



Financial Statements
June 30, 2024

Coast Community College District

Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Primary Government	
Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Net Position.....	27
Statement of Cash Flows.....	28
Fiduciary Fund	
Statement of Net Position	30
Statement of Changes in Fiduciary Net Position.....	31
Discretely Presented Component Units	
Coast Community College District, Coastline Community College, Golden West College, and Orange Coast College Foundations – Statements of Financial Position	32
Coast Community College District Enterprise Corporation - Balance Sheet.....	33
Coast Community College District, Coastline Community College, Golden West College, and Orange Coast College Foundations - Statements of Activities	34
Coast Community College District Enterprise Corporation – Statement of Income and Retained Earnings ..	36
Coast Community College District, Coastline Community College, Golden West College, and Orange Coast College Foundations - Statements of Cash Flows	37
Coast Community College District Enterprise Corporation – Statement of Cash Flows.....	39
Notes to Financial Statements	40
Required Supplementary Information	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....	81
Schedule of OPEB Investment Returns	83
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program.....	84
Schedule of the District's Proportionate Share of the Net Pension Liability	85
Schedule of the District Contributions for Pensions.....	87
Notes to Required Supplementary Information	89
Supplementary Information	
District Organization	90
Schedule of Expenditures of Federal Awards	91
Schedule of Expenditures of State Awards	93
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance	96
Reconciliation of <i>Education Code</i> Section 84362 (50 Percent Law) Calculation.....	97
Proposition 30 Education Protection Account (EPA) Expenditure Report	100
Reconciliation of Governmental Funds to the Statement of Net Position	101
Notes to Supplementary Information.....	103

Independent Auditor's Reports

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 <i>Government Auditing Standards</i>	105
---	-----

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance	107
--	-----

Independent Auditor's Report on State Compliance.....	110
---	-----

Schedule of Findings and Questioned Costs

Summary of Auditor's Results.....	113
Financial Statement Findings and Recommendations.....	114
Federal Awards Findings and Questioned Costs.....	115
State Compliance Findings and Questioned Costs.....	116
Summary Schedule of Prior Audit Findings.....	117

Other Information (Unaudited)

Schedule of Financial Trends and Analysis – General Fund.....	118
2023-2024 Largest Local Secured Taxpayers	119
Schedule of Budgetary Comparison for the General Fund	120



Independent Auditor's Report

Board of Trustees
Coast Community College District
Costa Mesa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of Coast Community College District (the District) as of and for the year ended June 30, 2024, 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, aggregate discretely presented component units, and fiduciary activities of Coast Community College District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 25 and other required supplementary schedules on pages 81 through 88 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the continuing disclosure information on pages 118 through 120, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on 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 November 14, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
November 14, 2024



Trustees

Lorraine Prinsky, Ph.D., President
Jim Moreno, Vice President
Elizabeth Dorn Parker, Ed.D., Board Clerk
Mary Hornbuckle, Trustee
Jerry Patterson, Trustee

Student Trustee

Darla Nunez

Chancellor

Whitney Yamamura, Ed.D.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2024. 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 (GASB) Statements No. 34 and No. 35 using the Business-Type Activity (BTA) model. The California Community Colleges Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommends that all community college districts use the reporting standards under the BTA model.

The District includes three comprehensive community colleges - Coastline Community College, Golden West College, and Orange Coast College. 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, offering 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

2023-2024 Fiscal Year Enacted State Budget

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

The Enacted State Budget reflected the economic realities of shrinking revenues and budget deficits. Throughout the State Budget development, from the January Proposal, the May Revision, and through to the Enacted Budget, the decline in revenues deepened, as reflected in increasing cuts to existing programs and decreasing revenues for new programs. While State revenues were projected to decline, the actual amount of the decline remained unknown due to the delay in the 2022 tax filing deadline to November 2023 (as a result of a State of Emergency declaration for California wildfires), delaying the impact of the greater than anticipated decline to the 2024-25 State Budget. The 2023-24 Enacted Budget projected a budget deficit of \$31.5 billion and contained solutions including funding shifts, borrowing, delays, pullbacks, and reductions.

The below table highlights critical components of the January Proposal, May Revision, and Enacted Budget:

2023-24 January Proposal, May Revise, and Enacted Budget Critical Components Chart

Description	January Proposal	May Revise	Enacted Budget
Funded COLA (SCFF and Selected Categorical Programs)	8.13%	8.22%	8.22%
Funded Growth	0.5%	0.5%	0.5%
One-time Retention and Enrollment Program Reduction to Prior-year Program	\$200M --	\$100M --	\$50M (\$55.4M)
Scheduled Maintenance/Instructional Equipment Reduction (2022-23 funding of \$840 million)	(\$213M)	(\$452.2)	(\$500.0)
COVID-19 Recovery Block Grant Reduction (2022-23 funding of \$650 million)	--	(\$344.7)	--
GWC Fine Arts Project Included in State Bond- funded Projects	No	Yes (Construction must wait for the passage of a new state bond)	Yes (Construction must wait for the passage of a new state bond)
Projected State Deficit	\$22.5B	\$31.5B	\$31.5B
Proposition 98 Guarantee	\$109B	\$107B	\$98.5*

**The 2023-24 Proposition 98 Guarantee was suspended with the 2024-25 Enacted Budget. Please see the 2024-25 Enacted Budget: Proposition 98 section for more information.*

Flexibility was provided for the use of some funds in recognition of the reduction in the Scheduled Maintenance/Instructional Equipment program. Districts were allowed to use remaining one-time funds in the Retention and Enrollment program, COVID-19 Recovery Block Grant, and Scheduled Maintenance/Instructional Equipment program for any purpose within the three programs.

Additional Revenue Declines Following Enactment of the State Budget

Based on the delayed filing of 2022 taxes in November 2023, state revenues were far lower than projected in the Enacted Budget, increasing the projected 2023-24 budget deficit. Solutions to address the loss of revenues for 2022-23 fiscal year and 2023-24 fiscal year are contained in the Governor's January Proposal for the 2024-25 Budget and revised in the 2024-25 May Revise. A discussion of the loss of revenue and the impact on the 2024-25 State Budget is included in the 2024-25 fiscal year Budget section of this document.

Changes to the District Adopted Budget 2023-24 Fiscal Year

The Board of Trustees adopted the District's Adopted 2023-24 fiscal year Budget in September 2023. Major changes from the 2023-24 Adopted Budget to the Unaudited Actuals as of August 6, 2024, are noted below:

The District adopted the first phase of the Fiscal Stability Plan (FSP) in March 2024, with the goal of aligning ongoing expenditures with ongoing revenues. This resulted in a net increase to 2023-24 reserves of \$5.69 million through an increase in revenues of \$1.26 million and a decrease in expenditures of \$4.43 million, and the elimination of the projected deficit spending of \$3.88 million.

In addition to the FSP, other significant year-end changes were identified. Increases in revenues include \$408 thousand from an increase in non-resident tuition rates, \$4.6 million increased interest earned from higher than anticipated restricted programs cash balances, \$1.0 million increased lottery funds, \$2.4 million increased college dedicated revenue, and a technical adjustment of \$7.2 million for the STRS On-behalf payment that is offset by an equal adjustment in expenditures. Increases in expenditures include a \$2.0 million transfer to the District Office for an unanticipated HVAC replacement project.

Fiscal Stability Plan

In 2023-24, the District developed a Fiscal Stability Plan (FSP) with the goal to reduce ongoing deficit spending by aligning ongoing expenditures with ongoing revenues, thereby ensuring the District would meet minimum reserve requirements and maintain a healthy fiscal condition. The FSP is a multi-year plan with a phased incremental implementation. Each college and the District Office are tasked with identifying opportunities to increase revenues and decrease expenditures, with a focus on affecting ongoing revenues and ongoing expenditures, while improving budget development practices.

FSP Phase I: 2023-24

The FSP Phase I was released in March 2024 and resulted in a net increase to 2023-24 unrestricted general fund reserves of \$5.69 million. Of that improvement, \$4.56 million is ongoing. The decreases in expenditures were largely comprised of recognition of salary savings and the elimination of positions related to the hiring freeze. These actions significantly reduced the variance that had historically existed between budgets and actuals of salaries and benefits costs.

FSP Phase II: 2024-25

For the 2024-25 Adopted Budget, the FSP Phase II reflects new revenues and new reductions beyond what was included in the 2023-24 Adopted Budget and the FSP Phase I. These changes are highlighted in the FSP Phase II report and are embedded in the 2024-25 Adopted Budget.

Other Postemployment Benefits

Historically, insufficient funds were set aside by governmental entities to fully fund contractual obligations for retiree health care. Beginning in the middle of the last decade, the District was among the founding members of the Community College League of California (CCLC) Joint Powers Authority for retiree health care funding; a GASB-qualified irrevocable trust. More recently, the District opted to divide assets between the CCLC JPA and the Keenan Futuris Benefit Trust. Consistent with the guidelines under the Governmental Accounting Standards Board (GASB) Statements 74 & 75, the District engages the services of an actuary to measure this liability every year.

The 2024 study measured this liability at approximately \$110 million on June 30, 2024. This reflects a decrease of approximately \$7.4 million from the 2023 study. While the term Annual Required Contribution (ARC) is no longer operative, we budget what is referred to as the Actuarially Determined Contribution (ADC) and the normal cost to meet healthcare obligations for retirees and current employees. That amount, budgeted on a three-year rolling average is \$8.9 million. The Fiduciary Net Position of this trust on June 30, 2024, was \$102.7 million, meaning the liability was approximately 93.4% funded. This leaves a Net OPEB Liability (NOL) of \$7.2 million.

Supplemental Retirement Plan (SRP)

Funding the SRP required two forms of debt including an annuity purchased through the Public Agency Retirement System (PARS) to fund the percent of salary offering for members of the California Public Employee Retirement System (CalPERS) and the issuance of Pension Obligation bonds to fund the California State Teachers Retirement System (CalSTRS) two-year service credit option. These debt obligations will run for five years before being retired in 2024-2025. Annual debt service between the two programs equates to approximately \$1.9 million.

Student Centered Funding Formula (SCFF) Funding Guarantees

There are three SCFF funding guarantees: hold harmless, stability adjustment, and the funding floor. The hold harmless will be replaced by the funding floor effective with 2025-26 fiscal year. In each year, the District receives the greater of its actual current year SCFF calculation, the hold harmless or the funding floor, or the stability adjustment. Due to the dynamics of this three-way comparison, the District's actual increase in revenue may be less than the funded COLA.

- **Stability Adjustment**
 - The stabilization adjustment provides a one-year protection against declining enrollment and ensures the District will be paid a minimum of its prior year Total Computational Revenue (TCR) as increased by funded COLA.
 - The District was funded by the stability adjustment in the 2023-24 fiscal year due to the ECA that artificially increased the District's 2022-23 fiscal year enrollment to the 2019-20 fiscal year level.
- **Hold Harmless**
 - The Hold Harmless ensures the District will be paid a minimum of its 2017-18 fiscal year TCR as increased by funded COLA in each intervening year.
 - Hold Harmless was provided to allow a transition to the SCFF without an immediate decline in funding and was initially slated to expire in 2020-21 fiscal year but was extended through 2024-25 fiscal year.
 - The District is projected to be funded by the Hold Harmless in 2024-25.
- **Funding Floor**
 - The Funding Floor will replace the Hold Harmless in 2025-26 fiscal year with two major differences:
 - It will be based on the 2024-25 fiscal year TCR.
 - It will not be increased by the state-funded COLA.
 - There is no expiration date for the funding floor.
 - It is not likely that the District can grow itself out of the funding floor considering that funded growth is limited to 0.5% annually. Instead, the accumulated annual COLA increases in SCFF funding rates will eventually cause the District to be paid above the funding floor and at the SCFF calculation.

As noted elsewhere, funded growth is limited to 0.5% annually and the District is unlikely to experience funded growth until it exits the funding guarantees.

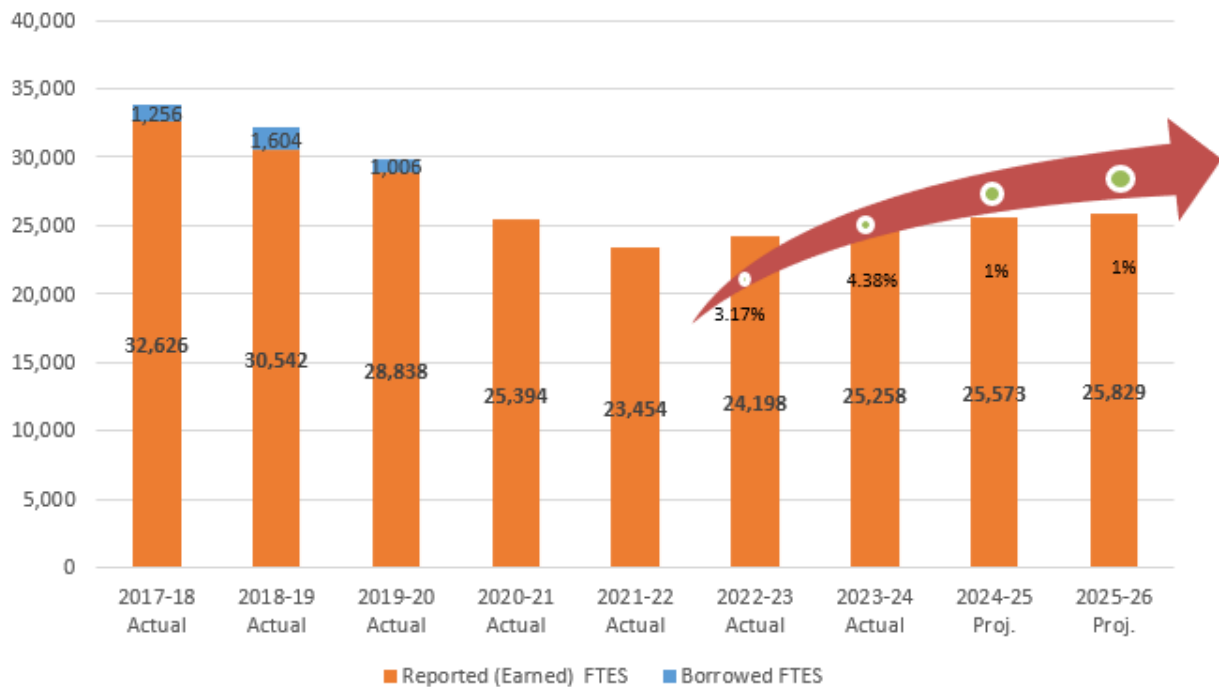
Enrollment Metrics Fiscal Year 2024-25 and Beyond

As measured in the Spring 2024 P-2 Enrollment report, resident enrollments were 25,321 FTES. The District experienced an enrollment decline of more than 28% over the course of the five-year period from 2017-18 through 2021-22. The District reversed that trend beginning in 2022-23 with 3.17% enrollment growth. In 2023-24 the District experienced enrollment growth of 4.64%. However, due to the combination of the Emergency Conditions Allowance, which allowed the District to be funded on pre-pandemic FTES, and the usage of a rolling three-year average FTES to calculate FTES, the District's SCFF revenue is based on the Stability Adjustment Guarantee in 2023-24; however enrollment growth did not result in higher revenues in 2023-24.

With the significant enrollment growth experienced in 2022-23 and 2023-24, the growth trend is expected to flatten slightly in future years. Enrollment targets are based on the projected growth of 1.0% in each of 2024-25 and 2025-26, and 0.5% in each year thereafter. With these projections, it is projected that the District's SCFF revenue will be based on the Hold Harmless Guarantee in 2024-25, the Funding Floor Guarantee in 2025-26, and will revert to being based on its actual FTES enrollment in 2026-27.

Annual Enrollment

Resident FTES Trend and Projection



STATEMENT OF NET POSITION

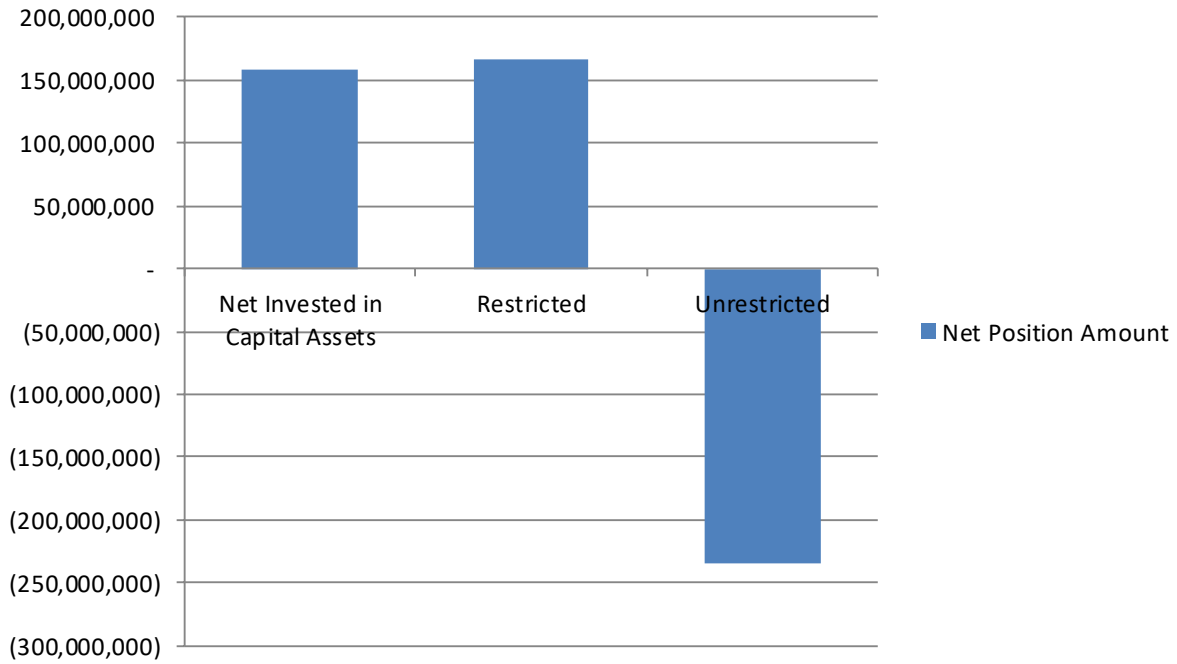
The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred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

	2024	2023	Change
Assets			
Cash and investments	\$ 416,067,491	\$ 434,142,690	-4%
Receivables	82,326,579	89,822,413	-8%
Other current assets	2,043,441	2,971,740	-31%
Capital assets, net	930,893,022	915,637,820	2%
Total assets	1,431,330,533	1,442,574,663	-1%
Deferred Outflows of Resources	153,001,719	146,561,279	4%
Liabilities			
Accounts payable and accrued liabilities	127,732,942	153,584,529	-17%
Current portion of long-term liabilities	39,706,560	44,522,165	-11%
Noncurrent portion of long-term liabilities	1,248,967,952	1,264,397,708	-1%
Total liabilities	1,416,407,454	1,462,504,402	-3%
Deferred Inflows of Resources	77,561,005	90,669,949	-14%
Net Position			
Net investment in capital assets	157,986,350	148,796,231	6%
Restricted	167,107,251	122,044,752	37%
Unrestricted (deficit)	(234,729,808)	(234,879,392)	0%
Total net position	\$ 90,363,793	\$ 35,961,591	151%

- Cash and cash equivalents (unrestricted and restricted) consist mainly of cash held in the county treasury (\$303.0 million) and ancillary funds maintained at local banks. Cash decreased 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, 2024, the general fund and the building fund had a cash balance of approximately \$126.7 million and \$80.2 million, respectively.

- Receivables decreased by 8%, from \$89.8 million in fiscal year 2023 to \$82.3 million in fiscal year 2024. This reduction is primarily tied to lower state and federal grants as well as decreased funds from the Higher Education Emergency Relief Fund (HEERF).
- Lease receivables decreased by lease payments received. The District has various leasing arrangements with outside parties. The rental income recognized under noncancelable leases of land and buildings.
- The District's capital and right to use assets increased in the current year as the District implemented GASB Statement No. 96, *Subscription Based IT Arrangements* in fiscal year 2023. As a result of the implementation on July 1, 2022, the District recognized \$18.7 million and \$2.9 million in right to use assets and related SBITA liabilities in fiscal year 2023 and fiscal year 2024, respectively. In fiscal year 2024, \$5.2 million was recognized in current year amortization.
- Due to various GASB statements, the District reported a section on deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. As for deferred inflows of resources, it represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Refer to note disclosures regarding other postemployment benefits, leases, pensions, and general obligation bonds for more details.
- The total liability for Post-employment Healthcare Benefits (OPEB) was \$110,048,787 as of June 30, 2024. This represents an increase of \$3.0 million from prior year due to normal service cost and interest, particularly the valuation expectations are medical cost to increase by 4% per year.
- Current liabilities (accounts payable and accrued liabilities) decreased \$25.9 million primarily due to decrease in outstanding obligations as the District completed various capital projects throughout 2024 fiscal year, along with reduction in unearned revenues related to restricted grants and categorical programs.
- Deferred inflows showed a decrease \$13.1 million primarily due to the volatility of market conditions which resulted in reduced investment returns.
- Net position showed an increase of \$54.4 from prior year. The increase is from restricted and unrestricted net position which includes mainly assets legally or contractually obligated for capital projects, fiduciary activities, and transactions relating to the general operations of the District.

**Net Position
June 30, 2024**



Statement of Revenues, Expenses and Changes in Net Position

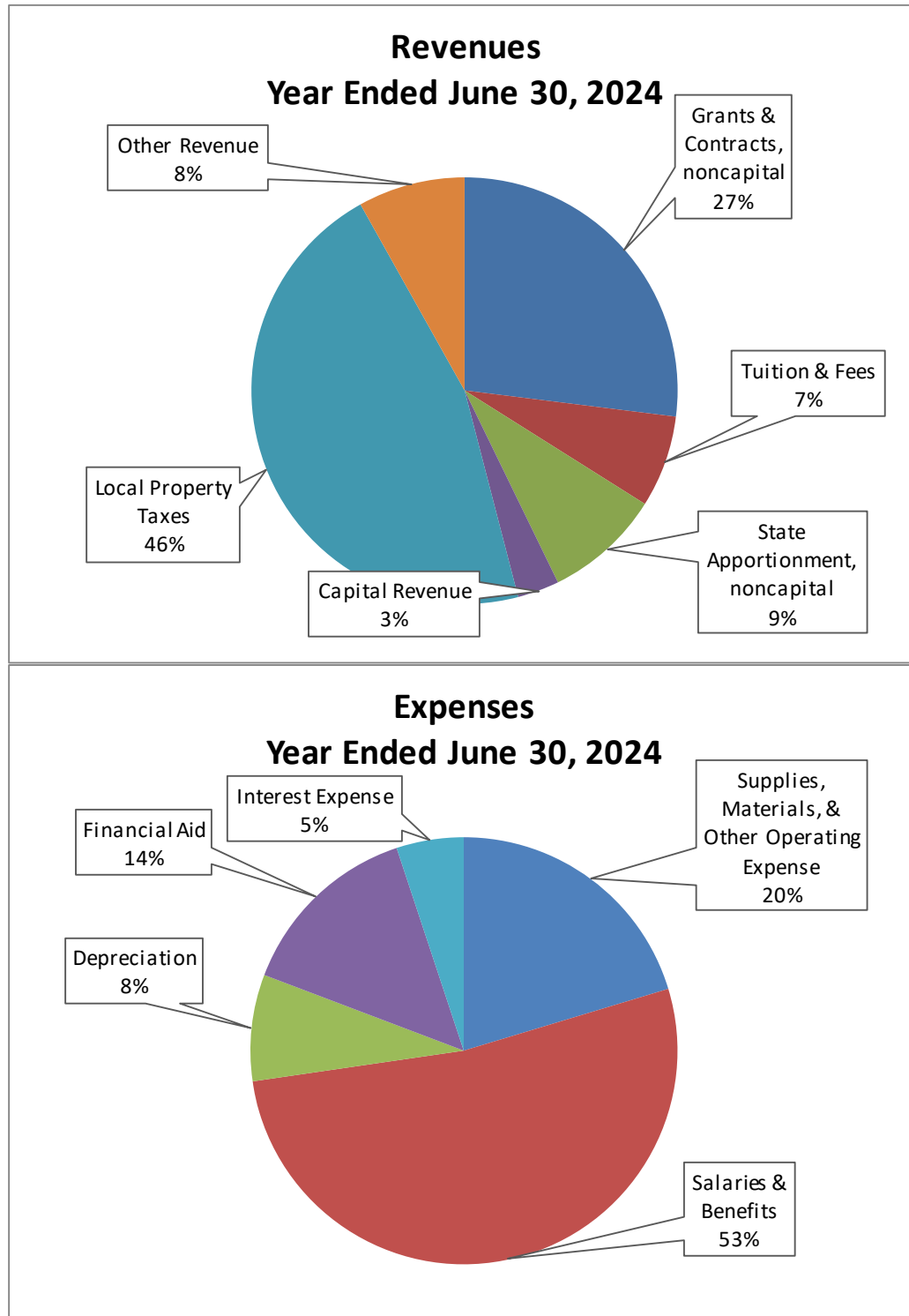
The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses. State general apportionment, while budgeted for operations, is considered non-operating revenues by generally accepted accounting principles.

	2024	2023	Change
Operating Revenues			
Tuition and fees, net	\$ 35,702,578	\$ 32,199,910	11%
Grants and contracts, noncapital	89,206,555	121,356,146	-26%
Auxiliary sales and charges	5,087,812	4,757,152	7%
Total operating revenues	<u>129,996,945</u>	<u>158,313,208</u>	-18%
Operating Expenses			
Salaries and benefits	240,012,350	209,629,132	14%
Supplies, services, equipment, and maintenance	93,078,615	95,359,497	-2%
Student financial aid	64,680,364	60,784,279	6%
Depreciation and amortization	36,996,537	34,317,158	8%
Total operating expenses	<u>434,767,866</u>	<u>400,090,066</u>	9%
Operating loss	<u>(304,770,921)</u>	<u>(241,776,858)</u>	26%
Nonoperating Revenues (Expenses)			
State apportionments	45,410,761	39,158,911	16%
Property taxes	235,507,701	228,616,414	3%
Student financial aid grants	49,000,598	47,362,098	3%
State revenues	11,331,760	10,243,917	11%
Net interest expense	(10,282,922)	(23,942,827)	-57%
Other nonoperating revenues	11,996,016	6,652,732	80%
Total nonoperating revenue (expenses)	<u>342,963,914</u>	<u>308,091,245</u>	11%
Other Revenues (Losses)			
State/local capital income and losses on disposal of capital assets	16,209,209	6,141,470	164%
Change in net position	<u>\$ 54,402,202</u>	<u>\$ 72,455,857</u>	-25%

- Net tuition and fees consist of enrollment fees and other fees of \$52.3 million less discounts and allowances of \$16.6 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 (\$4.6 million), state grants (\$76.2 million), and local contracts (\$8.4 million). Comparing to the prior fiscal year, the District recognized \$26.3 million less from federal non-financial aid grants. The decrease is mainly attributed to reduced COVID-19 relief funding, including the end of Higher Education Emergency Relief Funds (HEERF).

- Post-pandemic in-person activities have continued to increase for 2024 fiscal year, thus the revenue generated from the auxiliary services increased and the expenditures for other operations such as supplies, materials, and utilities also increased.
- Salaries and benefits for fiscal year 2024 were \$240.0 million, a 14% increase from \$209.6 million in fiscal year 2023. This rise is primarily driven by higher instructional salaries, reflecting increases due to new hires and a rise in staffing costs in general due to COLA of 8.22% and increase in per-employee benefits cost. Instructional salaries alone grew by 32.4%, from \$77.6 million in fiscal year 2023 to \$102.8 million in fiscal year 2024. Student financial aid and depreciation expenses showed marginal increases of 6% and 8%, respectively, year over year, while supplies, services, equipment and maintenance expense showed a slight reduction of 2% from prior year.
- The fiscal year 2024 budget outlook contained both favorable and unfavorable projections for California; regardless, 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 \$6.9 million or 3%.
- Student financial aid grants rose by 49%, reaching \$49 million in fiscal year 2024, compared to \$47.4 million in fiscal year 2023. This increase reflects state and federal governments' continued efforts to boost post-pandemic financial support for students.
- Net interest expenses decreased by 57%, from \$23.9 million in fiscal year 2023 to \$10.3 million in fiscal year 2024, primarily due to changes in accreted interest and costs associated with existing bond obligations.
- Other nonoperating revenues increased to \$12 million in fiscal year 2024, up from \$6.6 million in fiscal year 2023. This increase reflects gains from nonoperating activities such as investment income and miscellaneous revenue sources.

The following charts show the major components of total revenues and total expenses using the more detailed Statement of Revenues, Expenses, and Changes in Net Position presented on page 27.



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 positive cash flows, meet obligations as they come due and the need for external financing.

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

A summarized Statement of Cash Flows for the years ended June 30, 2024 and 2023, is presented below:

	2024	2023	Change
Net Cash Flows from			
Operating activities	\$ (269,973,179)	\$ (152,097,263)	78%
Noncapital financing activities	291,140,808	254,039,258	15%
Capital financing activities	(51,194,731)	(65,799,698)	-22%
Investing activities	7,383,369	9,161,144	-19%
Net Change in Cash	(22,643,733)	45,303,441	-150%
Cash and Cash Equivalents, Beginning of Year	374,809,389	329,505,948	
Cash and Cash Equivalents, End of Year	<u>\$ 352,165,656</u>	<u>\$ 374,809,389</u>	

- Operating activities mainly consist of cash receipts from student tuition and cash payments for salaries, benefits, supplies, Federal, State, and other local operating grants and contracts, other operating expenses, utilities, insurance, and other items related to the instructional program.
- Noncapital financing activities are primarily comprised of State apportionment, property taxes, and Federal and State financial aid grants for other than capital purposes.
- Capital financing activities are mostly made up of the purchase or sale of capital assets, principal and interest payments on any debt issued, and cash sources or uses from Federal, State, and local grants for capital purposes.
- The cash from investing activities is interest earned on cash in banks and the change in market value of cash invested through the Orange County Educational Investment Pool.

FUNCTIONAL EXPENSES

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. The District's operating expenses by functional classification for the fiscal year ended June 30, 2024, are:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	\$ 102,814,892	\$ 6,649,767	\$ -	\$ 31,369	\$ -	\$ 109,496,028
Instructional administration	25,102,889	8,021,255	-	9,163	-	33,133,307
Instructional support services	8,198,906	2,543,782	-	3,102	-	10,745,790
Student services	38,839,927	8,537,820	-	3,188	-	47,380,935
Plant operations and maintenance	10,963,472	20,361,464	-	771	-	31,325,707
Planning, policymaking and coordinations	9,428,601	4,098,946	-	-	-	13,527,547
Institutional support services	27,271,363	23,488,954	-	6,314	-	50,766,631
Community services and economic development	3,279,179	6,043,860	-	487	-	9,323,526
Ancillary services and auxiliary operations	12,422,486	8,922,086	-	483	-	21,345,055
Student aid	-	-	64,680,364	-	-	64,680,364
Physical property and related acquisitions	1,690,635	3,932,073	-	423,731	-	6,046,439
Unallocated depreciation and amortization	-	-	-	-	36,996,537	36,996,537
Total	\$ 240,012,350	\$ 92,600,007	\$ 64,680,364	\$ 478,608	\$ 36,996,537	\$ 434,767,866

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, 2024, the District had approximately \$930.9 million invested in net capital assets. Total capital assets of \$1.2 billion consist of land, buildings and building improvements, vehicles, data processing equipment, software subscriptions, and other office equipment; these assets have accumulated depreciation and amortization of \$443.6 million. New additions for construction and equipment of \$52.3 million occurred during 2023-24, and depreciation/amortization expense of \$37.0 million was recorded for the fiscal year. Construction in progress of \$4.4 million was completed and placed into service as buildings and improvements. The financial statements disclosure provides additional information on capital assets. A summary of capital assets net of depreciation and amortization is presented below.

	2024	2023
Capital Assets		
Land	\$ 24,141,969	\$ 24,141,969
Construction in progress	118,030,897	76,276,333
Buildings and improvements	764,357,984	785,897,023
Equipment and vehicles	11,143,152	13,820,865
Right-to-use subscription IT assets	13,219,020	15,501,630
	<u>\$ 930,893,022</u>	<u>\$ 915,637,820</u>

Debt and Other Long-term Liabilities

On June 30, 2024, the District had \$966.7 million in debt for the General Obligation bonds. The payments for general obligation bond debt are funded through property tax assessments. Note 9 on the financial statements provides additional information on long-term liabilities.

	2024	2023
General obligation bonds and notes payable	\$ 987,673,566	\$ 1,016,656,474
Claims liability	2,455,517	3,732,301
Compensated absences and load banking	11,004,394	9,655,116
Subscription-based IT arrangements	14,472,083	15,501,630
PARS Supplemental retirement plan liability	1,381,510	2,763,017
Perkins loan program liability	1,498,877	1,716,591
Aggregate net OPEB liability	7,897,861	15,353,744
Aggregate net pension liability	262,290,704	243,541,000
	<u>1,288,674,512</u>	<u>1,308,919,873</u>
Total long-term liabilities		
	<u>39,706,560</u>	<u>44,522,165</u>
Less current portion		
	<u>\$ 1,248,967,952</u>	<u>\$ 1,264,397,708</u>
Long-term portion		

SIGNIFICANT FUTURE EVENTS

The 2024-25 Governor's January Budget Proposal, May Revision, and Enacted State Budget

2024-25 January Proposal

The Governor's January Budget Proposal for 2024-25 fiscal year represents the first opportunity for the Governor to share his vision for 2024-25 fiscal year. It is based on known and projected fiscal data and the administration's policy priorities.

The January Proposal reflected the impact of continued sharp declines in state revenues resulting in very limited resources to support little more than ongoing baseline increases such as COLA and growth funding. Including the unanticipated 25% decline in 2022-23 income tax collections, and the impact of the decreased State revenues in 2023-24, and 2024-25, the January Proposal reflected a \$38 billion budget deficit. Similar to the prior year, the January Proposal includes funding shifts, borrowing, delays, pullbacks, reductions, and spending of reserves. Notably, this includes spending down \$5.7 billion, or 60%, of the K-14 Rainy Day Reserve to meet 2023-24 and 2024-25 needs. Also included was a shift of \$14 billion of Proposition 98 obligations to future years. The Legislative Analyst's Office disagreed with the viability of this Proposition 98 shift and believed that actual revenues would come in about \$15 billion below the Governor's revenue projections, resulting in a much greater budget deficit of \$68 billion.

Significant components of the January Proposal are:

- 0.76% COLA for SCFF and selected categorical programs.
- 0.5% funded growth
- \$60 million in one-time funds to expand nursing programs and Bachelor of Science in Nursing Partnerships.

2024-25 May Revision

The May Revision presents the last statutory opportunity for the Governor to shape his economic proposal before legislative budget committees complete their work and move into the Conference Committee. It also presents an opportunity to reflect on the actual COLA and any necessary revisions to projected state revenues and budget deficits. The following reflects key initiatives emerging in the May Revision.

Before the release of the May Revision, the Legislature passed an Early Action Plan in April 2024 to enact solutions totaling \$17.3 billion. These solutions continue the pattern of funding shifts, delays, deferrals, and reductions, as well as some increased revenues and borrowing. The Early Action Plan also authorizes the Administration to sweep one-time funding from prior years.

The May Revision reflects the continued decline in State revenues following the release of the Governor's January Proposal for the 2024-25 Budget. The Governor continued the focus on supporting only baseline adjustments for core programs and added an effort to sweep funds that have already been appropriated, but that are deemed to not be a core program and/or may be in excess of perceived need. Even so, the projected state deficit has grown from the \$38 billion projected with the Governor's January budget proposal to \$45 billion projected with the May Revision. The May Revision included similar strategies as proposed in January to address the state deficit including funding shifts, delays, reductions, and spending down reserves. Most notably, the May Revision projected the complete depletion of the \$9.5 billion in the K-14 Rainy Day Fund to meet 2023-24 and 2024-25 needs. This would have left no resources from that fund to meet the projected 2025-26 state deficit of \$28.4 billion.

The May Revision also contained an across-the-board reduction to all state agencies of 7.95% from what was proposed in January. The Administration further cautioned that continued deterioration of economic conditions including persistent inflation and high interest rates could have a negative impact on the budget.

The Legislative Analyst's Office (LAO) continues to disagree with the revenue projections and the Proposition 98 obligation shift to future years, with an alternate projection of a \$78 billion state deficit.

2024-25 Enacted State Budget

The 2024-25 Enacted State Budget continued to project a \$45 billion deficit and, with a new two-year budget approach, also projected a 2025-26 deficit of \$30 billion. The Early Action Plan in April 2024 provided \$17 billion in solutions. The Enacted State Budget addresses the remaining \$28 billion in 2024-25 through solutions largely as proposed in the May Revision with some changes including a plan to begin to restore the Rainy Day Fund beginning with a deposit of \$1.1 billion after 2024-25. The Enacted Budget adopts the proposed 7.95% across-the-board reductions to all state agencies.

While the Enacted Budget also defers cash payments of the SCFF (\$446.4 million is deferred from 2023-24 to 2024-25 and \$243.7 million is deferred from 2024-25 to 2025-26), the State Chancellor's Office doesn't anticipate net cash impact to districts from these deferrals. The District has sufficient cash balances to manage any impact that would occur from these deferrals.

Funding for community colleges relies on reserves and operational savings to provide support to "core" programs or services without significant reductions. However, one-time funding for some programs was eliminated and \$65 million in one-time funding for Nursing and \$5 million in one-time funding for Pathways for the Low-Income Workers Demonstration Project were carved out from the amount provided for Strong Workforce. In addition, the Enacted Budget reappropriates approximately \$18.8 million in unspent 2020 Strong Workforce funds and \$21.3 million in unused 2022 Student Success and Completion Grant Funds.

Below is a chart comparing the 2024-25 January Proposal, the May Revision, and the Enacted Budget:

2024-25 January Proposal, May Revise, and Enacted Budget Critical Components/Changes

Description	January Proposal	May Revise	Enacted Budget
Funded COLA (SCFF and Selected Categorical Programs)	0.76%	1.07%	1.07%
Funded Growth	0.5%	0.5%	0.5%
Expanded Nursing (one-time funding carved from Strong Workforce per Enacted Budget)	\$60M	\$60M	\$60M
Expand e-Transcript California (one-time funding)	--	\$12M	\$12M
Common Cloud Data Platform Demonstration Program (one-time funding)	--	\$12M	--
Mapping Pathways for Credit for Prior Learning (one-time funding)	--	\$6M	\$6M
Pathways for Low-income Workers Demonstration Project (one-time funding carved from Strong Workforce per Enacted Budget)	--	\$5M	\$5M
Strong Workforce (General Allocation)	--	--	(\$65M)
Financial Aid Assistance for FAFSA Delays	--	--	\$20M
Projected State Deficit	\$38B	\$45B	\$45B
Proposition 98 Guarantee	\$109.05B	\$109.13B	\$115B*

**Includes repayment of \$4 billion of the \$8 billion suspended in 2023-24.*

Categorical Funding

The District's estimated Grants and Categorical Program funding across all federal, state, and local sources for the 2024-25 fiscal year is projected to be \$124 million.

The number of state-determined categorical restricted programs has risen markedly in recent years. For the year beginning July 1, 2024, we estimate that the District will be managing more than 77 restricted programs.

Further, while we have collective bargaining agreements that represent employees regardless of funding source, as the table below indicates, not all funds receive a cost of living adjustment.

Capital Planning

The Golden West College Fine Arts project was funded in fiscal year 2023-24 and continues to progress through the design process with the State.

With the commencement of the Golden West College Fine Arts project, Proposition 51 will have provided Coast Community College District with approximately \$84 million to fund, in part, the Orange Coast College's Language and Social Science Building, Golden West College Language Arts Complex, OCC Chemistry, and the Fine Arts projects. With State Proposition 51 funds having nearly been exhausted, on July 3rd, the Legislature passed and the Governor signed AB 247 officially placing a State school bond on the ballot in November 2024. The bond authorizes \$10B for K-14 school facilities, including \$1.5B for community colleges.

In addition to the school bond, the State also passed SB 867, which also authorizes a \$10B climate bond to be included on the November 2024 ballot amongst other State-wide voter initiatives. With a rather crowded ballot, AB 440 was subsequently passed to stipulate the order in which the measures will be listed on the ballot. The School facility bond will be listed first amongst the multiple measures, with the number Proposition 2.

Proposition 51

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

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

Measure M

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

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

Student Housing

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

State Fiscal Outlook

On July 3, 2024, the Legislative Analyst's Office (LAO) released its annual Fiscal Outlook for 2024-25.

The LAO's report cited significant revenue shortfalls related to declines in the technology sector and a delay in tax payments have created a budget deficit of \$45 billion. A series of early actions taken by the Legislature and the Governor in the spring addressed \$17 billion of the deficit, leaving \$28 billion in additional solutions required to address the remaining deficit for 2024-25. The budget also reflects a deficit of over \$30 billion for 2025-26.

The enacted budget reflects several mechanisms to close the projected gap by funding delays and reductions from 2022-23 and 2023-24 budgets, cuts to some state programs, internal fund shifts and borrowing, and additional revenues from suspending net operating loss deductions and some tax credits for businesses.

Pension Contribution

Employer contributions for CalPERS are expected to increase from 26.68% to 27.05% and employer contributions from the CalSTRS employer rate will remain at 19.1% starting July 1, 2024.

Based on these projections, the District will experience an increase across its two major pension programs of \$308 thousand. To help mitigate these obligations, the District joined the CCLC PARS Pension Stabilization Program.

Reserves/Fund Balance

Administrative Procedure (AP) 6305-Reserves was revised in alignment with the ECA requirements in 2022-23 fiscal year. The ECA required, among other things, that the District have a Board-approved reserve requirement of a minimum of two months of operating expenditures, equivalent to 16.76%. The District's previous AP required an unappropriated reserve of ten percent of prior year unrestricted general fund expenditures consisting of a five percent Reserve for Contingencies, under Title 5, Section 58307, and a five percent Ancillary Reserve. This amount was increased to 16.76%, with half (8.35%) in Reserve for Contingencies and half (8.35%) in Ancillary Reserve.

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

The prior year-end fund balance was approximately 24.94%. Our multi-year projections suggest that the District's reserves will meet the 16.76% required reserves for the next three years. However, deficit spending beginning in 2024-25 fiscal year will cause the district's reserves to decline and it will fall just short of required reserves with a projected 2027-28 fiscal year reserve of 14.90%. The District is continuing the development of a fiscal stabilization plan that will provide implementable solutions to preserve reserves.

Looking Ahead

The State continues to experience the impact of continued reduction in revenues and increasing budget deficits, resulting in the exhaustion of reserves and severe reductions to categorical programs signaling the potential for continued declines in future years. One does not have to look far to see the local effects of inflation and the hardship it creates for the students and employees of the District including higher housing, fuel, and commodity prices.

The transitory plan to ease out of Hold Harmless at the end of fiscal year 2024-25 and enter into a permanent funding floor in 2024-25 will result in a "fiscal plateau", that will leave the District with flat SCFF revenue projected at \$239.3 million in 2025-26, the same level as in 2024-25.

The District has made great strides in communicating budget information and challenges. Greater collaboration with constituency groups and improved sharing of transparent budget information continues to be a priority. The continued development of the FSP supports the identification and implementation of solutions that would result in adjustments in the Districts' spending plan to align estimates of earned income with planned expenditures in a post-Hold-Harmless environment is ongoing.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Office of Fiscal Services at Coast Community College District, 1370 Adams Avenue, Costa Mesa, California 92626, or e-mail Daniela Thompson at DThompson@cccd.edu.

Coast Community College District
Statement of Net Position
June 30, 2024

Assets	
Cash and cash equivalents	\$ 49,154,159
Investments	366,913,332
Accounts receivable	29,463,379
Student receivables	17,130,285
Prepaid expenses	1,624,970
Inventories	75,963
Other assets	342,508
Lease receivables	29,934,234
Note receivable, due within one year	403,388
Note receivable, due in more than one year	5,395,293
Capital assets not being depreciated or amortized	142,172,866
Capital assets, net of depreciation and amortization	<u>788,720,156</u>
Total assets	<u>1,431,330,533</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	53,999,531
Deferred outflows of resources related to OPEB	5,358,561
Deferred outflows of resources related to pensions	<u>93,643,627</u>
Total deferred outflows of resources	<u>153,001,719</u>
Liabilities	
Accounts payable	41,935,220
Accrued interest payable	8,921,805
Unearned revenue	76,875,917
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	39,706,560
Long-term liabilities other than OPEB and pensions, due in more than one year	978,779,387
Aggregate net OPEB liability	7,897,861
Aggregate net pension liability	<u>262,290,704</u>
Total liabilities	<u>1,416,407,454</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	29,934,234
Deferred inflows of resources related to OPEB	14,311,015
Deferred inflows of resources related to pensions	<u>33,315,756</u>
Total deferred inflows of resources	<u>77,561,005</u>
Net Position	
Net investment in capital assets	157,986,350
Restricted for	
Debt service	41,537,328
Capital projects	41,365,902
Other activities	84,204,021
Unrestricted deficit	<u>(234,729,808)</u>
Total net position	<u><u>\$ 90,363,793</u></u>

Coast Community College District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

Operating Revenues	
Tuition and fees	\$ 52,308,329
Less: Scholarship discounts and allowances	<u>(16,605,751)</u>
Net tuition and fees	<u>35,702,578</u>
Grants and contracts, noncapital	
Federal	4,627,774
State	76,200,168
Local	<u>8,378,613</u>
Total grants and contracts, noncapital	<u>89,206,555</u>
Auxiliary enterprise sales and charges	
Cafeteria	2,596,958
Other enterprise	<u>2,490,854</u>
Total auxiliary enterprise sales and charges	<u>5,087,812</u>
Total operating revenues	<u>129,996,945</u>
Operating Expenses	
Salaries	198,689,242
Employee benefits	41,323,108
Supplies, materials, and other operating expenses and services	92,600,007
Student financial aid	64,680,364
Equipment, maintenance, and repairs	478,608
Depreciation and amortization	<u>36,996,537</u>
Total operating expenses	<u>434,767,866</u>
Operating Loss	<u>(304,770,921)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	45,410,761
Local property taxes, levied for general purposes	180,244,297
Taxes levied for other specific purposes	55,263,404
Federal and State financial aid grants	49,000,598
State taxes and other revenues	11,331,760
Investment income, net	11,951,903
Interest expense on capital related debt	(23,412,646)
Investment income on capital asset-related debt, net	1,177,821
Other nonoperating revenue	<u>11,996,016</u>
Total nonoperating revenues (expenses)	<u>342,963,914</u>
Income Before Other Revenues and Losses	<u>38,192,993</u>
Other Revenues (Losses)	
State revenues, capital	11,794,265
Local revenues, capital	4,428,380
Loss on disposal of capital assets	<u>(13,436)</u>
Total other revenues (losses)	<u>16,209,209</u>
Change In Net Position	54,402,202
Net Position, Beginning of Year	<u>35,961,591</u>
Net Position, End of Year	<u><u>\$ 90,363,793</u></u>

Coast Community College District
Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities	
Tuition and fees	\$ 23,925,779
Federal, state, and local grants and contracts, noncapital	110,824,242
Payments to or on behalf of employees	(251,963,258)
Payments to vendors for supplies and services	(93,167,390)
Payments to students for scholarships and grants	(64,680,364)
Other operating receipts (payments)	<u>5,087,812</u>
Net Cash Flows from Operating Activities	<u>(269,973,179)</u>
Noncapital Financing Activities	
State apportionments	25,420,029
Federal and state financial aid grants	49,000,598
Property taxes - nondebt related	180,244,297
State taxes and other apportionments	9,339,938
Other nonoperating	<u>27,135,946</u>
Net Cash Flows from Noncapital Financing Activities	<u>291,140,808</u>
Capital Financing Activities	
Purchase of capital assets	(63,100,276)
State revenue, capital	12,155,929
Local revenue, capital	4,428,380
Property taxes - related to capital debt	55,263,404
Principal paid on capital debt	(38,623,832)
Interest paid on capital debt	(22,496,157)
Interest received on capital asset-related debt	<u>1,177,821</u>
Net Cash Flows from Capital Financing Activities	<u>(51,194,731)</u>
Investing Activities	
Change in fair market value of cash in county treasury	(1,705,858)
Purchase of investments	(4,568,534)
Interest received from investments	<u>13,657,761</u>
Net Cash Flows from Investing Activities	<u>7,383,369</u>
Change In Cash and Cash Equivalents	(22,643,733)
Cash and Cash Equivalents, Beginning of Year	<u>374,809,389</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 352,165,656</u></u>

Coast Community College District

Statement of Cash Flows

Year Ended June 30, 2024

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	<u>\$ (304,770,921)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	36,996,537
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables	13,020,981
Inventories	24,982
Prepaid expenses	903,317
Lease receivables	1,317,477
Deferred outflows of resources related to OPEB	7,553,597
Deferred outflows of resources related to pensions	(17,873,551)
Accounts payable	(623,655)
Unearned revenue	(3,180,093)
Compensated absences and load banking	1,349,278
Perkins loan program liability	(217,714)
PARS Supplemental retirement plan liability	(1,381,507)
Claims liability	(1,276,784)
Aggregate net OPEB liability	18,749,704
Aggregate net pension liability	(7,455,883)
Deferred inflows of resources related to leases	(1,317,477)
Deferred inflows of resources related to OPEB	(3,731,223)
Deferred inflows of resources related to pensions	<u>(8,060,244)</u>
Total adjustments	<u>34,797,742</u>
Net cash flows from operating activities	<u><u>\$ (269,973,179)</u></u>
Cash and Cash Equivalents Consist of the Following	
Cash on hand and in banks	\$ 49,154,159
Cash in county treasury	<u>303,011,497</u>
Total cash and cash equivalents	<u><u>\$ 352,165,656</u></u>
Noncash Transactions	
Amortization of debt premiums	\$ 2,898,873
Accretion of interest on capital appreciation bonds	\$ 8,600,965
Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	\$ 2,909,285

Coast Community College District
Fiduciary Fund
Statement of Net Position
June 30, 2024

	Retiree OPEB Trust
	<hr/>
Assets	
Investments	<u>\$ 102,760,930</u>
Net Position	
Restricted for postemployment benefits other than pensions	<u>\$ 102,760,930</u>

Coast Community College District

Fiduciary Fund

Statement of Changes in Net Position

Year Ended June 30, 2024

	Retiree OPEB Trust
Additions	
District contributions	\$ 6,592,206
Interest and investment income	3,273,109
Net realized and unrealized gains	7,318,047
Total additions	<u>17,183,362</u>
Deductions	
Benefit payments	6,592,206
Administrative expenses	197,964
Total deductions	<u>6,790,170</u>
Change in Net Position	10,393,192
Net Position - Beginning of Year	<u>92,367,738</u>
Net Position - End of Year	<u><u>\$ 102,760,930</u></u>

Coast Community College District

Discretely Presented Component Units

Coast Community College District, Coastline Community College, Golden West College, and Orange Coast College Foundations - Statements of Financial Position

June 30, 2024

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Assets				
Current assets				
Cash and cash equivalents	\$ 351,526	\$ 466,803	\$ 1,463,634	\$ 5,427,046
Accounts receivable	-	37,108	1,090	5,425
Promises to give	-	2,350	50,000	-
Due from Coast CCD Enterprise, Inc.	28,453	-	-	-
Operating investments	-	760,038	775,461	711,523
Prepaid expenses and other assets	-	-	66,652	25,000
Total current assets	<u>379,979</u>	<u>1,266,299</u>	<u>2,356,837</u>	<u>6,168,994</u>
Noncurrent assets				
Investments	17,319	2,125,377	11,087,517	33,927,168
Investment in Coast CCD Enterprise, Inc.	88,036	-	-	-
Split-interest agreements	54,610	7,209	-	353,100
Assets held for sale	-	-	-	76,550
Other assets - art	-	-	1,300,000	-
Property and equipment, net	-	468,557	-	9,224,993
Beneficial interest in assets held by the FCCC	-	356,723	249,266	25,511
Total noncurrent assets	<u>159,965</u>	<u>2,957,866</u>	<u>12,636,783</u>	<u>43,607,322</u>
Total assets	<u>\$ 539,944</u>	<u>\$ 4,224,165</u>	<u>\$ 14,993,620</u>	<u>\$ 49,776,316</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 10,015	\$ 18,823	\$ 12,655	\$ 104,660
Designated scholarships payable	-	-	177,620	559,933
Unearned revenue	-	-	-	546,274
Due to Coast Community College District	-	-	3,715	-
Due to Coast CCD Enterprise, Inc.	3,198	-	-	-
Total current liabilities	<u>13,213</u>	<u>18,823</u>	<u>193,990</u>	<u>1,210,867</u>
Noncurrent liabilities				
Split-interest agreements	1,481	-	-	-
Total liabilities	<u>14,694</u>	<u>18,823</u>	<u>193,990</u>	<u>1,210,867</u>
Net assets				
Without donor restrictions	472,121	681,950	1,193,617	3,868,594
With donor restrictions	53,129	3,523,392	13,606,013	44,696,855
Total net assets	<u>525,250</u>	<u>4,205,342</u>	<u>14,799,630</u>	<u>48,565,449</u>
Total liabilities and net assets	<u>\$ 539,944</u>	<u>\$ 4,224,165</u>	<u>\$ 14,993,620</u>	<u>\$ 49,776,316</u>

Coast Community College District
Discretely Presented Component Units
Coast Community College District Enterprise Corporation – Balance Sheet
June 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 1,017,863
Prepaid expenses and other current assets	<u>2,422</u>

Total current assets	<u>1,020,285</u>
----------------------	------------------

Noncurrent assets

Deposits held with District	40,000
Equipment	532,420
Accumulated depreciation	<u>(512,640)</u>

Total noncurrent assets	<u>59,780</u>
-------------------------	---------------

Total assets	<u><u>\$ 1,080,065</u></u>
--------------	----------------------------

Liabilities and Stockholders' Equity

Current liabilities

Accounts payable - trade	9,641
Accounts payable - related party	356,738
Deferred revenue	<u>539,125</u>

Total liabilities	<u>905,504</u>
-------------------	----------------

Shareholders' Equity

Common stock (\$1 par value, 100,000 authorized, 158 shares issued and outstanding)	158
Retained earnings	<u>174,403</u>

Total shareholders' equity	<u>174,561</u>
----------------------------	----------------

Total liabilities and net assets	<u><u>\$ 1,080,065</u></u>
----------------------------------	----------------------------

Coast Community College District
Discretely Presented Component Units
Coast Community College District, Coastline Community College, Golden West College, and Orange Coast
College Foundations - Statements of Activities
Year Ended June 30, 2024

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Change in Net Assets Without Donor Restriction				
Revenues				
Contributions	\$ 9,204	\$ 23,815	\$ 9,981	\$ 131,152
Donated services	84,432	420,119	442,268	934,194
Donated facilities	-	13,190	18,062	19,898
Special events	-	-	18,056	-
Vending machine commissions	-	-	2,992	-
Miscellaneous revenue	-	-	-	17,688
Administrative fees, Coast CCD Enterprise, Inc.	108,752	-	-	-
Trademark fees, Coast CCD Enterprise, Inc.	60,000	-	-	-
Net assets released from restriction - management/administrative fee	-	-	85,017	313,506
Net assets released from restriction	-	315,219	505,040	8,545,916
Total revenues	262,388	772,343	1,081,416	9,962,354
Operating Expenses				
Program services				
Student and college support	173,551	428,818	629,468	3,891,697
Sailing program	-	-	-	5,009,924
Supporting services				
Management and general	50,967	287,554	219,513	629,235
Fundraising	-	59,543	265,743	196,181
Total expenses	224,518	775,915	1,114,724	9,727,037
Other Income, Gains, and Losses				
Investment income, net of expense	81	82,456	112,557	218,202
Change in value of Coast CCD Enterprise, Inc.	(2,818)	-	-	-
Total other income, gains, and losses	(2,737)	82,456	112,557	218,202
Change in Net Assets Without Donor Restriction	35,133	78,884	79,249	453,519

Coast Community College District
Discretely Presented Component Units
Coast Community College District, Coastline Community College, Golden West College, and Orange Coast
College Foundations - Statements of Activities
Year Ended June 30, 2024

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Change in Net Assets With Donor Restriction				
Revenues				
Contributions	\$ -	\$ 282,541	\$ 531,523	\$ 5,514,026
Program related sales	-	-	-	136,714
Charter fees	-	-	-	740,088
Miscellaneous revenue	-	3,412	-	10,539
In-kind contributions	-	19,483	6,433	214,658
Donated vessels	-	-	-	3,295,690
Net assets released from restriction - management/administrative fee	-	-	(85,017)	(313,506)
Net assets released from restriction	-	(315,219)	(505,040)	(8,545,916)
Total revenues	-	(9,783)	(52,101)	1,052,293
Other income, gains and losses				
Investment income, net of expense	-	250,131	1,131,851	3,137,301
Loss on sale of donated assets	-	-	-	(2,577,583)
Change in value, split-interest agreements	557	-	-	176,383
Change in value, beneficial interest	-	22,668	15,074	1,756
Total other income, gains, and losses	557	272,799	1,146,925	737,857
Change in Net Assets With Donor Restriction	557	263,016	1,094,824	1,790,150
Change in Net Assets	35,690	341,900	1,174,073	2,243,669
Net Assets, Beginning of Year, as previously reported	489,560	3,863,442	13,625,557	47,440,844
Adjustments	-	-	-	(1,119,064)
Net Assets, Beginning of Year, as restated	-	-	-	46,321,780
Net Assets, End of Year	<u>\$ 525,250</u>	<u>\$ 4,205,342</u>	<u>\$ 14,799,630</u>	<u>\$ 48,565,449</u>

Coast Community College District

Discretely Presented Component Units

Coast Community College District Enterprise Corporation - Statement of Income and Retained Earnings

Year Ended June 30, 2024

Operating Revenues	
Space rental income	<u>\$ 7,267,697</u>
Operating Expenses	
Salaries	1,641,721
Employee benefits	460,448
Supplies	46,528
Rental expense	2,129,748
Other services	2,983,663
Depreciation	<u>9,775</u>
Total operating expenses	<u>7,271,883</u>
Net Operating Income (Loss)	(4,186)
Provision for Income Taxes	<u>1,450</u>
Net Income (Loss)	(5,636)
Retained Earnings, Beginning of Year	<u>180,039</u>
Retained Earnings, End of Year	<u><u>\$ 174,403</u></u>

Coast Community College District
Discretely Presented Component Units
Coast Community College District, Coastline Community College, Golden West College, and Orange Coast
College Foundations - Statements of Cash Flows
Year Ended June 30, 2024

	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	\$ 9,204	\$ 325,285	\$ 559,560	\$ 5,645,178
Interest and dividends	81	46,633	328,318	879,872
Administrative and trademark fees	189,548	-	-	-
Other operating revenues and charter fees	-	-	-	1,189,128
Vending machine commissions	-	-	2,992	-
Reimbursements to Coast Community College District on behalf of employees	(117,988)	-	(50,148)	(223,836)
Payments for college support	-	-	(163,961)	-
Payments to/on behalf of employees	-	-	-	-
Payments to suppliers	-	(432,197)	(80,603)	(4,038,731)
Payments to/on behalf of students for scholarships	(18,500)	(143,394)	(267,226)	(783,930)
Net Cash from Operating Activities	62,345	(203,673)	328,932	2,667,681
Cash Flows from Investing Activities				
Purchase of investments	-	(5,192,752)	(3,197,647)	(15,779,870)
Proceeds from sale of investments	-	4,795,520	2,845,484	13,194,355
Purchase of property and equipment	-	(9,507)	-	-
Proceeds from sale of donated assets	-	-	-	1,725,833
Interest and dividends on split interest agreement	577	-	-	-
Interest and dividends reinvested	(577)	-	-	-
Net Cash from Investing Activities	-	(406,739)	(352,163)	(859,682)
Net Change In Cash and Cash Equivalents	62,345	(610,412)	(23,231)	1,807,999
Cash and Cash Equivalents, Beginning of Year	289,181	1,077,215	1,486,865	3,619,047
Cash and Cash Equivalents, End of Year	\$ 351,526	\$ 466,803	\$ 1,463,634	\$ 5,427,046

Coast Community College District
Discretely Presented Component Units
Coast Community College District, Coastline Community College, Golden West College, and Orange Coast
College Foundations - Statements of Cash Flows
Year Ended June 30, 2024

	Coast Community College District Foundation	Coastline Community College Foundation	Golden West College Foundation	Orange Coast College Foundation
Reconciliation of Change in Net Assets to Cash from Operating Activities				
Change in net assets	\$ 35,690	\$ 341,900	\$ 1,174,073	\$ 2,243,669
Adjustments to reconcile change in net assets to cash from operating activities				
Depreciation expense	-	6,599	-	3,548,116
Change in value of investment in Coast CCD Enterpri	2,818	-	-	-
Change in value of split-interest agreement	(557)	-	-	(176,383)
Non-cash contributions and donated vessels receive	-	-	-	(3,295,690)
Loss on sale of donated assets	-	-	-	2,577,583
Net unrealized gains/losses on investments		(347,087)	(832,002)	(659,832)
Realized gains/losses on investments		61,133	(84,088)	(1,815,799)
Change in value, beneficial interest	-	(22,668)	(15,074)	(1,756)
Changes in assets and liabilities				
Accounts receivable	-	(17,784)	-	-
Promises to give	-	4,025	-	-
Due from Coast CCD Enterprise, Inc.	21,353	-	-	-
Prepaid expenses and other assets	-	-	4,290	-
Accounts payable	3,598	(229,791)	4,317	(53,574)
Designated scholarships payable	-	-	76,858	17,248
Unearned revenue	-	-	-	284,099
Due to Coast Community College District	(557)	-	558	-
Due to Coast CCD Enterprise, Inc.	-	-	-	-
Net Cash from Operating Activities	<u>\$ 62,345</u>	<u>\$ (203,673)</u>	<u>\$ 328,932</u>	<u>\$ 2,667,681</u>

Coast Community College District
Discretely Presented Component Units
Coast Community College District Enterprise Corporation – Statement of Cash Flows
Year Ended June 30, 2024

Cash Flows from Operating Activities	
Cash received from space rental income	\$ 7,252,110
Cash paid to employees for salaries and benefits	(1,974,568)
Cash paid to vendors for goods and services	<u>(5,572,207)</u>
Net Cash from Operating Activities	<u>(294,665)</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(9,606)</u>
Net Change In Cash and Cash Equivalents	(304,271)
Cash and Cash Equivalents, Beginning of Year	<u>1,322,134</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,017,863</u></u>
Reconciliation of Net Income (Loss) to Cash Flows from Operating Activities	
Net income (loss)	\$ (5,636)
Adjustments to net income (loss) to net cash flows from operating activities	
Depreciation	9,775
Changes in assets and liabilities	
Accounts receivable	32,198
Prepaid expenses and other current assets	5,658
Accounts payable	(11,824)
Accounts payable - related party	(277,051)
Deferred revenue	<u>(47,785)</u>
Net Cash from Operating Activities	<u><u>\$ (294,665)</u></u>

Note 1 - Organization

The Coast Community College District (the District) is a comprehensive, public, two-year institution offering higher education in the County of Orange in the State of California and is governed by an elected Board of Trustees. Currently, the District operates three college campuses located in the cities of Fountain Valley, Costa Mesa, and Huntington Beach. 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.) 2100.001. The District is classified as a state instrumentally under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. 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 for each organization 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 Accounting

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary activities through the cafeteria and enterprise activities.

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable include amounts due from Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District does not record an allowance for uncollectible accounts because collectability of the receivables from such sources is probable.

Prepaid Expenses

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

Inventories

Inventories consist primarily of cafeteria and other stores held for resale to the students and faculty of the colleges. Inventories are stated at lower of cost or market. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Leases

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide 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.

Capital Assets, Depreciation, and Amortization

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

The following estimated useful lives are used to compute depreciation:

Land improvements	10 years
Buildings and improvements	20-50 years
Equipment, vehicles, and technology	3-8 years

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

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

Debt Premiums

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

Unearned Revenue

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

Subscription-based IT Arrangements

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

Compensated Absences and Load Banking

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

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Pensions

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

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, Perkins loan program liability, compensated absences and load banking, PARS supplemental retirement plan liability, claims liability, and subscription-based IT arrangements with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$167,107,251 of restricted net position, and the fiduciary funds financial statements report \$102,760,930 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed General Obligation Bonds in November 2002 and November 2012 for the acquisition, construction, and rehabilitation of facilities. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected by the County of Orange and remitted to the District.

Scholarship Discounts and Allowances

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

Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

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

Adoption of New Accounting Standard**Implementation of GASB Statement No. 100**

As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Note 3 - Deposits and Investments**Policies and Practices**

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	\$ 47,444,085	\$ -
Cash in revolving	1,710,074	-
Investments - Cash in county treasury	303,011,497	-
Investments - Other	63,901,835	102,760,930
	<u>\$ 416,067,491</u>	<u>\$ 102,760,930</u>
Total deposits and investments	<u>\$ 416,067,491</u>	<u>\$ 102,760,930</u>

Interest Rate Risk

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

Specific Identification

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

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Orange County educational investment pool	\$ 303,011,497	407	AAAm
Mutual funds	106,197,323	No maturity	Not rated
U.S. Treasury notes	36,630,326	2,562	AA+
U.S. Government agencies	19,272,186	2,006	AA+
Money market funds	4,562,930	No maturity	Not rated
	<u>\$ 469,674,262</u>		
Total	<u>\$ 469,674,262</u>		

Custodial Credit Risk**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District's bank balance of approximately \$47.6 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2024, the District's investment balance of approximately \$127.0 million was exposed to custodial credit risk because it was uninsured, unregistered, or held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

Investment Type	Fair Value	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
Mutual funds	\$ 106,197,323	\$ 106,197,323	\$ -
U.S. Treasury notes	36,630,326	-	36,630,326
U.S. Government agencies	19,272,186	-	19,272,186
Total	<u>\$ 162,099,835</u>	<u>\$ 106,197,323</u>	<u>\$ 55,902,512</u>

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

Note 5 - Accounts Receivable

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

	Primary Government
Federal Government	
Categorical aid	\$ 1,900,365
State Government	
Apportionment	19,990,732
Categorical aid	1,788,273
Lottery	1,991,822
Other Local Sources	3,792,187
Total	<u>\$ 29,463,379</u>
Student receivables	
Enrollment and fees	\$ 15,660,406
Perkins loan program	1,469,879
Total	<u>\$ 17,130,285</u>

Note 6 - 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 the year ended June 30, 2024, consisting of \$368,288 of principal and \$381,712 of interest. The discount rate on the note receivable is 4.68%. The balance of the note receivable as of June 30, 2024, is \$5,798,681.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 403,388	\$ 346,612	\$ 750,000
2026	438,487	311,513	750,000
2027	473,588	276,412	750,000
2028	508,687	241,313	750,000
2029	543,788	206,212	750,000
2030-2034	3,245,437	504,563	3,750,000
2035	185,306	2,194	187,500
	<u>\$ 5,798,681</u>	<u>\$ 1,888,819</u>	<u>\$ 7,687,500</u>
Total			

Note 7 - Lease Receivables

The lease receivables are summarized below:

	<u>Balance, July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2024</u>
Property and building leases	<u>\$ 31,251,711</u>	<u>\$ -</u>	<u>\$ (1,317,477)</u>	<u>\$ 29,934,234</u>

The District leases portions of its property and buildings. Lease terms vary and extend through January 2062. During the fiscal year ended June 30, 2024 the District recognized lease revenue and interest revenue totaling \$1,317,477 and \$281,426, respectively. At June 30, 2024, the balance of lease receivables and deferred inflows of resources related to leases was \$29,934,234. Interest rates applied to the leases range between 0.52% and 0.728%.

Note 8 - Capital Assets

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

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
Capital Assets Not Being Depreciated or Amortized				
Land	\$ 24,141,969	\$ -	\$ -	\$ 24,141,969
Construction in progress	76,276,333	46,181,073	(4,426,509)	118,030,897
Total capital assets not being depreciated or amortized	100,418,302	46,181,073	(4,426,509)	142,172,866
Capital Assets Being Depreciated and Amortized				
Site improvements	92,308,541	-	-	92,308,541
Buildings and improvements	1,046,748,449	4,426,509	(5,281,705)	1,045,893,253
Equipment and vehicles	70,406,582	3,174,817	(540,738)	73,040,661
Right-to-use subscription IT assets	18,709,028	2,909,285	(506,400)	21,111,913
Total capital assets being depreciated or amortized	1,228,172,600	10,510,611	(6,328,843)	1,232,354,368
Less Accumulated Depreciation and Amortization				
Site improvements	(79,064,083)	(2,100,224)	-	(81,164,307)
Buildings and improvements	(274,095,884)	(23,865,324)	5,281,705	(292,679,503)
Equipment and vehicles	(56,585,717)	(5,839,094)	527,302	(61,897,509)
Right-to-use subscription IT assets	(3,207,398)	(5,191,895)	506,400	(7,892,893)
Total accumulated depreciation and amortization	(412,953,082)	(36,996,537)	6,315,407	(443,634,212)
Total capital assets, net	\$ 915,637,820	\$ 19,695,147	\$ (4,439,945)	\$ 930,893,022

Note 9 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Due in One Year
General obligation bonds	\$ 991,890,369	\$ 8,600,965	\$ (33,825,000)	\$ 966,666,334	\$ 32,140,000
Bond premium	21,906,105	-	(2,898,873)	19,007,232	-
Pension obligation bonds	1,380,000	-	(455,000)	925,000	460,000
Note payable	1,480,000	-	(405,000)	1,075,000	415,000
Perkins loan program liability	1,716,591	-	(217,714)	1,498,877	-
Subscription-based IT arrangements	15,501,630	2,909,285	(3,938,832)	14,472,083	4,568,593
Compensated absences and load banking	9,655,116	1,349,278	-	11,004,394	741,457
PARS supplemental retirement plan liability	2,763,017	-	(1,381,507)	1,381,510	1,381,510
Claims liability	3,732,301	18,830,291	(20,107,075)	2,455,517	-
Total	<u>\$ 1,050,025,129</u>	<u>\$ 31,689,819</u>	<u>\$ (63,229,001)</u>	<u>\$ 1,018,485,947</u>	<u>\$ 39,706,560</u>

Description of Long-term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Payments on the pension obligation bonds are made from the General Fund. Payments on the note payable are made from Coastline Community College Property Management Fund. Payments for subscription-based IT arrangements will be made by the fund for which the software was intended. The Perkins loan program liability is reduced through student payments received in the Financial Aid fund. The compensated absences and load banking liabilities and the PARS supplemental retirement plan liability will be paid by the fund for which the employee worked. The claims liability will be paid by the Internal Service Fund. Further detail about the claims liabilities can be found in Note 11.

General Obligation Bonds

Election of 2002 - 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. Interest rates on the bonds range from 3.63% to 5.00%. As of June 30, 2024, the outstanding balance was \$117,189,104.

Election of 2012 - 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. Interest rates on the bonds range from 0.80% to 5.00%. As of June 30, 2024, the outstanding balance was \$297,997,230.

2013 Refunding Bonds Series A

In May 2013, the District issued the 2013 Refunding Bonds for \$80,265,000 to advance refund a portion of the District's outstanding Election of 2002 General Obligation Bonds, Series 2006B. Interest rates on the bonds range from 2.00% to 5.00%. As of June 30, 2024, the outstanding balance was paid in full.

2019 Refunding Bonds

In November 2019, the District issued the 2019 Refunding Bonds for \$150,965,000 to advance refund certain of the District's outstanding Election of 2012 General Obligation Bonds, Series 2013A. Interest rates on the bonds range from 1.67% to 2.96%. As of June 30, 2024, the outstanding balance was \$142,655,000.

2020 Refunding Bonds

In October 2020, the District issued the 2020 Refunding Bonds for \$211,770,000 to advance refund portions of the District's 2015 General Obligation Refunding Bonds. Interest rates on the bonds range from 0.28% to 2.26%. As of June 30, 2024, the outstanding balance was \$208,275,000.

2022 Refunding Bonds

In February 2022, the District issued the 2022 Refunding Bonds for \$205,715,000 to advance refund certain of the District's outstanding 2013 General Obligation Refunding Bonds, Series A and Election of 2012 General Obligation Bonds, Series 2017D. Interest rates on the bonds range from 0.52% to 2.98%. As of June 30, 2024, the outstanding balance was \$200,550,000.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding, July 1, 2023	Accreted Interest	Redeemed	Bonds Outstanding, June 30, 2024
6/28/2006	8/1/2030	3.63-5.00%	\$ 149,859,831	\$ 111,484,459	\$ 5,704,645	\$ -	\$ 117,189,104
5/29/2013	8/1/2024	1.50-5.00%	190,000,000	7,765,000	-	(3,640,000)	4,125,000
5/29/2013	8/1/2023	2.00-5.00%	80,265,000	19,110,000	-	(19,110,000)	-
8/31/2016	8/1/2023	0.80-1.98%	30,000,000	3,815,000	-	(3,815,000)	-
3/29/2017	8/1/2042	4.00-5.00%	280,000,000	120,035,000	-	-	120,035,000
11/20/2019	8/1/2043	1.68-4.00%	167,996,253	172,520,910	2,896,320	(1,580,000)	173,837,230
11/20/2019	8/1/2038	1.67-2.96%	150,965,000	144,310,000	-	(1,655,000)	142,655,000
10/28/2020	8/1/2035	0.28-2.26%	211,770,000	208,990,000	-	(715,000)	208,275,000
2/8/2022	8/1/2039	0.52-2.98%	205,715,000	203,860,000	-	(3,310,000)	200,550,000
				<u>\$ 991,890,369</u>	<u>\$ 8,600,965</u>	<u>\$ (33,825,000)</u>	<u>\$ 966,666,334</u>

The bonds mature through 2044 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2025	\$ 32,140,000	\$ -	\$ 21,064,607	\$ 53,204,607
2026	39,195,450	1,799,550	20,471,850	61,466,850
2027	40,952,052	3,077,948	19,935,209	63,965,209
2028	42,852,295	4,432,705	19,310,398	66,595,398
2029	44,865,849	5,859,151	18,611,251	69,336,251
2030-2034	291,950,235	9,354,765	75,531,733	376,836,733
2035-2039	271,502,439	952,561	36,441,199	308,896,199
2040-2044	203,208,014	70,061,986	9,788,455	283,058,455
Total	<u>\$ 966,666,334</u>	<u>\$ 95,538,666</u>	<u>\$ 221,154,702</u>	<u>\$ 1,283,359,702</u>

Pension Obligation Bonds

During the fiscal year ended June 30, 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. As of June 30, 2024, the outstanding balance was \$925,000.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 460,000	\$ 9,174	\$ 469,174
2026	465,000	3,069	468,069
Total	<u>\$ 925,000</u>	<u>\$ 12,243</u>	<u>\$ 937,243</u>

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. As of June 30, 2024, the remaining balance was \$1,075,000.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 415,000	\$ 36,469	\$ 451,469
2026	440,000	20,719	460,719
2027	220,000	4,125	224,125
Total	<u>\$ 1,075,000</u>	<u>\$ 61,313</u>	<u>\$ 1,136,313</u>

PARS Supplemental Retirement Plan 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 criterion in exchange for agreeing to retire on or before June 30, 2020. A total of 95 employees participated in the plan. As of June 30, 2024, the remaining balance was \$1,381,510, which is due in full during the year ending June 30, 2025.

Perkins Loan Program Liability

The District administers Title IV Perkins loans for the benefit of its students. Funds for the Perkins loan program were initially received through federal capital contributions (FCC) from the U.S. Department of Education (ED), and were supplemented with institutional capital contributions (ICC). The year ending June 30, 2018 was the last year in which new Perkins loans were disbursed as Congress did not renew the program. Participating institutions were given the option of assigning existing Perkins loans to the federal government or continuing to collect these loans from students while returning the FCC portion to ED as the loans are repaid. The District elected to continue to collect Perkins loans from students and return the FCC portion as the loans are repaid.

During the year ended June 30, 2018, the District established a liability of \$2,405,774 for the FCC received from ED which funded the Perkins loan program. With the close-out of the Perkins loan program, the FCC is due back to ED. The District has elected to continue to collect these loans from students and will return the FCC to ED as it is collected. On May 24, 2019, ED issued a memo stating that a decision had been made not to require distribution of assets from institutions as ED is continuing to explore options to reimburse institutions for loan service cancellations. At June 30, 2024, the Perkins loan program liability balance totaled \$1,498,877.

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into various SBITAs for the technological needs of the District and its students. At June 30, 2024, the District has recognized right-to-use subscriptions IT assets of \$21,111,913 and SBITA liabilities of \$14,472,083 related to these agreements. Under the terms of the SBITAs, the District makes payments ranging from \$1,325 to \$2,075,826 annually, which amounted to total principal and interest costs of \$3,275,914 for the year ending June 30, 2024. During year ended June 30, 2024, the District recorded \$5,191,895 in amortization expense and \$366,629 in interest expense for the SBITAs. The District used discount rate of 2.4% based on the estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,568,593	\$ 345,582	\$ 4,914,175
2026	4,677,182	237,819	4,915,001
2027	2,925,397	124,866	3,050,263
2028	2,300,911	55,222	2,356,133
Total	<u>\$ 14,472,083</u>	<u>\$ 763,489</u>	<u>\$ 15,235,572</u>

Note 10 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

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

<u>OPEB Plan</u>	<u>Aggregate Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 7,287,857	\$ 5,358,561	\$ 14,311,015	\$ (3,582,854)
Medicare Premium Payment (MPP) Program	610,004	-	-	(50,655)
Total	<u>\$ 7,897,861</u>	<u>\$ 5,358,561</u>	<u>\$ 14,311,015</u>	<u>\$ (3,633,509)</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Coast Community College District Retirement Board of Authority, which consists of appointed Plan members.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	860
Active employees	1,188
	<hr/>
Total	2,048
	<hr/> <hr/>

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the *Internal Revenue Code* (IRC) for the purpose of funding certain postemployment benefits other than pensions. The District's OPEB plan assets has assets with two trustees: the Retiree Health Benefit Funding Program Joint Powers Agency held in the Retiree Health Benefit OPEB Trust and Benefit Trust Company held in the Futurism Public Entity Investment Trust. The Trust is administered by the Retiree Health Benefit Funding Program Joint Powers Agency as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District management, the Coast Federation of Educators (CFE), the Coast Federation of Classified Employees (CFCE), and unrepresented groups. The contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined feasible by District management and the District's Governing Board. For the measurement period of June 30, 2024, the District contributed \$6,592,206 to the Plan, of which \$5,897,775 was used for current premiums and \$694,431 represents the effects of the implicit rate subsidy.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2024:

Retiree Health Benefit OPEB Trust	
Asset Class	Target Allocation
U.S large cap	29%
U.S small cap	13%
All foreign stock	9%
Other fixed income	49%
Futuris Public Entity Investment Trust	
Asset Class	Target Allocation
All fixed income	55%
Real estate investment trusts	4%
All domestic equities	22%
All international equities	19%

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of \$7,287,857 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2023. The components of the net OPEB liability of the District at June 30, 2024, were as follows:

Total OPEB liability	\$ 110,048,787
Plan fiduciary net position	<u>(102,760,930)</u>
Net OPEB liability	<u>\$ 7,287,857</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>93.38%</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.75%
Healthcare cost trend rate	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, (see the discussion of the Plan's investment policy) are summarized in the following tables:

Retiree Health Benefit OPEB Trust	
Asset Class	Long-Term Expected Real Rate of Return
	7.545%
U.S large cap	7.545%
U.S small cap	7.545%
All foreign stock	3.000%
Other fixed income	
Futuris Public Entity Investment Trust	
Asset Class	Long-Term Expected Real Rate of Return
All fixed income	4.250%
Real estate investment trusts	7.250%
All domestic equities	7.250%
All international equities	7.250%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2023	\$ 107,060,823	\$ 92,367,738	\$ 14,693,085
Service cost	3,512,708	-	3,512,708
Interest	6,067,462	-	6,067,462
Contributions - employer	-	6,592,206	(6,592,206)
Expected investment income	-	5,305,453	(5,305,453)
Differences between projected and actual earnings on OPEB plan investments	-	5,285,703	(5,285,703)
Benefit payments	(6,592,206)	(6,592,206)	-
Administrative expense	-	(197,964)	197,964
Net change in total OPEB liability	2,987,964	10,393,192	(7,405,228)
Balance, June 30, 2024	\$ 110,048,787	\$ 102,760,930	\$ 7,287,857

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

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

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

Discount Rate	Net OPEB Liability/(Asset)
1% decrease (4.75%)	\$ 16,399,244
Current discount rate (5.75%)	7,287,857
1% increase (6.75%)	(849,622)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

Healthcare Cost Trend Rate	Net OPEB Liability/(Asset)
1% decrease (3.00%)	\$ (888,571)
Current healthcare cost trend rate (4.00%)	7,287,857
1% increase (5.00%)	16,838,044

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,510,426	\$ 13,730,696
Changes of assumptions	2,303,254	580,319
Net difference between projected and actual earnings on OPEB plan investments	544,881	-
Total	<u>\$ 5,358,561</u>	<u>\$ 14,311,015</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 211,566
2026	2,803,949
2027	(1,413,565)
2028	(1,057,069)
Total	<u>\$ 544,881</u>

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 6.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (1,890,088)
2026	(1,737,190)
2027	(1,507,828)
2028	(2,276,969)
2029	(2,085,260)
Total	<u>\$ (9,497,335)</u>

Medicare Premium Payment (MPP) Program**Plan Description**

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of \$610,004 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.2010% and 0.2006%, respectively, resulting in a net increase in the proportionate share of 0.0004%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(50,655).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.65%)	\$ 662,949
Current discount rate (3.65%)	610,004
1% increase (4.65%)	563,968

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 561,264
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	610,004
1% increase (5.50% Part A and 6.40% Part B)	665,030

Note 11 - Claims Liability

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

Estimates of liabilities for claims, both reported and unreported, for health and other benefit liability claims are established by the District's external administrator. The estimates are based on the continuous evaluation of the status of each claim.

As of June 30, 2024 and 2023, liabilities for claims amounted to \$2,455,517 and \$3,732,301, respectively. Changes in the claims liability amount in the fiscal years 2024 and 2023 are presented below:

	Health and Other Benefits
Liability Balance, July 1, 2022	\$ 2,084,367
Claims and changes in estimates	19,944,452
Claims payments	<u>(18,296,518)</u>
Liability Balance, June 30, 2023	3,732,301
Claims and changes in estimates	18,830,291
Claims payments	<u>(20,107,075)</u>
Liability Balance, June 30, 2024	<u><u>\$ 2,455,517</u></u>
Assets available to pay claims at June 30, 2024	<u><u>\$ 53,752,134</u></u>

Note 12 - Employee Retirement Systems

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

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

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 103,512,087	\$ 42,437,958	\$ 18,598,422	\$ 13,363,292
CalPERS	<u>158,778,617</u>	<u>51,205,669</u>	<u>14,717,334</u>	<u>18,903,830</u>
Total	<u><u>\$ 262,290,704</u></u>	<u><u>\$ 93,643,627</u></u>	<u><u>\$ 33,315,756</u></u>	<u><u>\$ 32,267,122</u></u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above, and the District's total contributions were \$18,351,154.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 103,512,087
State's proportionate share of net pension liability associated with the District	<u>49,595,552</u>
Total	<u><u>\$ 153,107,639</u></u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.1359% and 0.1180%, respectively, resulting in a net increase in the proportionate share of 0.0179%.

For the year ended June 30, 2024, the District recognized pension expense of \$13,363,292. In addition, the District recognized pension expense and revenue of 6,746,365 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 18,351,154	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	14,910,012	13,060,000
Differences between projected and actual earnings on pension plan investments	443,074	-
Differences between expected and actual experience in the measurement of the total pension liability	8,134,345	5,538,422
Changes of assumptions	<u>599,373</u>	<u>-</u>
Total	<u><u>\$ 42,437,958</u></u>	<u><u>\$ 18,598,422</u></u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (3,256,570)
2026	(5,103,616)
2027	8,387,029
2028	416,231
Total	<u>\$ 443,074</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (679,735)
2026	(904,988)
2027	(94,859)
2028	(214,702)
2029	3,478,713
Thereafter	3,460,879
Total	<u>\$ 5,045,308</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 173,633,266
Current discount rate (7.10%)	103,512,087
1% increase (8.10%)	45,268,275

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report and Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS School Employee Pool provisions and benefits in effect at June 30, 2024, are summarized as follows:

	On or before <u>December 31, 2012</u>	On or after <u>January 1, 2013</u>
Hire date	2% at 55	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	55	62
Retirement age	1.1% - 2.5%	1.0% - 2.5%
Monthly benefits as a percentage of eligible compensation	7.00%	8.00%
Required employee contribution rate	26.68%	26.68%
Required employer contribution rate		

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above, and the total District contributions were \$21,100,059.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$158,778,617. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.4386% and 0.4687%, respectively, resulting in a net decrease in the proportionate share of 0.0301%.

Coast Community College District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$18,903,830. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 21,100,059	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	36,636	12,278,728
Differences between projected and actual earnings on pension plan investments	16,959,826	-
Differences between expected and actual experience in the measurement of the total pension liability	5,794,280	2,438,606
Changes of assumptions	<u>7,314,868</u>	<u>-</u>
Total	<u>\$ 51,205,669</u>	<u>\$ 14,717,334</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 3,163,668
2026	1,874,237
2027	11,394,117
2028	<u>527,804</u>
Total	<u>\$ 16,959,826</u>

The deferred outflows/(inflows) of resources related to the change in proportion and difference between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, changes of assumptions, and will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (2,182,123)
2026	772,392
2027	(161,819)
Total	<u>\$ (1,571,550)</u>

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 229,552,838
Current discount rate (6.90%)	158,778,617
1% increase (7.90%)	100,285,334

Pension Stabilization Trust (PST)

The District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered “plan assets” for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a special revenue fund of the District. As of June 30, 2024, the balance of the trust was \$3,436,393.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$7,932,885 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Public Agency Retirement Services (PARS) - Alternate Retirement System

Federal law requires State and local public agencies to provide a retirement plan for all employees not covered under existing employer pension plans and/or Social Security.

The District is a member of the Public Agency Retirement Services (PARS), a multiple-employer retirement trust established in 1990 by a coalition of public employers. The plan covers the District's part-time, temporary, and other employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. PARS is a defined contribution qualified retirement plan under Section 401(a) of the *Internal Revenue Code*.

The participating employees contribute 6.2% of covered compensation and the District will contribute an additional 1.3%. For the year ended June 30, 2024, employer contributions to the plan were \$117,447 and total covered compensation was \$8,985,650.

Note 13 - 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 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 and to the insurance market. Member premiums are determined based on payroll expense and District loss experience based upon claims incurred.

The SAFER JPA 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.

The PRISM JPA covers liability, property, and workers' compensation job-site risks of construction activities for District projects. Membership is comprised of over 360 counties, cities, schools, special districts, and other JPAs. Premiums are determined for each construction project or projects.

The SWACC JPA was established to provide a comprehensive program of property and liability coverage for more than 40 community college districts 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 are governed by a board consisting of representatives from member districts. Each governing board controls the operation of its respective JPA, including the selection of management and approval of members, independent of any influence by the District beyond the District's representation in the governing boards.

Each JPA is independently accountable for its fiscal matters and maintains its own accounting records. Budgets are not subjective to any approval other than that of their respective governing board. Member districts share surpluses and deficits proportionally to their participation in each JPA. The relationships between the District and the JPAs are such that none of the JPAs are considered to be component units of the District for financial reporting purposes.

Note 14 - Commitments and Contingencies

Grants

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

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

Construction Commitments

As of June 30, 2024, the District had approximately \$25.2 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds, capital project apportionments from the California Community College Chancellor's Office, and local funds.



Required Supplementary Information
June 30, 2024

Coast Community College District

Coast Community College District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 3,512,708	\$ 4,236,119	\$ 4,122,744	\$ 3,938,670
Interest	6,067,462	6,883,803	6,709,047	6,333,154
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(16,902,637)	-	5,553,374
Changes of assumptions	-	(822,121)	-	2,467,525
Benefit payments	(6,592,206)	(7,869,180)	(7,829,307)	(6,687,203)
Net change in total OPEB liability	2,987,964	(14,474,016)	3,002,484	11,605,520
Total OPEB Liability - Beginning	107,060,823	121,534,839	118,532,355	106,926,835
Total OPEB Liability - Ending (a)	<u>\$ 110,048,787</u>	<u>\$ 107,060,823</u>	<u>\$ 121,534,839</u>	<u>\$ 118,532,355</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 6,592,206	\$ 7,869,180	\$ 7,829,307	\$ 6,687,203
Expected investment income	5,305,453	4,931,867	5,823,885	5,013,912
Differences between projected and actual earnings on OPEB plan investments	5,285,703	1,782,128	(21,087,592)	12,961,946
Benefit payments	(6,592,206)	(7,869,180)	(7,829,307)	(6,687,203)
Administrative expense	(197,964)	(235,721)	(263,558)	(248,663)
Net change in plan fiduciary net position	10,393,192	6,478,274	(15,527,265)	17,727,195
Plan Fiduciary Net Position - Beginning	92,367,738	85,889,464	101,416,729	83,689,534
Plan Fiduciary Net Position - Ending (b)	<u>\$ 102,760,930</u>	<u>\$ 92,367,738</u>	<u>\$ 85,889,464</u>	<u>\$ 101,416,729</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 7,287,857</u>	<u>\$ 14,693,085</u>	<u>\$ 35,645,375</u>	<u>\$ 17,115,626</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.38%	86.28%	70.67%	85.56%
Covered Employee Payroll	<u>\$ 175,165,019</u>	<u>\$ 134,198,824</u>	<u>\$ 126,517,097</u>	<u>\$ 120,941,417</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.16%	10.95%	28.17%	14.15%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

Coast Community College District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 3,833,255	\$ 5,038,776	\$ 4,903,918	\$ 4,772,670
Interest	6,130,451	6,394,336	6,133,300	5,885,743
Changes of benefit terms	-	(5,671,949)	-	-
Difference between expected and actual experience	-	(8,547,263)	-	-
Changes of assumptions	-	5,642,081	-	-
Benefit payments	(6,588,869)	(6,713,720)	(6,794,370)	(6,533,048)
Net change in total OPEB liability	3,374,837	(3,857,739)	4,242,848	4,125,365
Total OPEB Liability - Beginning	103,551,998	107,409,737	103,166,889	99,041,524
Total OPEB Liability - Ending (a)	<u>\$ 106,926,835</u>	<u>\$ 103,551,998</u>	<u>\$ 107,409,737</u>	<u>\$ 103,166,889</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 6,588,869	\$ 6,713,720	\$ 6,794,370	\$ 6,533,048
Expected investment income	4,804,481	4,562,166	4,292,242	6,030,540
Differences between projected and actual earnings on OPEB plan investments	(1,076,335)	(314,535)	382,212	-
Benefit payments	(6,588,869)	(6,713,720)	(6,794,370)	(6,533,048)
Administrative expense	(226,595)	(191,502)	(159,926)	(106,841)
Net change in plan fiduciary net position	3,501,551	4,056,129	4,514,528	5,923,699
Plan Fiduciary Net Position - Beginning	80,187,983	76,131,854	71,617,326	65,693,627
Plan Fiduciary Net Position - Ending (b)	<u>\$ 83,689,534</u>	<u>\$ 80,187,983</u>	<u>\$ 76,131,854</u>	<u>\$ 71,617,326</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 23,237,301</u>	<u>\$ 23,364,015</u>	<u>\$ 31,277,883</u>	<u>\$ 31,549,563</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	78.27%	77.44%	70.88%	69.42%
Covered Employee Payroll	<u>\$ 131,516,042</u>	<u>\$ 124,441,825</u>	<u>\$ 119,224,509</u>	<u>\$ 110,477,993</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	17.67%	18.78%	26.23%	28.56%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Coast Community College District
Schedule of OPEB Investment Returns
Year Ended June 30, 2024

	<u>2024</u>
Annual money-weighted rate of return, net of investment expense	<u>11.25%</u>
Measurement Date	June 30, 2024

Note : Information prior to 2024 was not available. In the future, as data becomes available, ten years of information will be presented.

Coast Community College District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022
Proportion of the net OPEB liability	0.2010%	0.2006%	0.2051%
Proportionate share of the net OPEB liability	\$ 610,004	\$ 660,659	\$ 818,150
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021
Year ended June 30,	2021	2020	2019
Proportion of the net OPEB liability	0.2243%	0.2455%	0.2560%
Proportionate share of the net OPEB liability	\$ 950,754	\$ 798,610	\$ 857,403
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

Note : Information prior to 2019 was not available. In the future, as data becomes available, ten years of information will be presented.

Coast Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
CalSTRS					
Proportion of the net pension liability	<u>0.1359%</u>	<u>0.1180%</u>	<u>0.0115%</u>	<u>0.1400%</u>	<u>0.1390%</u>
Proportionate share of the net pension liability	<u>\$ 103,512,087</u>	<u>\$ 82,262,000</u>	<u>\$ 52,507,000</u>	<u>\$ 135,314,000</u>	<u>\$ 125,316,000</u>
State's proportionate share of the net pension liability associated with the District	<u>49,595,552</u>	<u>46,496,000</u>	<u>31,240,000</u>	<u>73,948,000</u>	<u>68,368,000</u>
Total	<u>\$ 153,107,639</u>	<u>\$ 128,758,000</u>	<u>\$ 83,747,000</u>	<u>\$ 209,262,000</u>	<u>\$ 193,684,000</u>
Covered payroll	<u>\$ 92,427,000</u>	<u>\$ 84,531,000</u>	<u>\$ 80,583,000</u>	<u>\$ 83,893,000</u>	<u>\$ 86,100,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>111.99%</u>	<u>97.32%</u>	<u>65.16%</u>	<u>161.29%</u>	<u>145.55%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
CalPERS					
Proportion of the net pension liability	<u>0.4386%</u>	<u>0.4687%</u>	<u>0.4850%</u>	<u>0.5360%</u>	<u>0.5300%</u>
Proportionate share of the net pension liability	<u>\$ 158,778,617</u>	<u>\$ 161,279,000</u>	<u>\$ 98,522,000</u>	<u>\$ 164,436,000</u>	<u>\$ 154,370,000</u>
Covered payroll	<u>\$ 75,958,000</u>	<u>\$ 71,513,000</u>	<u>\$ 69,293,000</u>	<u>\$ 77,197,000</u>	<u>\$ 73,047,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>209.03%</u>	<u>225.52%</u>	<u>142.18%</u>	<u>213.01%</u>	<u>211.33%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

Coast Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS					
Proportion of the net pension liability	<u>0.1430%</u>	<u>0.1400%</u>	<u>0.1410%</u>	<u>0.1460%</u>	<u>0.1360%</u>
Proportionate share of the net pension liability	<u>\$ 131,427,010</u>	<u>\$ 129,472,000</u>	<u>\$ 114,042,210</u>	<u>\$ 98,293,040</u>	<u>\$ 79,474,320</u>
State's proportionate share of the net pension liability associated with the District	<u>75,248,479</u>	<u>76,595,165</u>	<u>64,931,754</u>	<u>51,986,043</u>	<u>47,990,508</u>
Total	<u>\$ 206,675,489</u>	<u>\$ 206,067,165</u>	<u>\$ 178,973,964</u>	<u>\$ 150,279,083</u>	<u>\$ 127,464,828</u>
Covered payroll	<u>\$ 77,600,000</u>	<u>\$ 77,100,000</u>	<u>\$ 71,000,000</u>	<u>\$ 67,800,000</u>	<u>\$ 60,100,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>169.36%</u>	<u>167.93%</u>	<u>160.62%</u>	<u>144.97%</u>	<u>132.24%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS					
Proportion of the net pension liability	<u>0.5211%</u>	<u>0.4778%</u>	<u>0.4943%</u>	<u>0.5156%</u>	<u>0.5164%</u>
Proportionate share of the net pension liability	<u>\$ 138,941,665</u>	<u>\$ 114,063,471</u>	<u>\$ 97,624,556</u>	<u>\$ 75,999,949</u>	<u>\$ 58,623,973</u>
Covered payroll	<u>\$ 70,665,000</u>	<u>\$ 61,460,000</u>	<u>\$ 59,706,000</u>	<u>\$ 56,743,000</u>	<u>\$ 53,300,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>196.62%</u>	<u>185.59%</u>	<u>163.51%</u>	<u>133.94%</u>	<u>109.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Coast Community College District
Schedule of the District Contributions for Pensions
Year Ended June 30, 2024

	2024	2023	2022	2021	2020
CalSTRS					
Contractually required contribution	\$ 18,351,154	\$ 17,271,587	\$ 14,302,633	\$ 13,014,147	\$ 14,345,723
Contributions in relation to the contractually required contribution	<u>(18,351,154)</u>	<u>(17,271,587)</u>	<u>(14,302,633)</u>	<u>(13,014,147)</u>	<u>(14,345,723)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 96,079,340</u>	<u>\$ 92,427,000</u>	<u>\$ 84,531,000</u>	<u>\$ 80,583,000</u>	<u>\$ 83,893,000</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
CalPERS					
Contractually required contribution	\$ 21,100,059	\$ 19,270,489	\$ 16,383,570	\$ 14,343,570	\$ 15,223,988
Contributions in relation to the contractually required contribution	<u>(21,100,059)</u>	<u>(19,270,489)</u>	<u>(16,383,570)</u>	<u>(14,343,570)</u>	<u>(15,223,988)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 79,085,678</u>	<u>\$ 75,958,000</u>	<u>\$ 71,513,000</u>	<u>\$ 69,293,000</u>	<u>\$ 77,197,000</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>

Coast Community College District
Schedule of the District Contributions for Pensions
Year Ended June 30, 2024

	2019	2018	2017	2016	2015
CalSTRS					
Contractually required contribution	\$ 14,100,932	\$ 11,199,040	\$ 9,698,103	\$ 7,618,862	\$ 6,022,305
Contributions in relation to the contractually required contribution	<u>(14,100,932)</u>	<u>(11,199,040)</u>	<u>(9,698,103)</u>	<u>(7,618,862)</u>	<u>(6,022,305)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 86,100,000</u>	<u>\$ 77,600,000</u>	<u>\$ 77,100,000</u>	<u>\$ 71,000,000</u>	<u>\$ 67,800,000</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS					
Contractually required contribution	\$ 13,192,231	\$ 10,974,290	\$ 8,536,763	\$ 7,075,135	\$ 6,675,600
Contributions in relation to the contractually required contribution	<u>(13,192,231)</u>	<u>(10,974,290)</u>	<u>(8,536,763)</u>	<u>(7,075,135)</u>	<u>(6,675,600)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 73,047,000</u>	<u>\$ 70,665,000</u>	<u>\$ 61,460,000</u>	<u>\$ 59,706,000</u>	<u>\$ 56,743,000</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Notes 1 - Purpose of Schedules

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

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

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

Schedule of OPEB Investment Returns

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.54% to 3.65% since the previous valuation.

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

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

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

Schedule of the District's Contributions for Pensions

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



Supplementary Information
June 30, 2024

Coast Community College District

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. There were no changes in the boundaries of the District during the current year.

Board of Trustees as of June 30, 2024

Member	Office	Term Expires
Dr. Lorraine Prinsky	President	2024
Mr. Jim Moreno	Vice President	2024
Dr. Elizabeth Dorn Parker	Board Clerk	2026
Ms. Mary Hornbuckle	Trustee	2026
Mr. Jerry Patterson	Trustee	2024
Ms. Darla Nunez	Student Trustee	2024

Administration as of June 30, 2024

Dr. Whitney Yamamura	Chancellor
Dr. Angelica L. Suarez	President, Orange Coast College
Dr. Meridith Randall	President, Golden West College
Dr. Vince Rodriguez	President, Coastline College
Marlene Drinkwine	Vice Chancellor, Finance and Administrative Services, Acting Vice Chancellor, Human Resources
Dr. Andreea M. Serban	Vice Chancellor, Educational Services and Technology

Auxiliary Organizations in Good Standing

Coast Community College District Foundation, established November 18, 1976
Master Agreement reviewed March 2024
Julie Clevenger, Acting Executive Director

Coastline Community College Foundation, established May 21, 1984
Master Agreement reviewed March 2024
Aeron Zentner, Acting Director

Golden West College Foundation, established Sept 21, 1984
Master Agreement reviewed March 2024
Andrea Rangno, Acting Director

Orange Coast College Foundation, established August 14, 1984
Master Agreement reviewed March 2024
Doug Bennett, Executive Director

Coast Community College District Enterprise Corporation, established May 7, 1997
Master Agreement reviewed March 2024
Rich Pagel, President

Coast Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 36,840,328
Federal Pell Grant Program Administrative Allowance	84.063		67,195
Federal Direct Student Loans	84.268		5,530,125
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		734,180
Federal Work-Study Program	84.033		750,813
Federal Perkins Loan Program	84.038		<u>1,716,591</u>
Subtotal Student Financial Assistance Cluster			<u>45,639,232</u>
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		340,094
Higher Education Institutional Aid	84.031S		822,662
Passed through California State University Fullerton Auxiliary Services Corporation			
Higher Education Institutional Aid - Project RAISER	84.031C	S-7709	<u>30,509</u>
Subtotal			<u>853,171</u>
Passed through California Department of Education			
Adult Education - Basic Grants to States	84.002A	14508, 13978, 14109	329,942
Passed through California Community Colleges Chancellor's Office Career and Technical Education Act (CTEA), Title I, Part C	84.048A	[1]	<u>1,510,117</u>
Total U.S. Department of Education			<u>48,672,556</u>
U.S. Department of Defense			
Passed through University of Alabama CyberSecurity Core Curriculum	12.905	2022-1457	<u>96,997</u>
Total U.S. Department of Defense			<u>96,997</u>
U.S. Department of Homeland Security			
Passed through California Department of Parks and Recreation Boating Safety Financial Assistance	97.012	C8967316	<u>36,313</u>
Total U.S. Department of Homeland Security			<u>36,313</u>
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	425,279
Passed through Orange County Executive Office COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	<u>15,948</u>
Total U.S. Department of the Treasury			<u>441,227</u>
National Science Foundation			
Research and Development Cluster			
STEM Education	47.076		395,495
Passed through Regents of the University of California STEM Education - Education and Human Resources	47.076	2019-3790	<u>63,885</u>
Subtotal Research and Development Cluster			<u>459,380</u>
Total National Science Foundation			<u>459,380</u>

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

Coast Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Child Care and Development Fund (CCDF) Cluster			
Passed through Yosemite Community College District			
Child Care and Development Block Grant	93.575	[1]	\$ 13,800
Subtotal CCDF Cluster			<u>13,800</u>
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	<u>154,005</u>
Total U.S. Department of Health and Human Services			<u>167,805</u>
Total Federal Financial Assistance			<u><u>\$ 49,874,278</u></u>

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

Coast Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2024

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	
Adult Education Program (formerly Adult Education Block Grant)	\$ 2,956,484	\$ -	\$ -	\$ 95,281	\$ 2,861,203	\$ 2,861,203
Asian American, Native Hawaiian & Pacific Islander	840,891	-	-	729,015	111,876	111,876
Basic Needs Centers	2,308,997	-	-	1,198,194	1,110,803	1,110,803
California Apprenticeship Initiative New and Innovative Grant Program	-	112,823	-	-	112,823	112,823
CalFresh Outreach	12,277	-	-	1,248	11,029	11,029
California College Promise	4,835,930	-	-	2,254,626	2,581,304	2,581,304
CalWORKS Reg Efforts Dollars	13	-	-	-	13	13
CalWORKs Welfare Reform	1,221,879	-	-	426,592	795,287	795,287
Campus Safety & Sexual Assault	7,506	-	-	4,264	3,242	3,242
CCC Equitable Placement & Completion Grant Program	1,532,441	-	-	1,473,773	58,668	58,668
Cooperative Agency Resource Education (CARE)	771,308	-	-	272,776	498,532	498,532
CCAP Instructional Materials	56,748	-	-	32,684	24,064	24,064
Common Course Numbering	100,423	40,169	-	-	140,592	140,592
Community College Law School Initiative	80,000	-	-	43,310	36,690	36,690
COVID-19 Recovery Block Grant	13,240,542	-	-	7,823,611	5,416,931	5,416,931
CRPP Innovative Best Practices	899,924	-	-	419,031	480,893	480,893
Culturally Competent Faculty PD DIS	64,745	-	-	22	64,723	64,723
CTE Data Unlocked Initiative	30,761	-	-	26,510	4,251	4,251
Direct Assessment CBE Collab CCC	203,289	-	-	54	203,235	203,235
Disabled Student Programs & Service (DSPS)	5,823,344	-	-	1,152,375	4,670,969	4,670,969
Dream Resource Liaison	945,786	-	-	538,604	407,182	407,182
Equal Employment Opportunity (EEO)	294,756	-	-	256,334	38,422	38,422
EEO Innovative Best Practices	358,333	-	-	101,504	256,829	256,829
English Language Learner Healthcare Pathway Grant	595,896	-	-	490,312	105,584	105,584

Coast Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2024

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	
Emergency Financial Assistance Supplemental	\$ 332,107	\$ -	\$ -	\$ -	\$ 332,107	\$ 332,107
Extended Opportunity Programs And Services (EOPS)	6,293,811	-	-	1,252,327	5,041,484	5,041,484
Financial Aid Technology	173,971	-	-	114,895	59,076	59,076
Guided Pathways	1,422,298	-	-	1,103,426	318,872	318,872
Hunger Free Campus	15,360	-	-	-	15,360	15,360
Information Technology & Security	53,400	-	-	-	53,400	53,400
Innovation and Effectiveness Grant	186,179	-	-	50,183	135,996	135,996
California Regional K-16 Education Collaborative Grant	297,283	128,671	-	191,437	234,517	234,517
L.A.E.P Admin Cost Allowance	331,757	-	276,979	-	54,778	54,778
Learning Align Employment Program	6,294,164	-	6,223,825	-	70,339	70,339
LGBTQ+ One Time	547,214	-	-	494,304	52,910	52,910
Library Service Platform	24,543	-	-	9,174	15,369	15,369
Local & Systemwide Technology & Data Security	775,254	-	-	437,165	338,089	338,089
Mathematics, Engineering, Science Achievement (MESA)	2,637,871	56,000	-	2,211,918	481,953	481,953
Mental Health Services	20	-	20	-	-	-
Mental Health Support	2,008,537	-	-	1,006,693	1,001,844	1,001,844
NextUp	1,019,096	-	-	147,731	871,365	871,365
Nursing Education	273,946	-	-	208,003	65,943	65,943
Professional Development For Classified Employees	49,623	-	-	34,272	15,351	15,351
Regional Equity & Recovery Partners (RERP)	84,164	14,028	-	67,366	30,826	30,826
Retention and Enrollment Outreach	5,383,142	-	-	3,650,708	1,732,434	1,732,434
Rehabilitation Investment Grants for Healing and Transformation (RIGHT)	274,856	-	-	191,119	83,737	83,737
Rising Scholars Network	306,309	-	-	106,903	199,406	199,406
SEAP	22,052,502	-	-	9,455,563	12,596,939	12,596,939
SFAA (BFAP)	1,735,444	-	-	251,465	1,483,979	1,483,979

Coast Community College District
Schedule of Expenditures of State Awards
Year Ended June 30, 2024

Program	Program Revenues					Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	
Strong Workforce Program - Local	\$ 6,558,631	\$ -	\$ -	\$ 1,981,723	\$ 4,576,908	\$ 4,576,908
Strong Workforce Program - Regional	2,161,481	1,436,582	-	1,563	3,596,500	3,596,500
Student Equity and Achievement Education	5,000,000	-	-	4,247,694	752,306	752,306
Student Food & Housing Support	2,433,322	-	-	1,606,173	827,149	827,149
Student Success Completion	8,383,362	-	-	394,104	7,989,258	7,989,258
Student Transfer Achievement Reform	1,695,651	-	-	1,693,100	2,551	2,551
Transfer Ed and Articulation-Seamless Transfer	146,085	-	-	99,336	46,749	46,749
UMOJA	34,156	-	-	1,025	33,131	33,131
UMOJA Campus Programs	445,752	-	-	343,185	102,567	102,567
VRC One-Time	49,307	-	-	-	49,307	49,307
VRC Ongoing	956,880	-	-	566,700	390,180	390,180
Zero Textbook Cost	1,028,514	-	-	745,009	283,505	283,505
Total state programs	<u>\$ 118,648,265</u>	<u>\$ 1,788,273</u>	<u>\$ 6,500,824</u>	<u>\$ 50,004,384</u>	<u>\$ 63,931,330</u>	<u>\$ 63,931,330</u>

Coast Community College District
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
Year Ended June 30, 2024

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit*	74.03	-	74.03
2. Credit	2,491.50	-	2,491.50
B. Summer Intersession (Summer 2024- Prior to July 1, 2024)			
1. Noncredit*	2.10	-	2.10
2. Credit	2.59	-	2.59
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,434.78	-	10,434.78
(b) Daily Census Contact Hours	703.15	-	703.15
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	520.56	-	520.56
(b) Credit	988.16	-	988.16
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	6,289.18	-	6,289.18
(b) Daily Census Procedure Courses	3,748.85	-	3,748.85
(c) Noncredit Independent Study/Distance Education Courses	3.18	-	3.18
D. Total FTES	<u>25,258.08</u>	<u>-</u>	<u>25,258.08</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	60.62	-	60.62
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	506.25	-	506.25
2. Credit	207.90	-	207.90
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	505.98	-	505.98

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

Coast Community College District
Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
Year Ended June 30, 2024

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799			
		Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>								
Instructional Salaries								
Contract or Regular		1100	\$ 47,191,089	\$ -	\$ 47,191,089	\$ 47,191,089	\$ -	\$ 47,191,089
Other		1300	34,739,382	-	34,739,382	34,739,382	-	34,739,382
Total Instructional Salaries			81,930,471	-	81,930,471	81,930,471	-	81,930,471
Noninstructional Salaries								
Contract or Regular		1200	-	-	-	20,214,939	-	20,214,939
Other		1400	-	-	-	3,012,220	-	3,012,220
Total Noninstructional Salaries			-	-	-	23,227,159	-	23,227,159
Total Academic Salaries			81,930,471	-	81,930,471	105,157,630	-	105,157,630
<u>Classified Salaries</u>								
Noninstructional Salaries								
Regular Status		2100	-	-	-	44,519,000	-	44,519,000
Other		2300	-	-	-	2,228,441	-	2,228,441
Total Noninstructional Salaries			-	-	-	46,747,441	-	46,747,441
Instructional Aides								
Regular Status		2200	4,699,233	-	4,699,233	4,699,233	-	4,699,233
Other		2400	646,361	-	646,361	646,361	-	646,361
Total Instructional Aides			5,345,594	-	5,345,594	5,345,594	-	5,345,594
Total Classified Salaries			5,345,594	-	5,345,594	52,093,035	-	52,093,035
Employee Benefits		3000	38,946,243	-	38,946,243	78,825,697	-	78,825,697
Supplies and Material		4000	-	-	-	1,460,348	-	1,460,348
Other Operating Expenses		5000	-	-	-	23,006,252	-	23,006,252
Equipment Replacement		6420	-	-	-	-	-	-
Total Expenditures								
Prior to Exclusions			126,222,308	-	126,222,308	260,542,962	-	260,542,962

Coast Community College District
Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
Year Ended June 30, 2024

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799			
		Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>								
Activities to Exclude								
Instructional Staff - Retirees' Benefits and Retirement Incentives		5900	\$ 4,646,514	\$ -	\$ 4,646,514	\$ 4,646,514	\$ -	\$ 4,646,514
Student Health Services Above Amount Collected		6441	-	-	-	47,527	-	47,527
Student Transportation		6491	-	-	-	810,248	-	810,248
Noninstructional Staff - Retirees' Benefits and Retirement Incentives		6740	-	-	-	5,454,604	-	5,454,604
Objects to Exclude								
Rents and Leases		5060	-	-	-	1,867,065	-	1,867,065
Lottery Expenditures								-
Academic Salaries		1000	-	-	-	2,054,694	-	2,054,694
Classified Salaries		2000	-	-	-	-	-	-
Employee Benefits		3000	-	-	-	707,086	-	707,086
Supplies and Materials		4000	-	-	-	-	-	-
Software		4100	-	-	-	-	-	-
Books, Magazines, and Periodicals		4200	-	-	-	-	-	-
Instructional Supplies and Materials		4300	-	-	-	-	-	-
Noninstructional Supplies and Materials		4400	-	-	-	-	-	-
Total Supplies and Materials			-	-	-	-	-	-

Coast Community College District
Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
Year Ended June 30, 2024

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 3,885,087	\$ -	\$ 3,885,087
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		4,646,514	-	4,646,514	19,472,825	-	19,472,825
Total for ECS 84362, 50 Percent Law		\$121,575,794	\$ -	\$121,575,794	\$241,070,137	\$ -	\$241,070,137
Percent of CEE (Instructional Salary Cost/ Total CEE)		50.43%		50.43%	100.00%		100.00%
50% of Current Expense of Education					\$120,535,069		\$120,535,069

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				\$ 22,920,714
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 22,920,714	\$ -	\$ -	\$ 22,920,714
Total Expenditures for EPA		\$ 22,920,714	\$ -	\$ -	\$ 22,920,714
Revenues Less Expenditures					\$ -

Coast Community College District
Reconciliation of Governmental Funds to the Statement of Net Position
Year Ended June 30, 2024

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

Total fund balance and retained earnings		
General Funds	\$ 68,126,206	
Special Revenue Funds	36,877,778	
Capital Project Funds	136,187,330	
Debt Service Funds	50,459,133	
Proprietary Funds	3,726,340	
Internal Service Funds	53,541,446	
Fiduciary Funds	<u>102,760,930</u>	
Total fund balance - all District funds		\$ 451,679,163
Amounts held in trust on behalf of others (Retiree OPEB Trust)		(102,760,930)
The District's investment in the Orange County Educational Investment Pool is reported at fair market value in the Statement of Net Position.		(1,705,858)
Notes receivable is recognized in the Statement of Net Position. The repayment on the notes receivable is reported as revenue in the governmental funds, but reduces the note receivable balance on the Statement of Net Position		5,798,681
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	1,374,527,234	
Accumulated depreciation and amortization is	(443,634,212)	
Less: fixed assets already recorded in proprietary funds	<u>(4,634,250)</u>	
Total capital assets, net		926,258,772
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds.		
Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	53,999,531	
Deferred outflows of resources related to OPEB	5,358,561	
Deferred outflows of resources related to pensions	<u>93,643,627</u>	
Total deferred outflows of resources		153,001,719
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(8,921,805)

Coast Community College District
Reconciliation of Governmental Funds to the Statement of Net Position
Year Ended June 30, 2024

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

General obligation bonds and bond premium	\$ (905,963,316)	
Pension obligation bonds	(925,000)	
Claims liability	(2,455,517)	
Compensated absences and load banking, less current portion already recorded in the funds	(10,262,937)	
Subscription-based IT arrangements	(14,472,083)	
PARS supplemental retirement plan liability	(1,381,510)	
Aggregate net OPEB liability	(7,897,861)	
Aggregate net pension liability	(262,290,704)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	<u>(79,710,250)</u>	
Total long-term liabilities		\$ (1,285,359,178)

Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds.

Deferred inflows of resources amount to and related to:

Deferred inflows of resources related to OPEB	(14,311,015)	
Deferred inflows of resources related to pensions	<u>(33,315,756)</u>	
Total deferred inflows of resources		<u>(47,626,771)</u>
Total net position		<u>\$ 90,363,793</u>

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2024.

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Loan Programs

The Federal Perkins Loan Program is administered directly by the District, and balances and transactions relating to this program are 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 outstanding balance at June 30, 2024 was \$1,498,877.

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

Reconciliation of Governmental Funds to the Statement of Net Position

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



Independent Auditor's Reports
June 30, 2024

Coast Community College District



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

Board of Trustees
Coast Community College District
Costa Mesa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of Coast Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 14, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
November 14, 2024



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

Board of Trustees
Coast Community College District
Costa Mesa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coast Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coast Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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.

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 "Esde Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
November 14, 2024



Independent Auditor's Report on State Compliance

Board of Trustees
Coast Community College District
Costa Mesa, California

Report on State Compliance

Opinion on State Compliance

We have audited Coast Community College District's (the District) compliance with the types of compliance requirements described in the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations identified below for the year ended June 30, 2024.

In our opinion, Coast Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations identified below that were audited for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

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

Compliance Requirements Tested

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

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

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

The final expenditure report for the COVID-19 Response Block Grant was submitted in the prior fiscal year; therefore, the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2023-2024 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
November 14, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Coast Community College District

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Student Financial Assistance Cluster	84.007, 84.033, 84.038, 84.063, 84.268
Career and Technical Education Act (CTEA), Title I, Part C	84.048A
Dollar threshold used to distinguish between type A and type B programs:	\$1,496,228
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for State programs:	Unmodified
---	------------

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Other Information

Continuing Disclosure Information (Unaudited)

June 30, 2024

Coast Community College District

Coast Community College District
Schedule of Financial Trends – General Fund (Unaudited)
Year Ended June 30, 2024

	<u>2025 (Budgeted)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total revenues	\$ 397,524,882	\$ 361,464,256	\$ 351,994,942	\$ 308,694,491
Total expenditures	381,660,118	331,756,014	334,811,213	291,007,099
Total other sources (uses)	<u>(17,866,332)</u>	<u>(20,919,486)</u>	<u>(2,760,278)</u>	<u>(8,398,561)</u>
Changes in fund balance	(2,001,568)	8,788,756	14,423,451	9,288,831
Ending fund balance	<u>\$ 66,124,638</u>	<u>\$ 68,126,206</u>	<u>\$ 59,337,450</u>	<u>\$ 44,913,999</u>
Available reserve	<u>\$ 46,102,216</u>	<u>\$ 45,119,242</u>	<u>\$ 41,188,380</u>	<u>\$ 38,124,897</u>
Available reserve %	<u>12.08%</u>	<u>13.60%</u>	<u>12.30%</u>	<u>13.10%</u>
Full-time equivalent students	<u>26,728</u>	<u>25,258</u>	<u>24,198</u>	<u>23,454</u>
Total long-term debt	<u>N/A</u>	<u>\$ 1,018,485,947</u>	<u>\$ 1,050,025,129</u>	<u>\$ 1,045,494,737</u>

Available reserve balance is the amount designed for general reserve and any other remaining undesignated amounts in the General Fund. The 2025 budget reserve balance was estimated using the budgeted contingency reserve balance less other 2024 amounts reserved.

The 2025 budget is the Plan and budget adopted by the Board of Trustees on September 4, 2024.

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 post employment healthcare, Medicare premium payment, and net pension liabilities.

Coast Community College District
2023-2024 Largest Local Secured Taxpayers (Unaudited)
Year Ended June 30, 2024

2023-2024 Largest Local Secured Taxpayers

Property Owner	Land Use	2023-24 Assessed Valuation	Percent of Total (1)
The Irvine Company LLC	Commercial	\$ 1,341,464,127	0.75%
Bella Terra Associates LLC	Commercial	377,340,132	0.21%
South Coast Plaza	Commercial	347,662,032	0.20%
PH Finance LLC	Commercial	339,985,689	0.19%
Villas at Fashion Island LLC	Apartments	281,819,243	0.16%
PR II/MCC South Coast Property Owner LLC	Commercial	276,610,449	0.16%
DCO Pacific City LLC	Apartments	230,884,706	0.13%
United Dominion Realty LP	Apartments	226,702,984	0.13%
Catalyst Housing Group	Apartments	219,638,000	0.12%
PCH Beach Resort LLC	Commercial	207,864,911	0.12%
Hyundai Motor America	Commercial	206,396,346	0.12%
520 Newport Center Drive LLC	Commercial	190,362,000	0.11%
JKS-CMFV LLC	Commercial	189,832,228	0.11%
Socal Holding LLC	Oil & Gas	175,790,748	0.10%
580 Anton Owner LLC	Apartments	174,773,734	0.10%
650 Newport Center Drive LLC	Commercial	172,594,406	0.10%
Interinsurance Exchange of the Automobile Club of America	Commercial	162,420,783	0.09%
Westminster Mall LLC	Commercial	160,163,086	0.09%
Bay Island Club	Residential	159,120,374	0.09%
Newport Center Hotel LLC	Commercial	156,663,169	0.09%
		<u>\$5,598,089,147</u>	3.36%

(1) 2023-24 Local Secured Assessed Valuation \$177,688,327,479
Source: California Municipal Statistics, Inc.

Coast Community College District
Schedule of Budgetary Comparison for the General Fund (Unaudited)
Year Ended June 30, 2024

	General Fund		
	Budget	Actual	Variances Favorable (Unfavorable)
Revenues			
Revenue from federal sources			
Higher Education Act	\$ 2,192,410	\$ 1,158,101	\$ (1,034,309)
Temporary Assistance for Needy Families (TANF)	144,568	154,005	9,437
Career and Technical Education Act	1,539,451	1,510,116	(29,335)
Other federal revenues	3,257,633	1,805,552	(1,452,081)
Revenue from state sources			
General apportionments	48,045,974	45,410,761	(2,635,213)
Categorical apportionments	85,005,224	57,191,877	(27,813,347)
Other state revenues	39,634,318	30,710,628	(8,923,690)
Revenue from local sources			
Property taxes	180,205,176	180,867,707	662,531
Interest and investment income	1,000,000	5,641,380	4,641,380
Student fees and charges	31,337,357	32,216,398	879,041
Other local revenues	2,337,771	4,797,731	2,459,960
Total revenues	<u>394,699,882</u>	<u>361,464,256</u>	<u>(33,235,626)</u>
Expenditures			
Academic salaries	110,534,463	116,253,356	(5,718,893)
Classified salaries	88,022,821	75,631,267	12,391,554
Employee benefits	86,727,815	93,300,264	(6,572,449)
Supplies and materials	9,953,846	7,000,506	2,953,340
Other operating expenses and services	83,632,713	33,942,746	49,689,967
Capital outlay	4,578,530	5,627,875	(1,049,345)
Total expenditures	<u>383,450,188</u>	<u>331,756,014</u>	<u>51,694,174</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,249,694</u>	<u>29,708,242</u>	<u>18,458,548</u>
Other Financing Sources (Uses)			
Transfers in	374,313	894,648	520,335
Transfers out	(555,225)	(5,509,369)	(4,954,144)
Other sources	750,000	750,000	-
Other uses	(15,819,859)	(17,054,765)	1,234,906
Total other financing sources (uses)	<u>(15,250,771)</u>	<u>(20,919,486)</u>	<u>(4,433,809)</u>
Excess (Deficiency) of Revenues Over Expenditures and other sources (uses)	<u>\$ (4,001,077)</u>	<u>8,788,756</u>	<u>\$ 14,024,739</u>
Fund Balance - Beginning of Year		<u>59,337,450</u>	
Fund Balance - End of Year		<u>\$ 68,126,206</u>	