	1,493,002
2027	1,362,662	137,312	1,499,974
2028-2032	7,265,372	573,309	7,838,681
2033-2037	4,865,709	414,328	5,280,037
2038-2042	4,602,615	285,146	4,887,761
2043-2047	2,301,975	195,116	2,497,091
2048-2052	1,887,497	143,530	2,031,027
2053-2057	2,040,495	92,083	2,132,578
2058-2062	2,202,700	36,506	2,239,206
2063	<u>262,240</u>	<u>459</u>	<u>262,699</u>
Total	<u>\$ 32,441,373</u>	<u>\$ 2,499,598</u>	<u>\$ 34,940,971</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the District consists of the following:

	Balance <u>July 1, 2021</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance <u>June 30, 2022</u>
Non-depreciable				
Land	\$ 24,141,969	\$ -	\$ -	\$ 24,141,969
Construction in progress	127,303,776	53,698,720	(135,776,862)	45,225,634
Depreciable:				
Buildings and improvements	1,017,302,094	135,104,455	(15,209,074)	1,137,197,475
Equipment and vehicles	<u>64,567,327</u>	<u>3,147,512</u>	<u>(10,000)</u>	<u>67,704,839</u>
Total	<u>1,233,315,166</u>	<u>191,950,687</u>	<u>(150,995,936)</u>	<u>1,274,269,917</u>
Less accumulated depreciation:				
Buildings and improvements	334,515,645	23,847,143	(12,918,750)	345,444,038
Equipment and vehicles	<u>45,024,377</u>	<u>5,826,230</u>	<u>(10,000)</u>	<u>50,840,607</u>
Total	<u>379,540,022</u>	<u>29,673,373</u>	<u>(12,928,750)</u>	<u>396,284,645</u>
Capital assets, net	<u>\$ 853,775,144</u>	<u>\$ 162,277,314</u>	<u>\$ (138,067,186)</u>	<u>\$ 877,985,272</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue as of June 30, 2022, consisted of the following:

Categorical aid	\$ 30,323,939
Enrollment fees	12,607,130
Other local	<u>426,888</u>
Total	<u>\$ 43,357,957</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - LONG TERM LIABILITIES

The long-term liabilities activity for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Amount Due within One Year
<u>Debt:</u>					
Bonds payable	\$ 936,924,018	\$ 205,715,000	\$ 196,839,595	\$ 945,799,423	\$ 25,018,340
Accreted interest	66,662,039	9,130,697	6,610,405	69,182,331	6,306,235
Bonds premium	46,161,889	-	21,676,784	24,485,105	2,579,000
Pension bonds	2,280,000	-	455,000	1,825,000	445,000
Note payable	2,240,000	-	375,000	1,865,000	385,000
<u>Other long term liabilities:</u>					
Compensated absences	9,735,943	185,443	-	9,921,386	2,304,841
Perkins loan program liability	2,350,312	-	12,434	2,337,878	-
Net pension liability	299,750,000	-	148,721,000	151,029,000	-
Net OPEB liability - Retiree benefits	17,115,626	26,359,056	7,829,307	35,645,375	-
Net OPEB liability - MPP	950,754	-	132,604	818,150	-
SRP PARS liability	5,526,032	-	1,381,507	4,144,525	1,381,507
Total	<u>\$ 1,389,696,613</u>	<u>\$ 241,390,196</u>	<u>\$ 384,033,636</u>	<u>\$ 1,247,053,173</u>	<u>\$ 38,419,923</u>

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 2005 Refunding Bonds mature August 1, 2022 with interest accreting at an average 5.08% compounded semiannually each year and due upon maturity.

Accreted interest on the 2005 Refunding Bonds was \$6,306,235 at June 30, 2022. Premiums were fully amortized as of June 30, 2022.

2005 Refunding Bonds

Year ending June 30,	Principal	Interest	Total
2023	<u>\$ 1,033,340</u>	<u>\$ 6,746,660</u>	<u>\$ 7,780,000</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - LONG TERM LIABILITIES (Continued)

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

Accreted interest on the 2002 General Obligation Bonds, Series 2006B was \$57,199,265 at June 30, 2022. Premiums were fully amortized as of June 30, 2020.

Series B

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 9,717,577	\$ 15,297,423	\$ 25,015,000
2027	9,704,441	16,600,559	26,305,000
2028-2031	<u>29,437,813</u>	<u>60,952,187</u>	<u>90,390,000</u>
Total	<u>\$ 48,859,831</u>	<u>\$ 92,850,169</u>	<u>\$ 141,710,000</u>

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. At June 30, 2022, \$134,530,000 of Series C General Obligation Bonds were considered defeased.

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

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,175,000	\$ 437,600	\$ 3,612,600
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>\$ 10,940,000</u>	<u>\$ 913,200</u>	<u>\$ 11,853,200</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - LONG TERM LIABILITIES (Continued)

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 \$2,591,205 at June 30, 2022. The 2022 Refunding Bonds were issued to advance refund a portion of 2013 Tax-Exempt Refunding bonds. At June 30, 2022, \$17,565,000 of 2013 Tax-Exempt Refunding Bonds were considered defeased.

Tax-Exempt Refunding Series A

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,305,000	\$ 2,349,000	\$ 12,654,000
2024	<u>19,110,000</u>	<u>1,833,750</u>	<u>20,943,750</u>
Total	<u>\$ 29,415,000</u>	<u>\$ 4,182,750</u>	<u>\$ 33,597,750</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

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,600,000	\$ 107,296	\$ 3,707,296
2024	<u>3,815,000</u>	<u>37,673</u>	<u>3,852,673</u>
Total	<u>\$ 7,415,000</u>	<u>\$ 144,969</u>	<u>\$ 7,559,969</u>

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 \$12,043,247 at June 30, 2022.

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - LONG TERM LIABILITIES (Continued)

Series D

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 12,841,000	\$ 12,841,000
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
2028-2032	23,800,000	44,982,000	68,782,000
2033-2037	12,150,000	9,327,500	21,477,500
2038-2042	42,000,000	3,520,000	45,520,000
2043	<u>23,000,000</u>	<u>460,000</u>	<u>23,460,000</u>
Total	<u>\$ 120,035,000</u>	<u>\$ 121,167,625</u>	<u>\$ 241,202,625</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 \$8,986,890 and \$5,676,831 at June 30, 2022, respectively.

Series F

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,715,000	\$ 2,941,500	\$ 5,656,500
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
2028-2032	27,455,000	12,154,900	39,609,900
2033-2037	17,466,288	8,125,012	25,591,300
2038-2042	73,486,160	36,920,990	110,407,150
2043-2044	<u>43,665,476</u>	<u>46,834,524</u>	<u>90,500,000</u>
Total	<u>\$ 166,751,253</u>	<u>\$ 118,130,597</u>	<u>\$ 284,881,850</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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - LONG TERM LIABILITIES (Continued)

2019 Refunding

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,625,000	\$ 3,939,710	\$ 5,564,710
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
2028-2032	41,120,000	15,439,893	56,559,893
2033-2037	58,155,000	8,716,961	66,871,961
2038-2039	<u>29,055,000</u>	<u>873,128</u>	<u>29,928,128</u>
Total	<u>\$ 145,935,000</u>	<u>\$ 44,204,919</u>	<u>\$ 190,139,919</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.

2020 Refunding

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 710,000	\$ 4,429,117	\$ 5,139,117
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
2028-2032	63,265,000	20,250,517	83,515,517
2033-2036	<u>142,840,000</u>	<u>6,641,803</u>	<u>149,481,803</u>
Total	<u>\$ 209,700,000</u>	<u>\$ 48,994,692</u>	<u>\$ 258,694,692</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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - LONG TERM LIABILITIES (Continued)

2022 Refunding

Calculation of Difference in Cash Flow Requirements and Economic Gain

Old debt service cash flows	\$ 288,316,750
New debt service cash flows	<u>271,959,180</u>
	<u>\$ 16,357,570</u>

Economic Gain: The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discount at the effective interest rate is \$11,442,400.

There was no added interest or sinking fund resources related to the new debt proceeds.

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,855,000	\$ 2,409,995	\$ 4,264,995
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
2028-2032	23,095,000	22,845,493	45,940,493
2033-2037	85,410,000	17,524,266	102,934,266
2038-2039	<u>66,300,000</u>	<u>4,009,094</u>	<u>70,309,094</u>
Total	<u>\$ 205,715,000</u>	<u>\$ 66,244,180</u>	<u>\$ 271,959,180</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - LONG TERM LIABILITIES (Continued)

The following table summarizes the Outstanding General Obligation Bonds at June 30, 2022:

<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, 2022</u>
Measure C:					
2005 Refunding	3/10/2005	8/1/2022	3.00-5.25	\$ 74,893,867	\$ 1,033,340
Accreted Interest				-	6,306,235
Series B	6/28/2006	8/1/2030	3.63-5.00	149,859,831	48,859,831
Accreted Interest				-	57,199,265
Total Measure C				<u>224,753,698</u>	<u>113,398,671</u>
Measure M:					
Series A	5/29/2013	8/1/2038	1.50-5.00	190,000,000	10,940,000
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	29,415,000
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	-
Accreted Interest				-	-
Series C	8/31/2016	8/1/2023	0.80-1.98	30,000,000	7,415,000
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	166,751,253
Accreted Interest				-	5,676,831
2019 Refunding	11/20/2019	8/1/2038	1.67-2.96	150,965,000	145,935,000
2020 Refunding	10/28/2020	8/1/2035	0.28-2.26	211,770,000	209,700,000
2022 Refunding	2/8/2022	8/1/2039	0.52-2.98	205,715,000	205,715,000
Total Measure M				<u>1,545,042,059</u>	<u>901,583,084</u>
Total				<u>\$ 1,769,795,757</u>	<u>\$ 1,014,981,755</u>

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.

2020A Pension Obligation Bonds

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 445,000	\$ 21,153	\$ 466,153
2024	455,000	15,213	470,213
2025	460,000	9,174	469,174
2026	<u>465,000</u>	<u>3,069</u>	<u>468,069</u>
Total	<u>\$ 1,825,000</u>	<u>\$ 48,609</u>	<u>\$ 1,873,609</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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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.

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 385,000	\$ 66,375	\$ 451,375
2024	405,000	51,750	456,750
2025	415,000	36,469	451,469
2026	440,000	20,719	460,719
2027	<u>220,000</u>	<u>4,125</u>	<u>224,125</u>
Total	<u>\$ 1,865,000</u>	<u>\$ 179,438</u>	<u>\$ 2,044,438</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, 2022, the Perkins Loan Program Liability balance totaled \$2,337,878. See Note 1, Perkins Loan Program Termination for additional information.

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.

(Continued)

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

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.

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2020, valuation adopted by the board in June 2021, 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, 2021.

Employers – 16.920 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.18 percent to be paid on behalf of employers pursuant to Special Legislation.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorizes the 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 June 2021, the CalSTRS board voted to keep the employer supplemental contribution rate the same for fiscal year 2021–22; it remained at 10.85% effective July 1, 2021.

Through the Special Legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Specifically, employers will remit 1.03%, 2.95% and 2.18% less than is required by the CalSTRS Funding Plan for fiscal years 2019–20, 2020–21 and 2021–22, respectively.

The CalSTRS employer contribution rates effective for fiscal year 2021-22 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Pre-AB 1469 Rate</u>	<u>Increase Per Funding Plan</u>	<u>SB 90 and AB 84 Impact¹</u>	<u>Total</u>
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(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 \$14,302,633 to the plan for the fiscal year ended June 30, 2022.

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

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 June 2021, the board approved an increase of 0.5% for fiscal year 2021-22, which will increase the state supplemental contribution rate to 6.311% effective July 1, 2021.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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, 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 2020-21, CalSTRS received \$297.0 million in supplemental state contributions from Proposition 2 funds. Of this total, approximately \$170.0 million is designated to cover forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020-21. The remaining \$127.0 million is designated to reduce the state's share of CalSTRS' unfunded actuarial obligation.

The CalSTRS state contribution rates effective for fiscal year 2021-22 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 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 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, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The 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	\$ 52,507,000
State's proportionate share of the net pension liability associated with the District	<u>31,240,000</u>
Total	<u>\$ 83,747,000</u>

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the District's proportion was 0.115 percent, which was a decrease of 0.025 percent from its proportion measured as of June 30, 2020.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

For the year ended June 30, 2022, the District recognized pension expense of \$6,879,169. In addition, the District recognized revenue and corresponding expense of \$17,552,044 for support provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown herein.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 132,000	\$ 5,588,000
Changes of assumptions	7,440,000	-
Net differences between projected and actual earnings on investments	-	41,534,000
Net differences between changes in proportion and differences between District contributions	1,271,000	20,657,000
Contributions made subsequent to measurement date	<u>14,302,633</u>	<u>-</u>
Total	<u>\$ 23,145,633</u>	<u>\$ 67,779,000</u>

\$14,302,633 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, 2023. 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>	
2023	\$ (11,950,967)
2024	(10,338,967)
2025	(13,888,966)
2026	(15,686,300)
2027	(3,476,800)
2028	(3,594,000)

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, 2021 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, 2022

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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. 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>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate Assets	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 (6.1%)</u>	<u>Discount Rate (7.1%)</u>	<u>1% Increase (8.1%)</u>
District proportionate share of the net pension liability	<u>\$ 106,885,000</u>	<u>\$ 52,507,000</u>	<u>\$ 7,374,000</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 noncertified 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-2021.pdf>

(Continued)

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

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.

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, 2022 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year ended June 30, 2022.

Employers - The employer contribution rate was 22.91 percent of applicable member earnings.

The District contributed \$16,383,570 to the plan for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$98,522,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the District's proportion was 0.485 percent, which was a decrease of 0.051 percent from its proportion measured as of June 30, 2020.

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

For the year ended June 30, 2022, the District recognized pension expense of \$14,617,570. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,941,000	\$ 232,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	42,825,000
Changes in proportion and differences between District contributions and proportionate share of the contributions	1,280,000	10,954,000
Pension contributions subsequent to measurement date	<u>16,383,570</u>	<u>-</u>
Total	<u>\$ 20,604,570</u>	<u>\$ 54,011,000</u>

\$16,383,570 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, 2023. 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>	
2023	\$ (11,804,167)
2024	\$ (13,323,167)
2025	\$ (14,146,666)
2026	\$ (10,516,000)

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 4 years as of the June 30, 2021 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, 2022

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

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2017-18 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

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.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1 - 10 (1)</u>	<u>Expected Real Rate of Return Years 11+ (2)</u>
Global Equity	47%	4.90%	5.98%
Fixed Income	19	0.80	2.62
Inflation Assets	0	0.60	1.81
Private Equity	12	6.60	7.23
Real Assets	11	2.80	4.93
Liquidity	2	0.00	(0.92)

*10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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 as of June 30, 2022 calculated using the discount rate of 7.15 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 (6.16 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District proportionate share of the net pension liability	\$ 166,123,000	\$ 98,522,000	\$ 42,400,000

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

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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, 2022:

	<u>Number of Participants</u>
Inactive participants currently receiving benefits	888
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	<u>1,248</u>
	<u><u>2,136</u></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, 2022, the District contributed \$7,829,307 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, 2022.

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, 2022

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

At June 30, 2022, 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, 2022, 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, 2022, are presented herein.

<u>Investment</u>	<u>Fair Value Measurements Using</u>					<u>NAV*</u>
	<u>Costs</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>		
Master Trust	\$ 45,644,572	\$ -	\$ -	\$ -	\$ -	\$ 45,644,572
Mutual fund - fixed income	21,372,009	21,372,009	-	-	-	-
Mutual fund - domestic equity	12,307,765	12,307,765	-	-	-	-
Mutual fund - international equity	3,672,035	3,672,035	-	-	-	-
Mutual fund - real estate	2,893,083	2,893,083	-	-	-	-
Total	<u>\$ 85,889,464</u>	<u>\$ 40,244,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,644,572</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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

<u>Asset Class - Community College League of California</u>	<u>Percentage of Allocation</u>	<u>Rate Return*</u>
US large cap	29%	7.55%
US small cap	13%	7.55%
All foreign stock	9%	7.55%
Other fixed income	49%	3.00%

<u>Asset Class - Futuris</u>	<u>Percentage of Allocation</u>	<u>Rate Return*</u>
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

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Census data	The census data was provided by the District as of August 2021
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 2017 CalPERS active mortality for miscellaneous employees were used.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2021	\$ 118,532,355	\$ 101,416,729	\$ 17,115,626
Changes for the year:			
Service cost	4,122,744	-	4,122,744
Interest	6,709,047	-	6,709,047
Employer contributions	-	7,829,307	(7,829,307)
Net investment income	-	(15,263,707)	15,263,707
Changes in assumptions	-	-	-
Experience gain/losses	-	-	-
Benefit payments	(7,829,307)	(7,829,307)	-
Administrative expenses	-	(263,558)	263,558
Net changes	3,002,484	(15,527,265)	18,529,749
Balances at June 30, 2022	\$ 121,534,839	\$ 85,889,464	\$ 35,645,375

Fiduciary Net Position as a percentage of the Total OPEB Liability, at June 30, 2022: 70.67%

Sensitivity of the net pension liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.0 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	\$ 45,606,811	\$ 35,645,375	\$ 26,743,381

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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	\$ 26,463,401	\$ 35,645,375	\$ 46,382,838

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB - For the year ended June 30, 2022 the District recognized OPEB expense of \$7,814,822. At June 30, 2022 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	\$ 4,031,900	\$ (4,048,703)
Change of assumptions	4,464,050	-
Net difference between projected and actual earnings on investments	9,586,348	-
Total	\$ 18,082,298	\$ (4,048,703)

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 June 30,	
2023	\$ 2,619,798
2024	2,556,891
2025	2,341,628
2026	5,086,909
2027	1,098,755
2028 and thereafter	329,614
Total	\$ 14,033,595

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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, 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.

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 \$700,274 during the fiscal year. The total amount of covered compensation was approximately \$9,337,000. Total contributions made are 100% of the amount of contributions required for fiscal year 2022.

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, 2022, 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 \$2,084,367, is included in accrued liabilities.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 16 - INTERNAL SERVICE FUNDS (Continued)

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	\$ 199,453	\$ (89,537)	\$ 5,241	\$ 104,675
Health and other benefits	<u>2,742,828</u>	<u>15,480,081</u>	<u>16,243,217</u>	<u>1,979,692</u>
Total	<u>\$ 2,942,281</u>	<u>\$ 15,390,544</u>	<u>\$ 16,248,458</u>	<u>\$ 2,084,367</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.

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.

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 17 - JOINT POWERS AGREEMENTS (Continued)

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> <u>6/30/2021</u> <u>(Audited)</u>	<u>SAFER</u> <u>6/30/2021</u> <u>(Audited)</u>	<u>PRISM</u> <u>6/30/2021</u> <u>(Audited)</u>	<u>SWACC</u> <u>6/30/2021</u> <u>(Audited)</u>
Total assets	\$ 191,377,661	\$ 43,779,353	\$ 1,008,300,159	\$ 45,415,626
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ 129,353,377	\$ 41,873,705	\$ 821,945,525	\$ 28,139,663
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -
Net position	\$ 62,024,284	\$ 1,905,648	\$ 186,354,634	\$ 17,275,963
Total revenues	\$ 329,018,404	\$ 102,224,187	\$ 1,289,395,067	\$ 28,839,113
Total expenses	\$ 309,066,485	\$ 101,974,138	\$ 1,277,303,415	\$ 26,002,040
Change in net position	\$ 19,951,919	\$ 250,049	\$ 12,091,652	\$ 2,837,073

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.

	<u>Salaries</u>	<u>Employee</u> <u>Benefits</u>	<u>Supplies,</u> <u>Materials, and</u> <u>Other Operating</u> <u>Expenses</u>	<u>Financial Aid</u>	<u>Depreciation</u>	<u>Total</u>
Instructional activities	\$ 72,502,686	\$ 26,245,093	\$ 8,497,949	\$ -	\$ -	\$ 107,245,728
Academic support	23,991,743	8,684,720	5,455,450	-	-	38,131,913
Student services	14,011,721	5,072,073	2,817,704	-	-	21,901,498
Operation and maintenance of plant	20,384,365	7,378,893	9,036,868	-	-	36,800,126
Instructional support services	26,254,014	9,503,634	57,996,552	-	-	93,754,200
Community services and economic development	361,074	130,704	-	-	-	491,778
Ancillary services and auxiliary operations	12,008,321	4,036,544	6,789,572	-	-	22,834,437
Physical property and related acquisitions	1,241,655	451,901	(3,077,582)	-	-	(1,384,026)
Transfers, student aid and other outgo	-	-	-	79,477,543	-	79,477,543
Depreciation expense	-	-	-	-	29,673,373	29,673,373
Total	<u>\$ 170,755,579</u>	<u>\$ 61,503,562</u>	<u>\$ 87,516,513</u>	<u>\$ 79,477,543</u>	<u>\$ 29,673,373</u>	<u>\$ 428,926,570</u>

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022 , the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$26,925,000. 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, 2022

Total OPEB Liability	2017	2018	2019	2020	2021	2022
Service cost	\$ 4,772,670	\$ 4,903,918	\$ 5,038,776	\$ 3,833,255	\$ 3,938,670	\$ 4,122,744
Interest	5,885,743	6,133,300	6,394,336	6,130,451	6,333,154	6,709,047
Benefit payments	(6,533,048)	(6,794,370)	(6,713,720)	(6,588,869)	(6,687,203)	(7,829,307)
Changes in benefit terms	-	-	(5,671,949)	-	-	-
Changes in assumptions	-	-	5,642,081	-	2,467,525	-
Experience gains and losses	-	-	(8,547,263)	-	5,553,374	-
Net change in Total OPEB liability	4,125,365	4,242,848	(3,857,739)	3,374,837	11,605,520	3,002,484
Total OPEB liability, beginning of year	99,041,524	103,166,889	107,409,737	103,551,998	106,926,835	118,532,355
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>
Plan Fiduciary Net Position	2017	2018	2019	2020	2021	2022
Contributions - Employer	\$ 6,533,048	\$ 6,794,370	\$ 6,713,720	\$ 6,588,869	\$ 6,687,203	\$ 7,829,307
Net investment income	6,030,540	4,292,242	4,562,166	4,804,481	5,013,912	5,823,885
Investment gains/losses	-	382,212	(314,535)	(1,076,335)	12,961,946	(21,087,592)
Benefit payments	(6,533,048)	(6,794,370)	(6,713,720)	(6,588,869)	(6,687,203)	(7,829,307)
Administrative expense	(106,841)	(159,926)	(191,502)	(226,595)	(248,663)	(263,558)
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)
Fiduciary trust net position, beginning of year	65,693,627	71,617,326	76,131,854	80,187,983	83,689,534	101,416,729
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>
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>
Plan Fiduciary net position as a percentage of the total OPEB liability	69.42%	70.88%	77.44%	78.27%	85.56%	70.67%
Covered payroll	\$ 110,477,993	\$ 119,244,509	\$ 124,441,825	\$ 131,516,042	\$ 120,941,417	\$ 126,517,097
Net OPEB liability as a percentage of covered payroll	28.56%	26.23%	18.78%	17.67%	14.15%	28.17%

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, 2022

	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>
District's proportion of the net pension liability	0.1360%	0.1460%	0.1410%	0.1400%	0.1430%	0.1390%	0.1400%	0.1150%
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
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>
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>
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
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%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%	71%	72.56%	71.82%	87.21%

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 THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2022

	Public Employer's Retirement Fund B <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>
District's proportion of the net pension liability	0.5164%	0.5156%	0.4943%	0.4778%	0.5211%	0.5300%	0.5360%	0.4850%
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
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
District's proportionate share of the net pension liability as a percentage of its covered payroll	110%	134%	164%	186%	197%	211%	213%	142%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%	71%	70.05%	70.00%	80.97%

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
For the Year Ended June 30, 2022

	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>
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
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>
Contribution deficiency (excess)	<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
Contributions as percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***

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.

See the accompanying note to the required supplementary information

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2022

	Public Employer's Retirement Fund B <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>
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
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>
Contribution deficiency (excess)	<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
Contributions as percentage of its covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%

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, 2022

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 for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020 actuarial reports, respectively.

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

<u>Assumptions</u>	<u>Measurement Period</u> <u>As of June 30,</u>						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Consumer price inflation	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%	7.60%	7.60%
Wage growth	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, 2022

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, 2022 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	2022
Mr. David A. Grant	Trustee	2022
Mr. Jerry Patterson	Trustee	2024
Mr. Jose Fuentes Perez	Student Trustee	2023

DISTRICT ADMINISTRATORS

Dr. John Weispfenning
Chancellor

Dr. Angelica L. Suarez
President, Orange Coast College

Mr. Tim McGrath
President, Golden West College

Dr. Vince Rodriguez
President, Coastline College

Dr. Andrew Dunn
Vice Chancellor, Finance and Administrative Services

Dr. Marco Baeza
Vice Chancellor, Human Resources Dr.

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

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
ORGANIZATION
For the year ended June 30, 2022

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, 2022

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)	\$ -	\$ 884,606
Financial Aid Administrative Allowance	84.063	(1)	-	54,878
Pell Grant 21-22	84.063	(1)	-	30,137,698
Pell Grant 20-21	84.063	(1)	-	904,695
Federal Supplemental Educational Opportunity Grant 21-22	84.007	(1)	-	448,106
Federal Supplemental Educational Opportunity Grant 20-21	84.007	(1)	-	103,296
Federal Direct Student Loans 21-22	84.268	(1)	-	3,160,221
Federal Direct Student Loans 20-21	84.268	(1)	-	61,354
Perkins Loans	84.038	(1)	-	1,236,469
Subtotal Student Financial Aid Cluster			-	36,991,323
Higher Education Institutional Aid:				
Title V STEM Academy Yr 4	84.031S	(1)	-	368,210
Title V STEM Academy Yr 3	84.031S	(1)	-	169,005
Title V Gateway STEM Academy Yr 1- GWC	84.031	(1)	-	457,713
<i>Passed through CSU Fullerton Auxiliary Services</i>				
<i>Cooperation:</i>				
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	8,900
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	3,901
Project RAISE: Regional Alliance in STEM Education	84.031C	(1)	-	24,003
<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)	-	97,187
Subtotal Higher Education Institutional Aid			-	1,128,919
<i>Direct:</i>				
Higher Education Emergency Relief Fund (HEERF)				
COVID-19 ARP HEERF - Student Aid OCC	84.425E	(1)	-	16,119,281
COVID-19 ARP HEERF - Student Aid GWC	84.425E	(1)	-	8,871,914
COVID-19 ARP HEERF - Student Aid CCC	84.425E	(1)	-	2,605,968
COVID-19 CRRSAA HEERF- Student Aid OCC	84.425E	(1)	-	1,250,534
COVID-19 CRRSAA HEERF- Student Aid GWC	84.425E	(1)	-	1,263,071
COVID-19 CRRSAA HEERF- Institutional OCC	84.425F	(1)	-	5,617,433
COVID-19 CRRSAA HEERF- Institutional GWC	84.425F	(1)	-	4,353,809
COVID-19 CRRSAA HEERF- Institutional CCC	84.425F	(1)	-	718,273
COVID-19 ARP HEERF - Institutional OCC	84.425F	(1)	-	2,411,463
COVID-19 ARP HEERF - Institutional GWC	84.425F	(1)	-	698,140
COVID-19 ARP HEERF - Institutional CCC	84.425F	(1)	-	631,124
COVID-19 ARP HEERF - Minority Serving Institutions OCC	84.425L	(1)	-	1,870,114
Subtotal Higher Education Emergency Relief Fund			-	46,411,124

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-recipient Award Amount	Federal Expenditures
<i>Passed through California Community Colleges Chancellor's Office:</i>				
Career and Technical Education - Basic Grants to States (CTE):				
CTE Title I, Part C - Carl D. Perkins FYE	84.048A	(1)	\$ -	\$ 1,522,352
Subtotal CTE Program			-	1,522,352
<i>Passed through California Department of Education:</i>				
Adult Education - Basic Grants to States 20/21	84.002	(1)	-	7,105
Adult Education - Basic Grants to States 21/22	84.002	(1)	-	124,567
Subtotal: Passed Through Programs			-	131,672
Total United States Department of Education			-	86,185,390
<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)	-	55,526
Temporary Assistance for Needy Families (GWC)	93.558	(1)	-	41,045
Temporary Assistance for Needy Families (CCC)	93.558	(1)	-	34,298
Subtotal TANF Program			-	130,869
<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	-	7,761
Total United States Department of Health and Human Services			-	152,430
<u>National Endowment for Humanities</u>				
Direct:				
The Vietnam War Institute	45.163	(1)	-	740
Subtotal: Direct Programs			-	740
Total: National Endowment for Humanities			-	740

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

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)	\$ -	\$ 56,701
NSF Scholarships in STEM	47.076	(1)	-	36,487
<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	-	106,670
Total National Science Foundation - Research and Development Cluster			-	199,858
<u>United States Department of Defense</u>				
<i>Direct:</i>				
<i>GenCyber Program:</i>				
GenCyber Teachers- CCC	12.903	(1)	-	52,693
GenCyber Girls Grants Program	12.903	(1)	-	34,077
<i>Passed through from University of Alabama in Huntsville</i>				
Regions Investing in the Next Generation	12.903	2020-1270	-	74,083
Total United States Department of Defense			-	160,853
<u>United States Department of Homeland Security</u>				
<i>Federal Emergency Management Agency (FEMA)</i>				
Hazard Mitigation	97.039	(1)	-	40,755
<i>Passed through California Department of Parks and Recreation</i>				
Aquatic Center	97.012	C8964327	-	11,860
Aquatic Center Grant - Whaler	97.012	C8956316	-	1,249
Aquatic Center Grant 20-21	97.012	C8965315	-	39,729
Aquatic Center Grant 21-22	97.012	C8966328	-	2,039
Total United States Department of Homeland Security				95,632
Total Federal Program Expenditures				\$ 86,794,903

See the accompanying notes to supplementary information.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2022

Program Name	Program Revenues						Total Program Expenditures
	Cash Received	Prior Year Unearned Revenue	Accounts Receivable	Unearned Revenue	Accounts Payable	Total	
State categorical aid programs:							
Adult Education Program (formerly Adult Education Block Grant)	\$ 1,678,996	\$ 1,472,820	\$ -	\$ 1,360,293	\$ -	\$ 1,791,523	\$ 1,791,523
Basic Needs Centers	777,759	-	-	754,295	-	23,464	23,464
Board financial assistance admin allowance	1,445,887	235,864	-	88,799	-	1,592,952	1,592,952
IEPI Innovation & Effectiveness GWC	200,000	-	-	188,805	-	11,195	11,195
Cal grant	4,244,357	28,872	70,496	-	-	4,343,725	4,343,725
CalFresh Outreach	-	63,836	-	19,276	-	44,560	44,560
California college promise	2,617,732	1,499,755	-	1,401,132	-	2,716,355	2,716,355
Campus safety & sexual assault	-	35,433	-	17,611	-	17,822	17,822
CCAP Instructional Materials	61,587	-	-	61,587	-	-	-
NEXTUP	620,836	131,017	-	90,118	-	661,735	661,735
Dream Resource Liaison Support	310,491	154,096	-	459,156	-	5,431	5,431
CTE data unlocked initiative	-	34,167	-	30,761	-	3,406	3,406
Disabled student programs & service (DSPS)	3,443,567	388,751	-	527,469	-	3,304,849	3,304,849
DSN advanced transportation	49,684	59,321	-	-	-	109,005	109,005
DSN health	49,992	47,885	-	-	-	97,877	97,877
DSN retail hospitality	50,000	67,781	-	-	-	117,781	117,781
Extended opportunity programs and services (EOPS)	3,817,778	100,663	-	226,690	-	3,691,751	3,691,751
Equal employment opportunity	50,000	38,145	-	79,626	-	8,519	8,519
LGBTQ+ One Time	289,788	-	-	289,788	-	-	-
Incarcerated Student Reentry CCC Total	11,170	74,885	-	-	-	86,055	86,055
Institutional Effectiveness IEPI	-	96,160	-	69,040	-	27,120	27,120
Innovation and Effectiveness	-	118,555	-	45,080	-	73,475	73,475
Disaster Relief Emergency Student Financial Aid	-	11,433	-	-	-	11,433	11,433
Library Service Platform	30,253	-	-	30,253	-	-	-
Covid19 Resoinse State		1,216,127	-		-	1,216,127	1,216,127
Culturally Competent Faculty PD DIS	151,304	-	-	151,304	-	-	-
Direct Assessment CBE Collab CCC	120,000	-	-	120,000	-	-	-

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2022

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)	\$ 302,088	\$ 1,228	\$ -	\$ 77,720	\$ -	\$ 225,596	\$ 225,596
CalWORKs	714,399	16,460	-	61,353	-	669,506	669,506
CalWORKS Reg Efforts Dollars	-	1,003	-	13	-	990	990
Financial aid technology CY	115,823	-	-	115,823	-	-	-
Financial aid technology 18/19	-	28,158	-	28,158	-	-	-
Guided pathways	368,845	1,199,486	-	809,673	-	758,658	758,658
Hunger free campus	-	43,463	-	15,360	-	28,103	28,103
Mental health support	822,866	16,256	-	819,452	-	19,670	19,670
Mental Health Services	300,000	22,566	-	200,135	-	122,431	122,431
SEA 20-21	-	7,593,231	-	-	-	7,593,231	7,593,231
Early Action Emergency Financial Aid (SB 85)	-	1,263,419	-	-	-	1,263,419	1,263,419
Nonresident dreamer emergency aid	-	1,400	-	-	-	1,400	1,400
Nursing education - AS RN enrollment growth retention	103,062	1,514	-	23,941	-	80,635	80,635
Peace Office Standards & Training (POST) Diversity	3,910	-	2,642	-	-	6,552	6,552
Peace Office Standards & Training (POST) Use of Force	6,323	-	921	-	-	7,244	7,244
Professional development for classified employees	-	104,454	-	52,112	-	52,342	52,342
Retention and Enrollment Outreach	2,938,205	543,174	-	2,962,663	-	518,716	518,716
Strong workforce program - Local	3,506,329	3,773,493	-	3,273,476	11,772	3,994,574	3,994,574
Strong workforce program - Regional	351,259	-	1,765,066	-	-	2,116,325	2,116,325
Student equity and achievement CY	-	21,569	-	-	-	21,569	21,569
SEA 21-22	11,828,480	-	-	8,881,926	-	2,946,554	2,946,554
State funded equipment	2,369,566	83,987	-	1,765,123	-	688,430	688,430
Student success completion	3,358,761	26,897	-	227,942	-	3,157,716	3,157,716
Tobacco Cessation Services	-	8,779	-	3,261	-	5,518	5,518
UMOJA	10,000	9,682	-	9,622	-	10,060	10,060
Student Food & Housing Support	778,499	-	-	778,415	-	84	84
VRC One-Time	-	153,122	-	122,382	-	30,740	30,740
VRC Ongoing	296,173	451,182	-	630,633	-	116,722	116,722
Total state categorical aid programs	\$ 48,195,769	\$ 21,240,089	\$ 1,839,125	\$ 26,870,266	\$ 11,772	\$ 44,392,945	\$ 44,392,945

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, 2022

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2021 Only)			
1. Noncredit	24	-	24
2. Credit	2,591	-	2,591
B. Summer Intersession (Summer 2022 - Prior To July 1, 2022)			
1. Noncredit	2	-	2
2. Credit	10	-	10
C. Primary Terms (Exclusive of Summer Intersession)			-
1. Census Procedure Courses			-
(a) Weekly Census Contact Hours	8,519	-	8,519
(b) Daily Census Contact Hours	499	-	499
2. Actual Hours of Attendance Procedure Courses			-
(a) Noncredit	259	-	259
(b) Credit	907	-	907
3. Independent Study/Work Experience			-
(a) Weekly Census Contact Hours	7,945	-	7,945
(b) Daily Census Contact Hours	2,700	-	2,700
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	23,456	-	23,456
Supplemental Information:			
E. In-service Training Courses (FTES)	5	-	5
F. Basic Skills Courses and Immigrant Education			-
(a) Noncredit	296	-	296
(b) Credit	311	-	311
<u>CCFS 320 Addendum</u> CDCP Noncredit FTES	277	-	277

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, 2022

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, 2022

General fund balance	\$ 44,913,999
Child development fund balance	1,074,437
Bond interest and redemption fund balance	46,265,329
Capital outlay fund balance	33,634,730
Measure M - Bond construction funds balance	134,527,578
Self-insurance fund balance	\$ 133,650,537
Amount reported as OPEB plan fund balance	(85,889,464)
Incurred but not reported liability	<u>(2,084,367)</u>
Self-insurance fund balance - revised	45,676,706
All other funds	33,953,755
Total fund balances - business-type activity funds	340,046,534

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.	9,187,500
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net capital assets of \$4,856,250 is already recorded in other governmental funds. Capital assets, net of accumulate depreciation are added to total net assets.	873,129,022
Deferred charges on refunding debt are recorded as deferred outflows and are amortized over the life of the refunded debt.	63,034,638
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.	61,832,501
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.	(9,179,929)
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.	(1,039,466,859)

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

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.	\$ (35,645,375)
The liability of employers contributing for the Medicare premium payment plan.	(818,150)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(152,854,000)
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.	(125,838,703)
Interest expense related to bonds incurred through June 30, 2021 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(15,776,920)
The liability of employers contributing for the Supplementary Retirement Plan administered by PARS	<u>(4,144,525)</u>
Total net position - business-type activities	<u>\$ (36,494,266)</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, 2022

		Activity (ECSA) ECS 84362 A			Activity (ECSB) ECS 84362 B		
		Instructional Salary Cost			Total CEE		
		AC 0100-5900 & AC 6110			AC 0100-6799		
	Object/TOP	Reported	Adjust	Revised	Reported	Adjust	Revised
	Codes	Data	Adjustments	Data	Data	Adjustments	Data
<u>Academic Salaries</u>							
Instructional salaries - Contract or regular	1100	\$ 39,860,673	\$ -	\$ 39,860,673	\$ 39,860,673	\$ -	\$ 39,860,673
Instructional salaries - Other	1300	29,842,321	-	29,842,321	29,842,321	-	29,842,321
Total instructional salaries		69,702,994	-	69,702,994	69,702,994	-	69,702,994
Non-instructional salaries - Contract or regular	1200	-	-	-	17,812,683	-	17,812,683
Non-instructional salaries - Other	1400	-	-	-	2,667,993	-	2,667,993
Total non-instructional salaries		-	-	-	20,480,676	-	20,480,676
Total academic salaries		69,702,994	-	69,702,994	90,183,670	-	90,183,670
<u>Classified Salaries</u>							
Non-instructional salaries - Regular status	2100	-	-	-	39,601,161	-	39,601,161
Non-instructional salaries - Other	2300	-	-	-	1,715,547	-	1,715,547
Total non-instructional salaries		-	-	-	41,316,708	-	41,316,708
Instructional aides - Regular status	2200	4,036,882	-	4,036,882	4,036,882	-	4,036,882
Instructional aides - Other	2400	384,077	-	384,077	384,077	-	384,077
Total instructional aides		4,420,959	-	4,420,959	4,420,959	-	4,420,959
Total classified salaries		4,420,959	-	4,420,959	45,737,667	-	45,737,667
Employee benefits	3000	33,702,069	-	33,702,069	67,590,859	-	67,590,859
Supplies and materials	4000	-	-	-	1,432,978	-	1,432,978
Other operating expenses	5000	-	-	-	16,523,902	-	16,523,902
Equipment replacements	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		\$ 107,826,022	\$ -	\$ 107,826,022	\$ 221,469,076	\$ -	\$ 221,469,076

(Continued)

COAST COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the year ended June 30, 2022

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
<u>Exclusions</u>	<u>Object/TOP Codes</u>	<u>Reported Data</u>	<u>Adjust Adjustments</u>	<u>Revised Data</u>	<u>Reported Data</u>	<u>Adjust Adjustments</u>	<u>Revised Data</u>
<u>Activities to exclude</u>							
Instructional staff-retirees' benefits & retirement incentives	5900	\$ 4,250,053	\$ -	\$ 4,250,053	\$ 4,250,053	\$ -	\$ 4,250,053
Student health services above amount collected	6441	-	-	-	37,845	-	37,845
Student transportation	6491	-	-	-	569,353	-	569,353
Non-instructional staff-retirees' benefits & retirement incentives	6740	-	-	-	5,194,509	-	5,194,509
<u>Objects to exclude</u>							
Rents and leases	5060	-	-	-	991,923	-	991,923
Lottery expenditures							
Academic salaries	1000	-	-	-	1,639,841	-	1,639,841
Classified Salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	565,056	-	565,056
Software	4100	-	-	-	-	-	-
Books, magazines, & periodicals	4200	-	-	-	-	-	-
Instructional supplies & materials	4300	-	-	-	-	-	-
Noninstructional supplies & materials	4400	-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	3,184,330	-	3,184,330
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		<u>4,250,053</u>	<u>-</u>	<u>4,250,053</u>	<u>16,432,910</u>	<u>-</u>	<u>16,432,910</u>
Total for ECS 84362, 50% Law		<u>\$ 103,575,969</u>	<u>\$ -</u>	<u>\$ 103,575,969</u>	<u>\$ 205,036,166</u>	<u>\$ -</u>	<u>\$ 205,036,166</u>
Percent of CEE (instructional salary cost/total CEE)		<u>50.52%</u>	<u>0.00%</u>	<u>50.52%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>
50% of current expense of education					\$ 102,518,083	\$ -	\$ 102,518,083

See the accompanying notes to supplementary information.

EPA Proceeds:		\$	33,547,003			
	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay		
<u>Activity Classification</u>	<u>(0100-5900)</u>	<u>(1000-3000)</u>	<u>(4000-5000)</u>	<u>(6000)</u>		<u>Total</u>
Instructional Activities	0100-5900	\$ 33,547,003	\$ -	\$ -		\$ 33,547,003
Total Expenditures		\$ 33,547,003	\$ -	\$ -		\$ 33,547,003
Revenues Less Expenditures						\$ -

98.

COAST COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2022

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, 2022, consists of:

	<u>CFDA 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 AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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, 2022:

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
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, 2022.

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.

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 13, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2022. 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. 87, Leases. 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.


Crowe LLP

Sacramento, California
December 13, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR MAJOR FEDERAL PROGRAMS; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Major Federal Program

Opinion on 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 Coast Community College District's major federal program for the year ended June 30, 2022. Coast Community College District's major federal program is 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 its major federal program for the year ended June 30, 2022.

Basis for Opinion 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.

(Continued)

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 stylized, with the "C" being large and the "LLP" being written in a more compact, cursive-like font.

Crowe LLP

Sacramento, California
December 13, 2022

FINDINGS AND RECOMMENDATIONS

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

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?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None reported

Noncompliance material to financial statements noted?

	<u> </u> Yes	<u> X </u> No
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FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> 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)?

	<u> </u> Yes	<u> X </u> No
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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 Emergency Relief Fund (HEERF)

Dollar threshold used to distinguish between Type A and Type B programs:	\$	2,603,847
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

	2023 (Budgeted)	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total revenues	\$ 356,093,544	\$ 308,694,491	\$ 297,010,427	\$ 290,685,455
Total expenditures	361,866,359	291,007,099	275,472,221	298,402,515
Total other sources	<u>1,194,039</u>	<u>(8,398,561)</u>	<u>(12,282,158)</u>	<u>(1,043,138)</u>
Change in fund balance	(4,578,776)	9,288,831	9,256,048	(8,760,198)
Ending fund balance	<u>\$ 40,335,223</u>	<u>\$ 44,913,999</u>	<u>\$ 35,625,168</u>	<u>\$ 26,369,120</u>
Available reserve	<u>\$ 40,336,465</u>	<u>\$ 38,124,897</u>	<u>\$ 14,603,740</u>	<u>\$ 24,156,579</u>
Available reserve %	<u>11.15%</u>	<u>13.10%</u>	<u>5.30%</u>	<u>8.10%</u>
Full-time equivalent students	<u>25,914</u>	<u>23,454</u>	<u>28,838</u>	<u>28,838</u>
Total long term debt	<u>\$ 1,010,761,162</u>	<u>\$ 1,045,494,737</u>	<u>\$ 1,056,618,529</u>	<u>\$ 1,047,546,111</u>

Available reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the General Fund. The 2023 budget reserve balance was estimated using the budgeted contingency reserve balances less other 2022 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, 2022

2021-2022 Largest Local Secured Taxpayers

<u>Property Owner</u>	<u>Land Use</u>	2021-2022 <u>Assessed</u> <u>Valuation</u>	<u>% of</u> <u>Total (1)</u>
The Irvine Company	Commercial	\$ 1,331,219,545	0.85%
South Coast Plaza	Commercial	433,253,272	0.28%
Bella Terra Associates LLC	Commercial	364,249,826	0.23%
PH Finance LLC	Commercial	301,368,560	0.19%
Villas at Fashion Island LLC	Apartments	270,875,860	0.17%
PR II/MCC South Coast Property Owner LLC	Commercial	265,869,335	0.17%
PCH Beach Resort LLC	Commercial	225,699,342	0.14%
DCO Pacific City LLC	Apartments	221,919,172	0.14%
United Dominion Realty LP	Apartments	211,766,038	0.14%
Hyundai Motor America	Commercial	204,841,546	0.13%
Newport Center Hotel LLC	Commercial	192,183,454	0.12%
520 Newport Center Drive LLC	Commercial	182,970,013	0.12%
JKS-CMFV LLC	Commercial	182,070,711	0.12%
650 Newport Center Drive LLC	Commercial	165,892,355	0.11%
Interinsurance Exchange of the Automobile Club of America	Commercial	154,544,902	0.10%
The Waterfront Hotel LLC	Commercial	147,212,300	0.09%
Westminister Mall LLC	Commercial	142,132,451	0.09%
UDR Newport Beach North LP	Apartments	142,299,455	0.09%
Bay Island Club	Residential	141,594,209	0.09%
LSREF4 Sharf Huntington LLC	Apartments	<u>140,857,924</u>	0.09%
		<u>\$ 5,422,820,270</u>	3.46%

(1) The District's fiscal year 2021/22 Local Secured Assessed Valuation: \$156,717,456,894.

Source: California Municipal Statistics. Inc.

COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
(UNAUDITED)
June 30, 2022

	General Fund		
			Variance
Revenue	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenue from federal sources			
Higher Education act	\$ 45,875,179	\$ 17,390,500	\$ (28,484,679)
Temporary Assistance for Needy Families (TANF)	131,082	130,869	(213)
Career and Technical Education act	1,536,665	1,522,352	(14,313)
Other federal revenues	4,485,783	1,739,237	(2,746,546)
Revenue from state sources			-
General apportionments	34,260,413	42,456,717	8,196,304
Categorical apportionments	64,423,611	38,122,546	(26,301,065)
Other state revenues	13,259,695	17,405,538	4,145,843
Revenue from local sources			
Property taxes	162,605,348	157,543,997	(5,061,351)
Interest and investment income	450,000	367,005	(82,995)
Student fees and charges	32,430,012	27,944,791	(4,485,221)
Other local revenue	<u>2,045,567</u>	<u>4,070,939</u>	<u>2,025,372</u>
Total revenue	<u>361,503,355</u>	<u>308,694,491</u>	<u>(52,808,864)</u>
Expenditures			
Academic salaries	95,910,820	99,452,225	(3,541,405)
Classified salaries	73,948,598	65,449,822	8,498,776
Employee benefits	74,348,477	80,040,375	(5,691,898)
Supplies and materials	10,110,764	4,510,047	5,600,717
Other operating expenses and services	93,835,122	27,769,112	66,066,010
Capital outlay	10,813,237	5,873,875	4,939,362
Other uses	<u>11,685,901</u>	<u>7,911,643</u>	<u>3,774,258</u>
Total expenditures	<u>370,652,919</u>	<u>291,007,099</u>	<u>79,645,820</u>
Excess (deficiency) of revenues over expenditures	<u>(9,149,564)</u>	<u>17,687,392</u>	<u>26,836,956</u>
Other financing sources (uses)			
Interfund transfers in	240,865	2,612,195	2,371,330
Interfund transfers out	<u>(4,017,704)</u>	<u>(11,010,756)</u>	<u>(6,993,052)</u>
Total other funding sources (uses)	<u>(3,776,839)</u>	<u>(8,398,561)</u>	<u>(4,621,722)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(12,926,403)</u>	<u>9,288,831</u>	<u>22,215,234</u>
Fund balance, beginning of year		<u>35,625,168</u>	
Fund balance end of year		<u>\$ 44,913,999</u>	