Financial Statements
June 30, 2023

Pasadena Area Community College District

Pasadena City College

EideBailly

Schedule of Findings and Questioned Costs

Independent Auditor's Report

To the Board of Trustees
Pasadena Area Community College District
Pasadena, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 2 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

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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 14 and other required supplementary schedules 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 8, 2023

INTRODUCTION

This section of our annual financial report offers a narrative overview and analysis of the financial activities of the Pasadena Area Community College District (the District) for the year ended June 30, 2023. This analysis is presented with comparative information from the years ended June 30, 2023 and June 30, 2022 to highlight changes from one year to the next. This section of our report should be read in conjunction with the basic financial statements, including footnotes. Responsibility for the completeness and accuracy of this information rests with the District management.

USING THIS ANNUAL REPORT

As required by generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole; the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Pasadena Area Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and No. 35, Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities. The statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The government-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to student and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

As recommended by the California Community Colleges Chancellor's Office, the District follows the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- The District ended the year with a General Unrestricted Fund Balance of $48,257,894 which consists of primarily of one-time carry over funds. It is important to note that the carryover balance is one-time in nature and not a recurring funding source. Though a portion of the carryover balance is set aside to meet the State Chancellor's Office recommended reserve level of five percent ($9.2 million), Pasadena Area Community College District board policy requires an eighteen percent ($33.0 million) General Unrestricted Fund Balance.

- The reserves have been earmarked to address or partially address uncertainty in State funding due to California state moving tax returns filing deadline and payments from April 18 to November 16, 2023. The tax filing and payment extension triggered several recalculations of Education Protection Account (EPA). The impact to PCC was a 10.8270% revenue deficit factor or $19,354,037. This revenue deficit is expected to be temporary and should resolve in late fall of 2023.

- Salaries and benefits of the Academic, Classified, and Administrative salaries of District employees represent 89.85% of the total General Unrestricted Fund Expenditures (excluding any transfers). This represents a decrease of 0.93% from the prior year percentage of 90.78%.

- The District provided Federal, State, and local student financial aid including fee waivers to qualifying District Students in the amount of approximately $62.7 million. This represents an increase of approximately $2.0 million from the 2021-2022 fiscal year. This aid is provided through grants, loans, scholarships, and tuition reductions from the Federal Government, State Chancellor's Office, and local funding.

- The District's primary funding source is apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2022-2023 fiscal year, total reported FTES were 18,025. This is an increase in reported FTES of 3,414 from fiscal year 2021-2022. The Student Center Funding Formula FTES was based upon P1 of 23,903 as allowed by the Emergency Protection for Apportionment Calculation pursuant to California Code of Regulations title 5 section 58146.

- The District reports a liability for its proportionate share of Net Pension Liability (NPL) as a result of GASB Statements No. 68 and No. 71, which requires that the District report its proportionate share of the net pension liabilities, pension expense, and deferred inflow and outflow of resources. As a result of implementing GASB Statement No. 68, the District's aggregate net pension liability as of June 30, 2023 was approximately $165.1 million. This represents an increase of $50.5 million in our proportionate share of Net Pension Liability from fiscal year 2021-2022.

- During the 2017-2018 fiscal year, the District established a Governmental Accounting Standards Board (GASB) Statement No. 74 irrevocable trust with Public Agency Retirement Services (PARS) to fund other postemployment benefit (OPEB) liabilities. Through June 30, 2023, the District has contributed approximately $23.3 million to this trust. The District contributed $7.3 million to this trust in 2022-2023 and may consider an additional contribution pending resolution of Education Protection Account (EPA) revenue deficit factor and future State budget projections.

- During the 2017-2018 fiscal year, the District established an irrevocable pension stability trust with Public Agency Retirement Services (PARS) to assist in stabilizing the District's funding for increasing future State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) liabilities. Through June 30, 2023, the District has contributed $4.0 million to this trust and may consider an additional contribution pending resolution of Education Protection Account (EPA) revenue deficit factor and future State budget projections.

- The District's Change in Net Position for the current fiscal year is an increase of $40.5 million. This is primarily due to the implementation of a new GASB 96 Standard: Subscription-Based Information Technology Arrangements and increase in cash and investments holding related to state funded grants where the District is the fiscal agent of.

THE DISTRICT AS A WHOLE

Net Position

Condensed financial information is as follows:

Table 1

	2023	2022, as restated	Change
Assets			
Cash and investments	$ 335,376,813	$ 274,240,349	$ 61,136,464
Accounts Receivable, net	42,198,480	33,042,048	9,156,432
Other current assets	304,634	461,253	(156,619)
Lease receivables	511,718	405,162	106,556
Capital assets, right-to-use assets, and right-to-use subscription IT assets, net	200,289,778	188,789,219	11,500,559
Total assets	578,681,423	496,938,031	81,743,392
Deferred Outflows of Resources	53,638,056	42,250,310	11,387,746
Liabilities			
Accounts payable and accrued liabilities	208,643,035	143,565,812	65,077,223
Current portion of long-term liabilities	8,318,886	8,714,963	(396,077)
Noncurrent portion of long-term liabilities	268,740,032	236,000,602	32,739,430
Total liabilities	485,701,953	388,281,377	97,420,576
Deferred Inflows of Resources	33,364,416	78,128,258	(44,763,842)
Net Position			
Net investment in capital assets	114,104,618	115,028,502	(923,884)
Restricted	106,365,947	95,685,636	10,680,311
Unrestricted deficit	(107,217,455)	(137,935,432)	30,717,977
Total net position	$ 113,253,110	$ 72,778,706	$ 40,474,404

Assets

Total assets increased approximately $81.7 million, a percentage increase of 16.4%. The major changes affecting total assets are listed below:

- Cash and investments increased approximately $61.1 million. This was primarily due to an increase in funding from the State to act as a fiscal agent for several grants.
- Accounts receivable increased approximately $9.2 million. This was primarily due to recalculation of Education Protection Account (EPA) in June to address a delay in State income tax receipts.

Liabilities

Total liabilities increased by approximately $97.4 million, a percentage increase of 25.1%. The major changes affecting total liabilities are listed below:

- Current liabilities increased approximately $64.7 million. This increase was primarily due to a growth in unearned revenues of $48 million from the State being a fiscal agent for several state funded grants, and recalculation of EPA revenue, which triggered a $16 million payable. The June EPA recalculation reduced the amount of EPA revenue but increased the amount of general apportionment to offset. Essentially, the State shifted accounting categories to reduce the monetary impact to the District.
- Non-current liabilities increased by $32.7 million as a result of payments on the District's outstanding General Obligation bond liability and a significant increase in the aggregate net pension liability.

Deferred Outflows/Deferred Inflows of Resources

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the District recognized deferred outflows and inflows of resources related to pensions in the District wide financial statements. Refer to Note 12 for the District's deferred outflows and inflows of resources related to pensions.

In addition to assets, the District reported a separate section for 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 outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District reported 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 an inflow of resources (revenue) until that time.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses and Changes in Net Position on page 16.

Table 2

	2023	2022*	Change
Operating Revenues			
Tuition and fees	$ 18,967,068	$ 16,710,575	$ 2,256,493
Grants and contracts, noncapital	91,754,380	88,325,517	3,428,863
Total operating revenues	110,721,448	105,036,092	5,685,356
Operating Expenses			
Salaries and benefits	177,666,741	157,788,326	19,878,415
Supplies, services, equipment, and maintenance	88,884,995	72,658,515	16,226,480
Student financial aid	62,302,140	60,680,696	1,621,444
Depreciation and amortization	9,587,372	8,944,360	643,012
Total operating expenses	338,441,248	300,071,897	38,369,351
Operating loss	(227,719,800)	(195,035,805)	(32,683,995)
Nonoperating Revenues (Expenses)			
State apportionments	117,322,176	109,076,298	8,245,878
Property taxes	61,015,195	51,714,319	9,300,876
Student financial aid grants	55,535,067	53,703,546	1,831,521
State revenues	12,480,755	10,357,489	2,123,266
Net interest income (expense)	4,165,144	(12,040,603)	16,205,747
Other nonoperating revenues	3,443,485	18,667,276	(15,223,791)
Total nonoperating revenue (expenses)	253,961,822	231,478,325	22,483,497
Other Revenues	14,232,382	4,142,142	10,090,240
Change in net position	$ 40,474,404	$ 40,584,662	$ (110,258)

* The revenues and expenses for the year ended June 30, 2022 were not restated to show the effects of the implementation of GASB Statement No. 96 for comparative purposes.

The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding. The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionment, which increased in fiscal year 2022-2023. Property taxes levied and received from property within the District's boundaries increased by approximately $9.3 million during the year. These revenue sources are not from the direct users of the educational services (Students), they are considered Nonoperating Revenues. As a result, the operating loss of $227.7 million is balanced by the other funding sources. Total District expenditures were less than the total District revenues by $40.5 million for the year ended June 30, 2023.

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

During 2022-2023, the District's interest income was $6.8 million and interest expense was $2.7 million. Interest income is primarily derived from cash held in the Los Angeles County Treasury. Interest income has increased approximately $16.0 million from the 2021-2022 fiscal year due to an increase in the interest rate yield and the fair market value adjustment of cash in county.

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

Table 3

Year ended June 30, 2023:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 94,199,033	$ 2,691,727	$ -	$ 749,797	$ -	$ 97,640,557
Instructional administration	13,774,466	5,740,503	-	843,750	-	20,358,719
Instructional support services	3,795,100	251,714	-	69,491	-	4,116,305
Student services	27,440,408	5,948,288	-	458,550	-	33,847,246
Plant operations and maintenance	9,231,684	5,399,964	-	490,156	-	15,121,804
Planning, policymaking and coordinations	4,988,386	5,610,608	-	52,713	-	10,651,707
Institutional support services	18,764,096	46,079,533	-	367,866	-	65,211,495
Community services	1,609,465	1,926,868	-	4,669	-	3,541,002
Ancillary services and auxiliary operations	3,864,103	2,556,745	-	74,195	-	6,495,043
Physical property and related acquisitions	-	1,586,954	-	7,980,904	-	9,567,858
Student aid	-	-	62,302,140	-	-	62,302,140
Unallocated depreciation and amortization	-	-	-	-	9,587,372	9,587,372
Total	$ 177,666,741	$ 77,792,904	$ 62,302,140	$ 11,092,091	$ 9,587,372	$ 338,441,248

Changes in Cash Position

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

Table 4

	2023	2022	Change
Net Cash Flows from			
Operating activities	$ (177,043,648)	$ (106,378,648)	$ (70,665,000)
Noncapital financing activities	241,263,984	231,477,720	9,786,264
Capital financing activities	(7,640,844)	(1,560,076)	(6,080,768)
Investing activities	(1,941,096)	(8,678,865)	6,737,769
Net Increase in Cash and Cash Equivalents	54,638,396	114,860,131	(60,221,735)
Cash and Cash Equivalents, Beginning of Year	268,530,806	153,670,675	114,860,131
Cash and Cash Equivalents, End of Year	$ 323,169,202	$ 268,530,806	$ 54,638,396

The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff. Noncapital financing activities include receipts from State apportionment and property taxes. Capital financing activities relate to the spending of the 2021 COP proceeds.

While State apportionment and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is nonoperating as it comes from the general resources of the State and not from the primary users of the District's programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, AND RIGHT-TO-USE SUBSCRIPTION-BASED IT ASSETS

As of June 30, 2023, the District had approximately $200.3 million invested in net capital assets, right-to-use leased assets, and right-to-use subscription IT assets. Total capital assets of $384.9 million consist of land, construction in progress, buildings and improvements, vehicles, equipment, right-to-use leased assets, and right-to-use subscription IT assets. These assets have accumulated depreciation/amortization of $184.6 million. In fiscal year 2022-23, there were total asset additions in the amount of $21.1 million, which primarily includes costs for the Sarafian Building Replacement Project, and net depreciation/amortization expense of $9.6 million.

Note 7 to the financial statements provides additional information on capital assets, right-to-use leased assets, and right-to-use subscription IT assets. A comparison of capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net of depreciation and amortization, is summarized below:

Table 5

	2023	2022, as restated	Net Change
Land and construction in progress	$ 37,880,235	$ 19,838,721	$ 18,041,514
Buildings and improvements, net	152,331,347	158,521,969	(6,190,622)
Furniture and equipment, net	5,532,287	5,804,991	(272,704)
Right-to-use leased assets, net	1,510,018	1,662,729	(152,711)
Right-to-use subscription IT assets, net	3,035,891	2,960,809	75,082
Total capital assets, right-to-use leased assets and right-to-use subscription IT assets, net	$ 200,289,778	$ 188,789,219	$ 11,500,559

Long-Term Liabilities including OPEB and Pensions

Long-term liabilities consist primarily of general obligation bonds, certificates of participation, leases, subscription-based IT arrangements, aggregate net pension liability, and the net other postemployment benefits (OPEB) liability. At June 30, 2023, the District had approximately $88.8 million in liability outstanding due to the issuance of general obligation bonds and certificates of participation. At June 30, 2023, the District's aggregate net pension liability was approximately $165.1 million. Note 11 to the financial statements provides additional information on the District's aggregate net pension liability.

The District is also obligated to employees of the District for vacation and load banking benefits.

Notes 8-11 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

Table 6

	Balance July 1, 2022, as restated	Additions	Deletions	Balance June 30, 2023
General obligation bonds	$ 66,202,526	$ -	$ (7,780,146)	$ 58,422,380
COPs	30,421,879	-	(56,282)	30,365,597
Leases	1,794,510	864,042	(1,057,458)	1,601,094
Subscription-based IT arrangements	2,417,037	1,023,073	(987,505)	2,452,605
Aggregate net OPEB liability	18,687,589	-	(9,509,595)	9,177,994
Aggregate net pension liability	114,641,366	50,481,121	-	165,122,487
Other liabilities	10,550,658	369,674	(1,003,571)	9,916,761
Total long-term liabilities	$ 244,715,565	$ 52,737,910	$ (20,394,557)	$ 277,058,918
Amount due within one year				$ 8,318,886

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget to accommodate unanticipated changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2022-2023 fiscal year on June 21, 2023.

The District's final revised budget for the unrestricted General Fund anticipated that income would be $202,206,415 and total expenses would be $202,146,910. The actual total income results were $206,762,408 and total expenses were $198,508,647.

ECONOMIC FACTORS AFFECTING THE FUTURE OF PASADENA AREA COMMUNITY COLLEGE DISTRICT

The financial strength and stability of the District is closely aligned with California's economic position as State apportionments, State Mandated Cost Reimbursements, and property taxes allocated to the District represent approximately 85.65% of the unrestricted General Fund income.

The enacted budget reflects lower revenues and a substantial budget deficit. The State's delay of the 2022 tax filing deadline from April to November and high interest rates increases the uncertainty in revenue projections. Under the May Revision, the overall state budget would be $306 billion, somewhat higher than proposed in January but slightly lower than the 2022-23 enacted budget ($308 billion). The decline in revenues results in a corresponding decrease in resources for K-14 institutions. Under the May Revision, Proposition 98 is estimated to be $2 billion lower than projected in January.

Revised proposals for ongoing spending include an 8.22% cost-of-living adjustment (COLA), more than the Governor's proposed in January for a COLA of 8.13%. The proposal includes COLAs for certain categorical programs, but not all.

One-time funding proposal in the enacted budget is limited. It includes reappropriating resources committed to Deferred Maintenance in the 2022-23 Fiscal Year to fund 2023-24 initiatives to increase student retention rates and enrollment. The enacted budget, however, provides flexibility for the use of remaining funds for deferred maintenance, retention/enrollment, and the COVID-19 Block Grant.

The 2021 Budget Act extends hold harmless (minimum revenue) provision through fiscal year 2024-2025, under which districts will earn at least their 2017-2018 total computational revenue adjusted by COLA each year. The 2022 Budget Act extended the revenue protections in a modified form. Fiscal year 2024-2025 funding will represent its new "floor," below which it cannot drop. Starting in 2025-2026. Districts will be funded at their SCFF generated amount that year or their "floor" (2024-2025 funding amount), whichever is higher. This modified hold harmless provision will no longer include adjustments to reflect cumulative cost of living adjustments over time, so a District's hold harmless amount will not grow.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact Pasadena Area Community College District, 1570 East Colorado Boulevard, Pasadena, California 91106, or call (626) 585-7170.

Assets		
Cash and cash equivalents	$	3,746,965
Investments		331,629,848
Accounts receivable		35,628,538
Student receivables, net		6,569,942
Prepaid expenses		297,324
Inventories		7,310
Lease receivables		511,718
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets		
Nondepreciable capital assets		37,880,235
Depreciable capital assets, net of accumulated depreciation		157,863,634
Right-to-use leased assets, net of accumulated amortization		1,510,018
Right-to-use subscription IT assets, net of accumulated amortization		3,035,891
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net		200,289,778
Total assets		578,681,423
Deferred Outflows of Resources		
Deferred outflows of resources related to debt refunding		1,653,472
Deferred outflows of resources related to OPEB		2,705,050
Deferred outflows of resources related to pensions		49,279,534
Total deferred outflows of resources		53,638,056
Liabilities		
Accounts payable		58,446,134
Accrued interest payable		1,472,729
Unearned revenue		148,724,172
Long-term liabilities		
Long-term liabilities other than OPEB and pensions, due within one year		8,318,886
Long-term liabilities other than OPEB and pensions, due in more than one year		94,439,551
Aggregate net other postemployment benefits (OPEB) liability		9,177,994
Aggregate net pension liability		165,122,487
Total liabilities		485,701,953
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB		6,370,893
Deferred inflows of resources related to pensions		26,519,882
Deferred inflows of resources related to leases		473,641
Total deferred inflows of resources		33,364,416
Net Position		
Net investment in capital assets		114,104,618
Restricted for		
Debt service		7,318,560
Capital projects		70,915,916
Educational programs		480,117
Other activities		27,651,354
Unrestricted deficit		(107,217,455)
Total net position	$	113,253,110

Operating Revenues	
Tuition and fees	$ 26,114,783
Less: Scholarship discounts and allowances	(7,147,715)
Net tuition and fees	18,967,068
Grants and contracts, noncapital	
Federal	23,449,522
State	67,838,490
Local	466,368
Total grants and contracts, noncapital	91,754,380
Total operating revenues	110,721,448
Operating Expenses	
Salaries	136,455,195
Employee benefits	41,211,546
Supplies, materials, and other operating expenses and services	77,792,904
Student financial aid	62,302,140
Equipment, maintenance, and repairs	11,092,091
Depreciation and amortization	9,587,372
Total operating expenses	338,441,248
Operating Loss	(227,719,800)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	117,322,176
Local property taxes, levied for general purposes	51,350,170
Taxes levied for other specific purposes	9,665,025
Federal and State financial aid grants	55,535,067
State taxes and other revenues	12,480,755
Investment income	6,763,420
Interest expense on capital related debt	(2,674,112)
Investment income on capital asset-related debt, net	75,836
Other nonoperating revenue	3,443,485
Total nonoperating revenues (expenses)	253,961,822
Income Before Other Revenues	26,242,022
Other Revenues	
State revenues, capital	14,232,382
Change In Net Position	40,474,404
Net Position, Beginning of Year, as Restated	72,778,706
Net Position, End of Year	$ 113,253,110

Cash Flows from Operating Activities	
Tuition and fees	$ 21,677,062
Federal, state, and local grants and contracts, noncapital	146,040,771
Payments to or on behalf of employees	(203,548,307)
Payments to vendors for supplies and services	(78,911,034)
Payments to students for scholarships and grants	(62,302,140)
Net cash flows from operating activities	(177,043,648)
Cash Flows from Noncapital Financing Activities	
State apportionments	120,302,710
Federal and state financial aid grants	55,535,067
Property taxes - nondebt related	51,350,170
State taxes and other apportionments	12,359,466
Other nonoperating	1,716,571
Net cash flows from noncapital financing activities	241,263,984
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(18,561,036)
State revenue, capital	13,611,988
Property taxes - related to capital debt	9,665,025
Principal paid on capital debt	(8,714,963)
Interest paid on capital debt	(3,717,694)
Interest received on capital asset-related debt	75,836
Net cash flows from capital financing activities	(7,640,844)
Cash Flows from Investing Activities	
Change in fair market value investments	(9,919,529)
Interest received from investments	7,978,433
Net cash flows from investing activities	(1,941,096)
Change In Cash and Cash Equivalents	54,638,396
Cash and Cash Equivalents, Beginning of Year	268,530,806
Cash and Cash Equivalents, End of Year	$ 323,169,202

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (227,719,800)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	9,587,372
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	8,747,905
Lease receivables	(106,556)
Inventories	9,378
Prepaid expenses	147,241
Deferred outflows of resources related to OPEB	(87,621)
Deferred outflows of resources related to pensions	(11,507,138)
Accounts payable and accrued liabilities	62,508
Unearned revenue	48,249,276
Compensated absences, load banking, and claims liability	(633,897)
Aggregate net OPEB liability	(9,509,595)
Aggregate net pension liability	50,481,121
Deferred inflows of resources related to leases	105,760
Deferred inflows of resources related to OPEB	1,677,068
Deferred inflows of resources related to pensions	(46,546,670)
Total adjustments	50,676,152
Net cash flows from operating activities	$ (177,043,648)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 3,746,965
Cash in county treasury	319,422,237
Total cash and cash equivalents	$ 323,169,202
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 207,013
Amortization of debt premiums	$ 1,166,428
Recognition of lease liabilities arising from obtaining right-to-use leased assets	$ 864,042
Recognition of subscription based IT arrangement liabilities arising from obtaining right-to-usesubscription IT assets	$ 1,023,073

	Retiree OPEB Trust
Assets	
Investments	$ 24,671,928
Net Position	
Restricted for postemployment benefits other than pensions	$ 24,671,928

	Retiree OPEB Trust
Additions	
District contributions	$ 9,424,583
Interest and investment income, net of fees	1,074,120
Total additions	10,498,703
Deductions	
Benefit payments	2,124,583
Administrative expenses	45,485
Total deductions	2,170,068
Change in Net Position	8,328,635
Net Position - Beginning of Year	16,343,293
Net Position - End of Year	$ 24,671,928

Note 1 - Organization

Pasadena Area Community College District (the District) was established in 1967 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and two education centers located within Pasadena and Rosemead. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government (the District). The District has identified no component units.

The District has analyzed the financial and accountability relationship with the Pasadena City College Foundation (the Foundation) in conjunction with the GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundation. However, it has been determined that all criteria under GASB Statement No. 61 have not been met to require inclusion of the Foundation's financial statements in the District's annual report. Information on the Foundation may be requested through the Pasadena City College Foundation.

Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $1,595,458 for the year ended June 30, 2023.

Prepaid Expenses

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

Inventories

Inventories consist primarily of bookstore merchandise, cafeteria food, and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and land improvements, 50 years; site improvements, 20 years; equipment, 5 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

Right-to-use Lease Assets and Amortization

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

Right-to-use Subscription IT Assets and Amortization

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.

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 school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

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

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 for leases, OPEB and pension related items.

Leases

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

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.

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. At commencement of the subscription term, 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 on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/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 recognize 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 will be paid primarily by the General Fund.

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, leases, subscription-based IT arrangements, certificates of participation, compensated absences, load banking, and claims liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $106,365,947 of restricted net position, and the fiduciary fund financial statements report $24,671,928 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, and Federal, State, and local grants and contracts.

- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

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

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in 2002 for the acquisition, construction, and remodeling of certain District property. 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 as noted above and remitted to the District when collected.

Scholarship Discount and Allowances

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

Financial Assistance Programs

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

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91*, Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard are included in Notes 7 and 8.

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 corporation 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 - In accordance with the California Community College Chancellor's Office *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in the external investment pool. 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, 2023, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 3,312,439	$ -
Cash in revolving	434,526	-
Investments	331,629,848	24,671,928
Total deposits and investments	$ 335,376,813	$ 24,671,928

Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Los Angeles County Investment Pool and mutual funds. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Investment Type	Fair Value	Weighted Average Days to Maturity	Credit Rating
Los Angeles County Investment Pool	$ 319,422,237	753	N/A
Mutual funds	35,705,026	N/A	N/A
U.S. Treasury Bills	642,821	210	N/A
Municipal bonds	169,535	1,241	A
Corporate bonds	144,968	992	BBB+
CDs and BAs	98,498	165	N/A
Agency Securities	89,430	1,153	AA+
CMO and Asset-Backed Securities	29,261	1,852	N/A
Total	$ 356,301,776		

Custodial Credit Risk - Deposits and Investments

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of $5,979,547 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, the District's investment balance of $35,379,539 was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District's investment policy limits the amount of securities that can be held by counterparties to no more than 10% of total investments in one issuer for commercial paper, mutual funds and money market mutual funds and 30% for Banker's Acceptance.

Note 4 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

The District's fair value measurements are as follows at June 30, 2023:

		Fair Value Measurements Using	
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs
Mutual funds	$ 35,705,026	$ 35,705,026	$ -
U.S. Treasury Bills	642,821	642,821	-
Municipal bonds	169,535	-	169,535
Corporate bonds	144,968	-	144,968
Agency Securities	89,430	-	89,430
CMO and Asset-Backed Securities	29,261	-	29,261
Total	$ 36,781,041	$ 36,347,847	$ 433,194

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, 2023 consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 9,256,414
State Government	
Apportionment	14,359,585
Categorical aid	1,363,747
Lottery	1,559,688
State construction	3,462,223
Local Sources	
Pasadena City College Foundation	388,658
Interest	2,719,531
Other local sources	2,518,692
Total	$ 35,628,538
Student receivables	8,165,400
Less: allowance for bad debt	(1,595,458)
Student receivables, net	$ 6,569,942

Note 6 - Lease Receivables

The District's lease receivables as of June 30, 2023 are summarized below:

Lease Receivables	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Rose Parade Seating Lease	$ 405,162	$ -	$ (198,551)	$ 206,611
Primo Nosh Lease	-	316,037	(10,930)	305,107
Total	$ 405,162	$ 316,037	$ (209,481)	$ 511,718

Rose Parade Seating Lease

The District leases use of its property to American United Sales Corporation, dba Sharp Seating Company, for the purpose of parking recreational vehicles, buses and private vehicles; and building grandstands on and around New Year's Day for the Tournament of Roses Parade. These lease term extends until March 24, 2024. Annual lease payments are due no later than January 13th of each year. During the fiscal year, the District recognized $198,551 in lease revenue and $16,449 in interest revenue related to these agreements.

Primo Nosh Lease

The District leases use of its facilities to Primo Nosh Chefs, Inc. for the purpose of providing food service operations to the District. The lease term extends until March 6, 2026. At the end of the lease term, that District has an option to exercise two one year extensions at their sole election. Lease payments are due by the 7th of each month. During the fiscal year, the District recognized $10,930 in lease revenue and $44,570 in interest revenue related to these agreements.

Note 7 - Capital Assets, Right-to-use Leased Assets, and Right-to-use Subscription IT Assets

Capital asset, right-to-use leased asset, and right-to-use subscription IT asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 12,270,718	$ -	$ -	$ 12,270,718
Construction in progress	7,568,003	18,043,398	(1,884)	25,609,517
Total capital assets not being depreciated	19,838,721	18,043,398	(1,884)	37,880,235
Capital Assets Being Depreciated				
Land improvements	19,315,337	1,884	-	19,317,221
Buildings and improvements	287,347,738	-	-	287,347,738
Furniture and equipment	32,945,318	1,157,418	-	34,102,736
Total capital assets being depreciated	339,608,393	1,159,302	-	340,767,695
Total capital assets	359,447,114	19,202,700	(1,884)	378,647,930
Less Accumulated Depreciation				
Land improvements	(15,219,517)	(659,309)	-	(15,878,826)
Buildings and improvements	(132,921,589)	(5,533,197)	-	(138,454,786)
Furniture and equipment	(27,140,327)	(1,430,122)	-	(28,570,449)
Total accumulated depreciation	(175,281,433)	(7,622,628)	-	(182,904,061)
Net capital assets	184,165,681	11,580,072	(1,884)	195,743,869
Right-to-use Leased Assets Being Amortized				
Buildings and Sites	3,243,384	864,042	(1,994,738)	2,112,688
Equipment	108,298	-	-	108,298
Total right-to-use leased assets being amortized	3,351,682	864,042	(1,994,738)	2,220,986
Less Accumulated Amortization				
Buildings and Sites	(1,623,973)	(995,093)	1,994,738	(624,328)
Equipment	(64,980)	(21,660)	-	(86,640)
Total accumulated amortization	(1,688,953)	(1,016,753)	1,994,738	(710,968)
Net right-to-use leased assets	1,662,729	(152,711)	-	1,510,018
Right-to-use Subscription IT Assets				
Right-to-use subscription IT assets	2,960,809	1,023,073	-	3,983,882
Accumulated amortization	-	(947,991)	-	(947,991)
Net right-to-use subscription IT assets	2,960,809	75,082	-	3,035,891
Total capital assets,right-to-use leased assets, and right-to-use subscription IT assets, net	$ 188,789,219	$ 11,502,443	$ (1,884)	$ 200,289,778

Note 8 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2023 consisted of the following:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 58,665,000	$ -	$ (6,670,000)	$ 51,995,000	$ 7,305,000
Premium on issuance	7,537,526	-	(1,110,146)	6,427,380	-
Certificates of participation	28,785,000	-	-	28,785,000	-
Premium on issuance	1,636,879	-	(56,282)	1,580,597	-
Leases	1,794,510	864,042	(1,057,458)	1,601,094	95,728
Subscription-based IT arrangements	2,417,037	1,023,073	(987,505)	2,452,605	918,158
Compensated absences	3,710,828	341,409	-	4,052,237	-
Load banking	1,054,335	28,265	-	1,082,600	-
Claims liability	5,785,495	-	(1,003,571)	4,781,924	-
Total	$ 111,386,610	$ 2,256,789	$ (10,884,962)	$ 102,758,437	$ 8,318,886

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the Bond Interest Redemption Fund with local property tax collections. Payments on the certificates of participation are made by the District's General Fund. Payments for the leases and subscription-based IT arrangements will be made by the fund for which the sites and equipment were intended for. The compensated absences and load banking are paid by the fund for which the employees' salaries are paid from. The Internal Service fund makes payments for the claims liability.

General Obligation Bonds

2014 General Obligation Refunding Bonds

During April 2014, the District issued the $16,980,000 2014 General Obligation Refunding Bonds, Series A. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability.

The bonds have a final maturity to occur on August 1, 2026, with interest rates from 2.00 to 5.00%. The net proceeds of $19,812,097 (representing the principal amount of $16,980,000 plus premium on issuance of $2,832,097) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series 2006B and pay the costs associated with the issuance of the refunding bonds. At June 30, 2023, the principal balance outstanding was $7,600,000. Unamortized premium received on issuance of the bonds amounted to $752,506 as of June 30, 2023.

2016 General Obligation Refunding Bonds

During May 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of $33,995,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability.

The bonds have a final maturity to occur on August 1, 2031, with interest rates from 2.00 to 5.00%. The net proceeds of $40,771,030 (representing the principal amount of $33,995,000 plus premium on issuance of $6,776,030) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series 2006B, advance a portion of the District's outstanding 2002 General Obligation Bonds, Series 2009D, and pay the costs associated with the issuance of the refunding bonds. At June 30, 2023, the principal balance outstanding was $25,075,000. Unamortized premium received on issuance of the bonds amounted to $3,647,093 as of June 30, 2023.

2020 General Obligation Refunding Bonds

During February 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of $22,165,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability.

The bonds have a final maturity to occur on August 1, 2027, with interest rate of 4.00%. The net proceeds from the issuance were used to refund on a current basis the District's outstanding 2002 General Obligation Bonds, Series 2009E and pay the costs associated with the issuance of the refunding bonds. At June 30, 2023, the principal balance outstanding was $19,320,000. Unamortized premium received on issuance of the bonds amounted to $2,027,781 as of June 30, 2023.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
4/2/2014	8/1/2026	2.00%-5.00%	$ 16,980,000	$ 9,280,000	$ -	$ (1,680,000)	$ 7,600,000
5/12/2016	8/1/2031	2.00%-5.00%	33,995,000	27,435,000	-	(2,360,000)	25,075,000
2/26/2020	8/1/2027	4.00%	22,165,000	21,950,000	-	(2,630,000)	19,320,000
				$ 58,665,000	$ -	$ (6,670,000)	$ 51,995,000

The bonds mature through 2032 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 7,305,000	$ 2,110,650	$ 9,415,650
2025	7,930,000	1,762,500	9,692,500
2026	8,590,000	1,386,475	9,976,475
2027	9,270,000	981,375	10,251,375
2028	7,140,000	615,425	7,755,425
2029-2032	11,760,000	957,900	12,717,900
Total	$ 51,995,000	$ 7,814,325	$ 59,809,325

Certificates of Participation

On March 10, 2021, the District issued Certificates of Participation in the amount of $28,785,000 with an interest rate of 4.00%. Proceeds from the Certificates were used to finance the design, demolition and construction of the Sarafian Building Project. At June 30, 2023, the principal balance outstanding was $28,785,000. Unamortized premium received on issuance of the certificates of participation amount to $1,580,597 as of June 30, 2023.

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ -	$ 1,151,400	$ 1,151,400
2025	295,000	1,145,500	1,440,500
2026	605,000	1,127,500	1,732,500
2027	630,000	1,102,800	1,732,800
2028	655,000	1,077,100	1,732,100
2029-2033	3,685,000	4,962,900	8,647,900
2034-2038	4,485,000	4,148,500	8,633,500
2039-2043	5,460,000	3,157,400	8,617,400
2044-2048	6,640,000	1,951,000	8,591,000
2049-2052	6,330,000	518,800	6,848,800
Total	$ 28,785,000	$ 20,342,900	$ 49,127,900

Lease Liability

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

Leases	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Edison Parking lot	$ 98,965	$ -	$ (98,965)	$ -
PUSD Northwest Site	834,329	864,042	(120,695)	1,577,676
EMUHSD Rosemead Site	734,391	-	(734,391)	-
Anaheim Commerce Bentel Parking	80,905	-	(80,905)	-
Cannon Copiers	45,920	-	(22,502)	23,418
Total	$ 1,794,510	$ 864,042	$ (1,057,458)	$ 1,601,094

The District has entered into agreements to lease sites for parking and building space, through the 2037-2038 fiscal year, beginning January 2016. Under the terms of the leases, the District makes monthly payments, which increase based on a set schedule in the lease agreement, which amounted to total principal and interest costs of $1,087,005 for the year ending June 30, 2023. At June 30, 2023, the District has recognized a right-to-use leased assets of $2,112,688 and a lease liability of $1,577,676 related to these agreements. During the fiscal year, the District recorded $1,034,956 in principal expense and $52,049 in interest expense for the leased spaces. The District used a discount rates between 3.76% and 4.16% based on the Treasury rate for financing over a similar time period.

The District has entered into an agreement to lease copiers for a period of five years. Under the terms of the lease, the District makes monthly payments of $1,994, which amounted to total principal and interest costs of $23,922 for the year ending June 30, 2023. At June 30, 2023, the District has recognized right-to-use leased assets of $108,298 and a lease liability of $23,418 related to this agreement. During the fiscal year, the District recorded $22,502 in principal expense and $1,420 in interest expense for the leased copiers. The District used a discount rate of 3.98% based on the 5-year Treasury financing rate at the time of the inception of the lease.

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

Fiscal Year	Principal	Interest	Total
2024	$ 95,728	$ 78,198	$ 173,926
2025	76,032	73,968	150,000
2026	79,948	70,052	150,000
2027	84,059	65,941	150,000
2028	88,385	61,615	150,000
2029-2033	515,025	234,975	750,000
2034-2038	661,917	88,083	750,000
Total	$ 1,601,094	$ 672,832	$ 2,273,926

Subscriptions-Based IT Arrangements (SBITAs)

The District has entered into several SBITA contracts related to college management software with subscription terms ranging from 14 to 60 months. As of June 30, 2023, the value of the total subscription liabilities was $2,452,605. The subscription liabilities were valued using discount rates ranging from 4.28% to 4.40%. The total amount of the right-to-use subscription assets and the related accumulated amortization on the right-to-use subscription assets were $3,983,882 and $947,991 as of June 30, 2023, respectively.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 918,158	$ 104,969	$ 1,023,127
2025	811,622	69,623	881,245
2026	673,022	32,374	705,396
2027	49,803	2,236	52,039
Total	$ 2,452,605	$ 209,202	$ 2,661,807

Note 9 - Aggregate Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 8,666,887	$ 2,705,050	$ 6,370,893	$ (7,718,142)
Medicare Premium Payment (MPP) Program	511,107	-	-	(202,006)
Total	$ 9,177,994	$ 2,705,050	$ 6,370,893	$ (7,920,148)

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Public Agency Retirement Services (PARS), Irrevocable Trust Management Services.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	45
Active employees	846
Total	891

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by PARS 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 and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Faculty Association (FA), the local California Service Employees Association (CSEA), and unrepresented groups. The voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, FA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District contributed $9,424,583 to the Plan, of which $2,124,583 was used for current premiums and $7,300,000 was used to fund the OPEB trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
U.S. Equity	22.0%
Non-U.S. Equity	14.0%
U.S. Aggregate Bonds	23.0%
Intermediate-Term Credit	14.0%
Short-Term Credit	8.0%
Non-U.S. Bonds	15.0%
REITs	4.0%

Rate of Return

For the year ended June 30, 2023, the annual money-weighed rate of return on investments, net of investment expense, was 5.84%. 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 $8,666,887 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, 2023. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	$ 33,338,815
Plan fiduciary net position	(24,671,928)
Net OPEB liability	$ 8,666,887
Plan fiduciary net position as a percentage of the total OPEB liability	74.00%

Actuarial Assumptions

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

Inflation	2.20%	
Salary increases	2.80%	per year in aggregate
Discount rate	6.10%	net of investment expense, including inflation
Healthcare cost trend rates	7.00%	for 2023, decreasing to 4.50% for 2031 and after
Retirees' share of benefit-related costs	CFT employees hired on or after July 1, 2011 pay any premium increases after year of retirement; all other eligible retiree groups are paid for entirely by the District.	

The discount rate was based on the expected long-term rate of return for the PARS Vanguard's Conservative Strategy.

Mortality rates for certificated management, classified management, CFT Local 6525 (classified), confidential and supervisors was based on SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021. Mortality rates for faculty was based on SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2021. Mortality rates for Police officers Association employees were based on Pub-2010 Public Safety Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021. Mortality rates for surviving spouses of District employees was based on SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on census data provided as of June 30, 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, 2023, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Equity	6.5%
Non-U.S. Equity	8.3%
U.S. Aggregate Bonds	4.5%
Intermediate-Term Credit	5.0%
Short-Term Credit	4.6%
Non-U.S. Bonds	4.2%
REITs	6.9%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.10%. 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, 2022	$ 34,317,769	$ 16,343,293	$ 17,974,476
Service cost	1,677,748	-	1,677,748
Interest	1,834,708	-	1,834,708
Changes of benefit terms	-	-	-
Difference between expected and actual experience	645,895	-	645,895
Contributions - employer	-	9,424,583	(9,424,583)
Expected investment income	-	1,074,120	(1,074,120)
Changes of assumptions	(3,012,722)	-	(3,012,722)
Benefit payments	(2,124,583)	(2,124,583)	-
Administrative expense	-	(45,485)	45,485
Net change in total OPEB liability	(978,954)	8,328,635	(9,307,589)
Balance, June 30, 2023	$ 33,338,815	$ 24,671,928	$ 8,666,887

The rate of inflation was changed from 2.50% to 2.20%, the salary increase rate was changed from 2.75% to 2.80%, the discount rate was changed from 5.25% to 6.10%, and the healthcare costs trend rate changed from 6.00% to 7.00% 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
1% decrease (5.10%)	$ 10,813,711
Current discount rate (6.10%)	8,666,887
1% increase (7.10%)	6,623,147

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

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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (6.00%, decreasing to 3.50%)	$ 5,598,443
Current healthcare cost trend rate (7.00%, decreasing to 4.50%)	8,666,887
1% increase (8.00%, decreasing to 5.50%)	12,228,676

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 568,024	$ 2,220,622
Changes of assumptions	842,418	4,150,271
Net difference between projected and actual earnings on OPEB plan investments	1,294,608	-
Total	$ 2,705,050	$ 6,370,893

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
2024	$ 317,918
2025	345,898
2026	636,414
2027	(5,622)
Total	$ 1,294,608

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 8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (1,085,607)
2025	(1,282,238)
2026	(667,301)
2027	(668,515)
2028	(626,540)
Thereafter	(630,250)
Total	$ (4,960,451)

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, 2021 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 benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $511,107 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.1552%, and 0.1788%, resulting in a net decrease in the proportionate share of 0.0236%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(202,006).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 thorugh June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among 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 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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 (2.54%)	$ 557,204
Current discount rate (3.54%)	511,107
1% increase (4.54%)	471,192

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 Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Tred Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 468,959
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	511,107
1% increase (5.50% Part A and 6.40% Part B)	558,883

Note 10 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The District obtains coverage for these risks as a member of Statewide Association of Community Colleges (SWACC) Joint Powers Authority (JPA) and Schools Association for Excess Risk (SAFER). Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria. The District has liability coverage up to $25,000,000; SWACC is responsible for the first $1,000,000, and all excess layers covered by SAFER. The District's property coverage is $250,250,000; SWACC is responsible for the first $250,000 of each property claim, $250,000,000 reinsurance sits on top, for a total of 250,250,000. This Districts coverage is subject to a $10,000 self-insured retention for breach of contract claims, $5,000 for student professional liability claims, $25,000 for property claims, and $50,000 for liability claims. The District participates in a JPA to provide excess insurance coverage above the self-insured retention level. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Workers' Compensation

For fiscal year 2022-2023, the District participated in the Schools Alliance for Workers' Compensation Excess Group Purchase (SAWCXII) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self-insured insured for the first $500,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall saving. The four members in the JPA for fiscal year 2022-2023 are Pasadena Area Community College District, San Bernardino Community College District, Garden Grove Unified School District, and Hacienda-La Puente Unified School District.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Workers' Compensation	Property and Liability
Liability Balance, July 1, 2021	$ 5,701,616	$ 225,000
Claims and changes in estimates	320,437	1,305,099
Claims payments	(461,558)	(1,305,099)
Liability Balance, June 30, 2022	5,560,495	225,000
Claims and changes in estimates	20,307	1,300,590
Claims payments	(1,023,878)	(1,300,590)
Liability Balance, June 30, 2023	$ 4,556,924	$ 225,000
Assets available to pay claims at June 30, 2023	$ 9,944,042	$ 2,592,154

Note 11 - 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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2023, 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	$ 71,837,087	$ 21,248,907	$ 21,391,765	$ 3,697,349
CalPERS - SRP	78,018,988	25,608,777	3,007,033	10,546,856
CalPERS - Misc.	1,611,637	793,166	21,677	(662,410)
District-Sponsored Medical and Dental for Qualifying Employees	13,654,775	1,628,684	2,099,407	1,392,532
Total	$ 165,122,487	$ 49,279,534	$ 26,519,882	$ 14,974,327

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, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2023, 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, 2023, are presented above, and the District's total contributions were $12,837,112.

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

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

The net pension liability, including State share:

District's proportionate share of net pension liability	$ 71,837,087
State's proportionate share of net pension liability associated with the District	35,975,732
Total	$ 107,812,819

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.1034% and 0.1189%, respectively, resulting in a net decrease in the proportionate share of 0.0155%.

For the year ended June 30, 2023, the District recognized pension expense of $3,697,349. In addition, the District recognized pension expense and revenue of $2,901,419 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 12,837,112	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,790,269	12,492,510
Differences between projected and actual earnings on pension plan investments	-	3,512,972
Differences between expected and actual experience in the measurement of the total pension liability	58,929	5,386,283
Changes of assumptions	3,562,597	-
Total	$ 21,248,907	$ 21,391,765

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 earning 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
2024	$ (2,580,539)
2025	(2,795,578)
2026	(4,199,525)
2027	6,062,670
Total	$ (3,512,972)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,417,783
2025	(1,911,956)
2026	(2,107,856)
2027	(2,488,292)
2028	(2,227,853)
Thereafter	(2,148,824)
Total	$ (9,466,998)

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 122,006,017
Current discount rate (7.10%)	71,837,087
1% increase (8.10%)	30,181,791

California Public Employees' Retirement System (CalPERS) - Schools Risk Pool

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, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $9,709,902.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $78,018,988. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.2267% and 0.2320%, respectively, resulting in a net decrease in the proportionate share of 0.0053%.

For the year ended June 30, 2023, the District recognized pension expense of $10,546,856. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,709,902	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	562,953	1,065,820
Differences between projected and actual earnings on pension plan investments	9,211,921	-
Differences between expected and actual experience in the measurement of the total pension liability	352,600	1,941,213
Changes of assumptions	5,771,401	
Total	$ 25,608,777	$ 3,007,033

The deferred outflow 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
2024	$ 1,536,256
2025	1,362,553
2026	696,009
2027	5,617,103
Total	$ 9,211,921

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,657,720
2025	1,254,858
2026	862,007
2027	(94,664)
Total	$ 3,679,921

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
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%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

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%)	$ 112,702,378
Current discount rate (6.90%)	78,018,988
1% increase (7.90%)	49,354,440

California Public Employees' Retirement System (CalPERS) – Miscellaneous Risk Plan

Plan Description

Qualified employees are eligible to participate in the Miscellaneous Risk Pool Plan 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 plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Miscellaneous Risk Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The CalPERS Miscellaneous Risk Pool is closed to new entrants and no current employees are covered by the plan.

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

Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	60
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required unfunded liability payment to CalPERS	$ 157,359	$ -

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 contributions for the year ended June 30, 2023 was $157,359.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS Miscellaneous Risk Pool net pension liability totaling $1,611,637. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.0344% and 0.0501%, respectively, resulting in a net decrease in the proportionate share of 0.0157%.

For the year ended June 30, 2023, the District recognized pension expense of $(662,410) for CalPERS Miscellaneous Risk Pool. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 157,359	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	143,087	-
Differences between projected and actual earnings on pension plan investments	295,209	-
Differences between expected and actual experience in the measurement of the total pension liability	32,365	21,677
Changes of assumptions	165,146	-
Total	$ 793,166	$ 21,677

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
2024	$ 48,365
2025	43,491
2026	22,793
2027	180,560
Total	$ 295,209

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 132,387
2025	115,668
2026	70,866
Total	$ 318,921

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
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%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 2,618,735
Current discount rate (6.90%)	1,611,637
1% increase (7.90%)	783,045

District-Sponsored Medical and Dental for Qualifying Employees Plan

Plan Description

The District administers and contributes to a single-employer defined benefit pension plan for eligible retirees upon retirement from the District and reaching the age of 65. An annual payment of $1,900 is contributed by the District to eligible retirees of CFT Local 6525. An annual payment of $1,440 is contributed by the District to all other eligible retirees. This plan is subject to the reporting requirements under GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. There are 906 active employees who may become eligible to retire and receive benefits in the future, 52 retirees with deferred benefits, and 465 retirees receiving District-paid benefits as of the June 30, 2023 valuation date. The measurement date for the total pension liability is June 30, 2023.

As of June 30, 2023, there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4.

Benefits Provided

The District provides an annual payment of $1,440 or $1,900 to eligible retirees to help offset the costs of healthcare coverage. To be eligible for the benefit, regular full-time employees of the District, excluding hourly and adjunct employees, must have completed at least 14 years of service to the District, with the exception that classified employees who are members of CFT Local 6525, who must have at least 20 years of service to be eligible. Benefits take effect upon the eligible retiree reaching the age of 65. There is no requirement for the contributions to be spent on health insurance and is treated as taxable income to the retiree and is thus considered to be a pension plan rather than a retiree health benefit plan falling within the scope of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The benefit is paid in full during the first year of eligibility and there are no spousal or survivor benefits paid under this plan.

This benefit is payable in addition to pension benefits that may be payable under one of the District's other pension plans (CalPERS, CalSTRS, or a supplemental employee retirement plan).

The District-Sponsored Medical and Dental for Qualifying Employees Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

	CFT Local #6525	All Other Regular, Full-Time Employees
Hire date	N/A	N/A
Benefit formula	$1,900	$1,440
Benefit vesting schedule	20 years of service	14 years of service
Benefit payments	Annual for life	Annual for life
Vesting age	65	65
Required employee contribution rate	N/A	N/A
Required employer contribution rate	$1,900 per retiree	$1,440 per retiree

Contributions

The District provides an annual contribution of $1,440 or $1,900 to all eligible retirees in the plan. Total District contributions for the year ended June 30, 2023 were $725,093, inclusion of an implicit subsidy.

Changes in the Total Pension Liability (TPL)

	Total Pension Liability
Balance at June 30, 2022	$ 12,393,822
Service cost	265,209
Interest	435,296
Difference between expected and actual experience	333,853
Changes of benefit terms	1,199,480
Changes of assumptions	(247,792)
Benefit payments	(725,093)
Net change in total pension liability	1,260,953
Balance at June 30, 2023	$ 13,654,775

There was a change in the discount rate from 3.54% to 3.65% since the previous valuation. Rates of decrement were updated from the CALPERS 17 experience study to the CALPERS 21 experience study since the previous valuation. The amount of yearly benefit payment for members of CFT local 6525 was increased from $1,440 to $1,900 since the previous valuation. Service required to be eligible for receipt of yearly benefit payments for members of CFT local 6525 hired after July 1, 2011 was decreased from 22 years to 20 since the previous valuation.

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

As of June 30, 2023, the District reported a total pension liability for the District-Sponsored Medical and Dental for Qualifying Employees plan totaling $13,654,775. The net pension liability was measured as of June 30, 2023. The District's total pension liability was based on a projection of the District's long-term contributions to the pension plan and was actuarially determined.

For the year ended June 30, 2023, the District recognized pension expense of $1,392,532. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 519,990	$ -
Changes of assumptions	1,108,694	2,099,407
Total	$ 1,628,684	$ 2,099,407

The deferred outflows/(inflows) of resources related to the differences between expected and actual experience - in the measurement of the total pension liability and changes of assumptions will be amortized over a closed 6-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 284,053
2025	188,752
2026	(209,348)
2027	(209,348)
2028	(209,348)
Thereafter	(315,484)
Total	$ (470,723)

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Experience study	July 1, 2000 through June 30, 2019
Actuarial cost method	Entry age, level percent of pay
Discount rate	3.65%, net of investment expenses

The mortality tables used were PubS.H-2010 Projected with mortality improvements using Mortality Improvement Scale MP-2021.

Discount Rate

The discount rate used to measure the total pension liability was 3.65%. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index as of June 30, 2023.

The following presents the District's total pension liability calculated using the current discount rate, as well as what the total 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	Total Pension Liability
1% decrease (2.65%)	$ 15,618,157
Current discount rate (3.65%)	13,654,775
1% increase (4.65%)	12,042,803

Accumulation Program for Part-Time and Limited Services Employees (APPLE)

Plan Description

The Accumulation Program for Part-Time and Limited Service Employees (APPLE) is a defined contribution plan qualifying under Section 401(a) and 501 of the Internal Revenue Code. This plan covers part-time, seasonal, and temporary employees and those employees not covered by Section 3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of the plan members and the District are established and may be amended by APPLE Administration Committee.

Funding Plan

Contributions of 3.75% of covered compensation of eligible employees are made by the employee. Total District contributions were made in the amount of $489,457 during the fiscal year. The total amount of covered compensation was $13,052,187. Total required contribution rate is 7.50%, 3.75% represents the District's contribution, and the remaining 3.75% is contributed by the employee.

CalSTRS/CalPERS Irrevocable Trust

During the 2017-2018 fiscal year, 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, 2023, the balance of the trust was $6,030,053.

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 $5,771,255 (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.

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

The District is a member of the Statewide Association of Community Colleges (SWACC) and Schools Alliance for Workers' Compensation Excess Group Purchase (SAWCX II) Joint Powers Authority JPAs. The District pays SWACC and SAWCXII annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

The relationships between the District and the JPAs are such that no JPAs are a component unit of the District for financial reporting purposes.

Note 13 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

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

Construction Commitments

At June 30, 2023, the District had approximately $25.8 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bond issuance and capital project apportionments from the California State Chancellor's Office.

Note 14 - Subsequent Event

On August 3, 2023, the District issued 2022 Election General Obligation Bonds, Series A-1 and A-2 for $118,930,000 and $11,070,000, respectively. The bonds were issued to pay for the construction, improvement, furnishment, and equipment of certain public facilities and to prepay the remaining balance of the District's outstanding 2021 Certificates of Participation issuance. The Bonds will be repaid through August 1, 2052, with interest rates between 4.00% and 5.30%.

Note 15 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Primary Government	
Net Position - Beginning	$ 72,234,934
Right-to-use leased assets, net of amortization	2,960,809
Subscription IT arrangements	(2,417,037)
Net Position - Beginning, as Restated	$ 72,778,706

Required Supplementary Information
June 30, 2023

Pasadena Area Community College District

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 1,677,748	$ 1,645,959	$ 1,655,025
Interest	1,834,708	1,772,182	1,722,967
Difference between expected and actual experience	645,895	(308,321)	(2,263,297)
Changes of assumptions	(3,012,722)	-	1,347,870
Benefit payments	(2,124,583)	(1,781,100)	(1,257,732)
Net change in total OPEB liability	(978,954)	1,328,720	1,204,833
Total OPEB Liability - Beginning	34,317,769	32,989,049	31,784,216
Total OPEB Liability - Ending (a)	$ 33,338,815	$ 34,317,769	$ 32,989,049
Plan Fiduciary Net Position			
Contributions - employer	$ 9,424,583	$ 4,781,100	$ 1,257,732
Expected investment income	1,074,120	(2,309,531)	2,163,969
Benefit payments	(2,124,583)	(1,781,100)	(1,257,732)
Administrative expense	(45,485)	(42,384)	(37,379)
Net change in plan fiduciary net position	8,328,635	648,085	2,126,590
Plan Fiduciary Net Position - Beginning	16,343,293	15,695,208	13,568,618
Plan Fiduciary Net Position - Ending (b)	$ 24,671,928	$ 16,343,293	$ 15,695,208
Net OPEB Liability - Ending (a) - (b)	$ 8,666,887	$ 17,974,476	$ 17,293,841
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	74.00%	47.62%	47.58%
Covered Payroll	$ 83,710,066	$ 81,831,582	$ 79,641,442
Net OPEB Liability as a Percentage of Covered Payroll	10.35%	21.97%	21.71%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

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

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,488,553	$ 1,670,370	$ 2,102,668
Interest	1,714,076	1,623,517	1,189,667
Difference between expected and actual experience	(1,028,194)	6,997	(46,340)
Changes of assumptions	(907,074)	-	(3,493,635)
Benefit payments	(1,259,116)	(1,557,337)	(1,373,478)
Net change in total OPEB liability	8,245	1,743,547	(1,621,118)
Total OPEB Liability - Beginning	31,775,971	30,032,424	31,653,542
Total OPEB Liability - Ending (a)	$ 31,784,216	$ 31,775,971	$ 30,032,424
Plan Fiduciary Net Position			
Contributions - employer	$ 1,259,116	$ 3,557,337	$ 11,373,478
Expected investment income	820,027	789,545	10,578
Benefit payments	(1,259,116)	(1,557,337)	(1,373,478)
Administrative expense	(28,401)	(23,131)	-
Net change in plan fiduciary net position	791,626	2,766,414	10,010,578
Plan Fiduciary Net Position - Beginning	12,776,992	10,010,578	-
Plan Fiduciary Net Position - Ending (b)	$ 13,568,618	$ 12,776,992	$ 10,010,578
Net OPEB Liability - Ending (a) - (b)	$ 18,215,598	$ 18,998,979	$ 20,021,846
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	42.69%	40.21%	33.33%
Covered Payroll	$ 80,769,736	$ 114,727,786	$ 111,386,200
Net OPEB Liability as a Percentage of Covered Payroll	22.55%	16.56%	17.98%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	5.84%	-13.67%	15.63%	6.18%	7.45%	0.11%

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

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.1552%	0.1788%	0.1970%
Proportionate share of the net OPEB liability	$ 511,107	$ 713,113	$ 834,849
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.94%	-0.80%	-0.71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.2036%	0.1970%	0.1954%
Proportionate share of the net OPEB liability	$ 758,204	$ 754,150	$ 821,853
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.1034%	0.1189%	0.1131%	0.1151%	0.1098%
Proportionate share of the net pension liability	$ 71,837,087	$ 54,127,170	$ 109,563,221	$ 103,947,383	$ 100,885,824
State's proportionate share of the net pension liability associated with the District	35,975,732	27,234,693	56,479,853	56,710,237	57,761,852
Total	$ 107,812,819	$ 81,361,863	$ 166,043,074	$ 160,657,620	$ 158,647,676
Covered payroll	$ 62,362,340	$ 61,749,084	$ 63,727,830	$ 63,056,499	$ 65,140,457
Proportionate share of the net pension liability as a percentage of its covered payroll	115.19%	87.66%	171.92%	164.85%	154.87%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS - SEP					
Proportion of the net pension liability	0.2267%	0.2320%	0.2290%	0.2197%	0.2111%
Proportionate share of the net pension liability	$ 78,018,988	$ 47,169,940	$ 70,276,266	$ 64,034,102	$ 56,272,597
Covered payroll	$ 34,896,093	$ 33,410,338	$ 33,556,955	$ 30,517,916	$ 28,013,611
Proportionate share of the net pension liability as a percentage of its covered payroll	223.58%	141.18%	209.42%	209.82%	200.88%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.1079%	0.1049%	0.1220%	0.1160%
Proportionate share of the net pension liability	$ 99,788,463	$ 84,925,050	$ 82,135,280	$ 67,786,920
State's proportionate share of the net pension liability associated with the District	59,034,012	48,353,434	43,440,392	40,933,080
Total	$ 158,822,475	$ 133,278,484	$ 125,575,672	$ 108,720,000
Covered payroll	$ 59,175,731	$ 54,376,431	$ 54,725,507	$ 51,472,000
Proportionate share of the net pension liability as a percentage of its covered payroll	168.63%	156.18%	150.09%	131.70%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - SEP				
Proportion of the net pension liability	0.2127%	0.2259%	0.2295%	0.2236%
Proportionate share of the net pension liability	$ 50,775,459	$ 44,615,390	$ 33,828,527	$ 25,384,044
Covered payroll	$ 27,273,488	$ 27,621,423	$ 23,320,559	$ 23,477,000
Proportionate share of the net pension liability as a percentage of its covered payroll	186.17%	161.52%	145.06%	108.12%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019
CalPERS - Miscellaneous Risk Pool					
Proportion of the net pension liability	0.0344%	0.0501%	0.0331%	0.0316%	0.0312%
Proportionate share of the net pension liability	$ 1,611,637	$ 950,434	$ 1,394,783	$ 1,356,900	$ 1,174,023
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	$ 560,725
Proportionate share of the net pension liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	209.38%
Plan fiduciary net position as a percentage of the total pension liability	78%	90%	78%	75%	78%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

[1] As of June 30, 2018, the District no longer operates the Bookstore. The required employer contributions are made to fund the Plan's unfunded liability balance.

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

	2018	2017	2016	2015
CalPERS - Miscellaneous Risk Pool				
Proportion of the net pension liability	0.0296%	0.0301%	0.0306%	0.0310%
Proportionate share of the net pension liability	$ 1,188,974	$ 844,426	$ 642,798	$ 613,542
Covered payroll	$ 692,875	$ 445,964	$ 402,360	$ 396,471
Proportionate share of the net pension liability as a percentage of its covered payroll	171.60%	189.35%	159.76%	154.75%
Plan fiduciary net position as a percentage of the total pension liability	75%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

[1] As of June 30, 2018, the District no longer operates the Bookstore. The required employer contributions are made to fund the Plan's unfunded liability balance.

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

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 12,837,112	$ 10,551,708	$ 9,972,477	$ 10,897,459	$ 10,265,598
Less contributions in relation to the contractually required contribution	(12,837,112)	(10,551,708)	(9,972,477)	(10,897,459)	(10,265,598)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 67,210,010	$ 62,362,340	$ 61,749,084	$ 63,727,830	$ 63,056,499
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS -SRP					
Contractually required contribution	$ 9,709,902	$ 7,994,695	$ 6,915,940	$ 6,617,767	$ 5,512,146
Less contributions in relation to the contractually required contribution	(9,709,902)	(7,994,695)	(6,915,940)	(6,617,767)	(5,512,146)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 38,273,165	$ 34,896,093	$ 33,410,338	$ 33,556,955	$ 30,517,916
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 9,399,768	$ 7,444,307	$ 5,834,591	$ 4,859,625
Less contributions in relation to the contractually required contribution	(9,399,768)	(7,444,307)	(5,834,591)	(4,859,625)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 65,140,457	$ 59,175,731	$ 54,376,431	$ 54,725,507
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS -SRP				
Contractually required contribution	$ 4,350,794	$ 3,787,742	$ 3,272,310	$ 2,745,063
Less contributions in relation to the contractually required contribution	(4,350,794)	(3,787,742)	(3,272,310)	(2,745,063)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 28,013,611	$ 27,273,488	$ 27,621,423	$ 23,320,559
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

	2023	2022	2021	2020	2019
CalPERS - Miscellaneous Risk Pool					
Contractually required contribution	$ 157,359	$ 146,496	$ 86,268	$ 76,320	$ 59,772
Less contributions in relation to the contractually required contribution	(157,359)	(146,496)	(86,268)	(76,320)	(59,772)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Contributions as a percentage of covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]

[1] As of June 30, 2018, the District no longer operates the Bookstore. The required employer contributions are made to fund the Plan's unfunded liability balance.

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

	2018	2017	2016	2015
CalPERS - Miscellaneous Risk Pool				
Contractually required contribution	$ 53,824	$ 66,225	$ 41,711	$ 49,611
Less contributions in relation to the contractually required contribution	(53,824)	(66,225)	(41,711)	(49,611)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 560,725	$ 692,875	$ 445,964	$ 402,360
Contributions as a percentage of covered payroll	9.599%	9.558%	9.353%	12.330%

[1] As of June 30, 2018, the District no longer operates the Bookstore. The required employer contributions are made to fund the Plan's unfunded liability balance.

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

	2023	2022	2021
Total Pension Liability			
Service cost	$ 265,209	$ 381,291	$ 372,572
Interest	435,296	322,561	311,750
Differences between expected and actual experiences	333,853	-	260,021
Changes of benefit terms	1,199,480	-	-
Changes of assumptions	(247,792)	(2,523,886)	474,336
Benefit payments	(725,093)	(676,420)	(652,610)
Net change in total pension liability	1,260,953	(2,496,454)	766,069
Total pension liability - beginning	12,393,822	14,890,276	14,124,207
Total pension liability - ending	$ 13,654,775	$ 12,393,822	$ 14,890,276
Covered payroll	N/A[1]	N/A[1]	N/A[1]
District's total pension liability as a percentage of covered payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

[1] Covered payroll is not a component of the TPL as benefit payments amounts are paid based solely the retiree's membership, or non-membership, in CFT Local 6525 at the time of retirement.

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

	2020	2019	2018
Total Pension Liability			
Service cost	$ 326,443	$ 252,560	$ 264,759
Interest	309,638	437,376	415,403
Differences between expected and actual experiences	216,306	42,980	8,617
Changes of benefit terms	-	-	-
Changes of assumptions	2,172,292	528,828	(407,100)
Benefit payments	(632,004)	(642,240)	(588,960)
Net change in total pension liability	2,392,675	619,504	(307,281)
Total pension liability - beginning	11,731,532	11,112,028	11,419,309
Total pension liability - ending	$ 14,124,207	$ 11,731,532	$ 11,112,028
Covered payroll	N/A[1]	N/A[1]	N/A[1]
District's total pension liability as a percentage of covered payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

[1] Covered payroll is not a component of the TPL as benefit payments amounts are paid based solely the retiree's membership, or non-membership, in CFT Local 6525 at the time of retirement.

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

Note 1 - Purpose of Schedules

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

This schedule present 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 in Assumptions* – The rate of inflation was changed from 2.50% to 2.20%, the salary increase rate was changed from 2.75% to 2.80%, the discount rate was changed from 5.25% to 6.10%, and the healthcare costs trend rate changed from 6.00% to 7.00% 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 2.16% to 3.54% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for the CalSTRS, CalPERS and CalPERS Miscellaneous Risk plans.
- *Changes of Assumptions* - There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS and CalPERS Miscellaneous Risk plan rates of investment return assumption were changed from 7.15% to 6.90% since the previous valuations.

Schedule of District Contributions for Pensions

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

Schedule of Changes in the District - Sponsored Medical and Dental for Qualifying Employees Plan Total Pension Liability and Related Ratios

This schedule present information on the District's changes in the District - Sponsored Medical and Dental for Qualifying Employees Plan total pension liability, including beginning and ending balances and related ratios. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – The amount of yearly benefit payment for members of CFT local 6525 was increased from $1,440 to $1,900 since the previous valuation. Service required to be eligible for receipt of yearly benefit payments for members of CFT local 6525 hired after July 1, 2011 was decreased from 22 years to 20 since the previous valuation.
- *Changes in Assumptions* – There was a change in the discount rate from 3.54% to 3.65% since the previous valuation. Rates of decrement were updated from the CALPERS 17 experience study to the CALPERS 21 experience study since the previous valuation.

Supplementary Information
June 30, 2023

Pasadena Area Community College District

Pasadena Area Community College District (the District) was established in 1967, and is located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

Board of Trustees as of June 30, 2023

Member	Office	Term Expires
Sandra Chen Lau	President	June 2026
Tamara Silver	Vice President	June 2024
Alton Wong	Clerk	June 2026
Steve Gibson	Member	June 2026
Kristine Kwong	Member	June 2026
John H. Martin	Member	June 2024
James A. Osterling	Member	June 2024

Administration as of June 30, 2023

Jose Gomez, Ph.D	Interim Superintendent/President
Laura Ramirez, Ed.D.	Assistant Superintendent/Vice President, Instruction
Candace D. Jones	Assistant Superintendent/Vice President, Business and Administrative Services
Robert S. Blizinski	Assistant Superintendent/Vice President, Human Resources
Brenda Ivelisse, Ph.D	Assistant Superintendent/Vice President, Student Services

Auxiliary Organizations in Good Standing

Pasadena College Foundation, established 1979
Master Agreement revised 2017
Ms. Bobbi Abram, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		$ 30,953,050	$ -
Federal Pell Grant Program Administrative Allowance	84.063		76,335	-
Federal Direct Student Loans	84.268		1,144,189	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,115,010	-
FSEOG Administrative Allowance	84.007		23,928	-
Federal Work-Study Program	84.033		508,877	-
Subtotal Student Financial Assistance Cluster			33,821,389	-
TRIO Cluster				
Student Support Services	84.042A		326,137	-
Talent Search	84.044A		168,404	-
Upward Bound	84.047A		638,892	-
Upward Bound Math and Science	84.047M		685,965	-
Subtotal TRIO Cluster			1,819,398	-
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		12,306,899	-
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		11,017,591	-
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		1,998,589	-
Subtotal			25,323,079	-
Childcare Access Means Parents in School (CCAMPIS)	84.335A		408,707	-
STEM: Reaching the Next Level in HSI Excellence	84.031C		1,493,705	-
Higher Education - Institutional Aid	84.031S		710,101	-
Pathways to Completion for Hispanic Students	84.031S		772,049	-
Subtotal			2,975,855	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	22-C01-770	1,146,095	-
Passed through California Department of Education				
Adult Basic Education & ELA	84.002A	14508	246,305	-
Adult Secondary Education (ASE)	84.002	14109	876	-
Adult Secondary Education (ASE)	84.002	13978	69,604	-
Subtotal			316,785	-
Total U.S. Department of Education			65,811,308	-
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]	136,221	-
Total U.S. Department of the Treasury			136,221	-

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
Research and Development Cluster				
National Science Foundation				
Micro Nano Technology Education Center	47.076		$ 2,466,937	$ 1,304,205
Future Manufacturing Program	47.074		134,226	-
Subtotal Research and Development Cluster			2,601,163	1,304,205
U.S. Department of Agriculture				
Forest Service School and Roads Cluster				
Forest Reserve	10.665		10,687	-
Subtotal Forest Service School and Roads Cluster			10,687	-
Passed through the California Department of Education Child and Adult Care Food Program	10.558	13666	29,923	-
Total U.S. Department of Agriculture			40,610	-
Small Business Administration				
Passed through Long Beach Community College District				
Small Business Development	59.037	CN99780.4/ CN99798.6	251,701	-
COVID 19: Small Business Development	59.037	CN99758.8	48,758	-
Total Small Business Administration			300,459	-
U.S. Department of Health and Human Services				
Passed through California Community Colleges Chancellor's Office				
Foster and Kinship Care Education	93.658	[1]	33,836	-
Temporary Assistance for Needy Families (TANF)	93.558	[1]	67,515	-
Passed through the County of Los Angeles, Department of Public Social Services				
Temporary Assistance for Needy Families (TANF)	93.558	CCCP21009	71,419	-
Subtotal			138,934	-
CCDF Cluster				
Passed through California Department of Education				
Child Care and Development Block Grant	93.575	15136	12,129	-
Child Care and Development Block Grant	93.575	14551	2,888	-
Child Care and Development Block Grant	93.575	15554	830	-
COVID-19: Child Care and Development Block Grant	93.575	15640	251	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	26,384	-
Subtotal CCDF Cluster			42,482	-
Total U.S. Department of Health and Human Services			215,252	-
Total Federal Financial Assistance			$ 69,105,013	$ 1,304,205

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

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
AANHPI Asian American Native Hawaiian Pacific Islander	$ 150,697	$ -	$ 150,697	$ -	$ -
AB 104 - Adult Education Block Grant	886,646	-	61,315	825,331	825,331
AB 798 Textbook Affodability Program	8,348	-	8,348	-	-
AB 798 Textbook Affordability Prgm-Implementation	-	9,058	9,058	-	-
Associate Degree Nursing	151,824	-	-	151,824	151,824
Basic Skills	993,022	-	381,044	611,978	611,978
Black LatinX Outreach & Enrollment	9,281	-	-	9,281	9,281
Black Stem	64,930	-	16,257	48,673	48,673
Bridges to Stem Cell Research	1,816,821	-	1,345,139	471,682	471,682
Bridges to the Future	4,100	945	-	5,045	5,045
California Governor's Office GO_Biz - CIP	22,315	80,032	-	102,347	102,347
California Governor's Office GO_Biz - TAEP	20,765	109,222	-	129,987	129,987
Cal Grant A	60,500	-	-	60,500	60,500
Cal Grant B	3,868,058	-	5,150	3,862,908	3,862,908
Cal Grant C	2,640	-	-	2,640	2,640
CalFresh	76,078	-	45,993	30,085	30,085
California College Promise	3,246,477	-	1,607,966	1,638,511	1,638,511
Calworks	489,075	-	-	489,075	489,075
Campus Safety	147	-	-	147	147
CCTR Stipend	4,923	-	4,027	896	896
Child Development Consortium	29,387	-	61	29,326	29,326
Child Development Program-CACFP	1,011	104	-	1,115	1,115
Child Development Program-CCTR	270,563	9,365	101,819	178,109	178,109
Child Development Program-CSPP	325,709	-	2,211	323,498	323,498
Cooperative Agencies Foster Youth Ed Support (CAFYES)	1,465,807	-	349,007	1,116,800	1,116,800

Program	Program Revenues Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Cooperative Agencies Resources For Education (CARE)	$ 318,618	$ -	$ 88,397	$ 230,221	$ 230,221
COVID-19 Recovery Block Grant	9,995,528	-	9,626,873	368,655	368,655
CTE: Strong Workforce - Local	9,711,133	-	8,113,478	1,597,655	1,597,655
CTE: Strong Workforce -Regional	9,625	296,341	9,534	296,432	296,432
Culturally Competent Faculty PD	200,435	-	172,841	27,594	27,594
Disabled Students Program and Services (DSPS)	2,297,489	-	538,754	1,758,735	1,758,735
Dream Resources	327,966	-	181,519	146,447	146,447
Early Action Supplemental Funding	741,690	-	741,690	-	-
EEO Best Practices	208,333	-	138,648	69,685	69,685
Extended Opportunity Program and Services (EOP&S)	2,034,467	-	566,818	1,467,649	1,467,649
Financial Aid Technology	106,939	-	41,649	65,290	65,290
Foster Care Education Program	72,854	-	3,452	69,402	69,402
Guided Pathways	1,712,083	-	1,090,578	621,505	621,505
Hunger Free Campus	41,055	-	280	40,775	40,775
Innovation & Effectiveness PRT	43,798	-	788	43,010	43,010
Instructional Equipment	9,306,937	-	8,479,091	827,846	827,846
K-12 Pathway Coordinator	4,096,798	-	3,204,602	892,197	892,197
K-12 Strong Workforce Program	56,744,614	364,546	33,167,764	23,941,396	23,941,396
K14 Technical Assistance Providers	675,000	-	447,676	227,324	227,324
Los Angeles Regional Consortium (LARC)	1,839,281	493,826	-	2,333,107	2,333,107
LARC -Faculty Innovate Hub	1,556	-	-	1,556	1,556
LARC -Foundational Project-Industry Engagement & Employment Pipeline	249,000	-	2,003	246,997	246,997
LARC -Foundational Project-LA Employment Outcomes-EMSI	266,000	-	66,500	199,500	199,500
LARC -Foundational Project-LA Faculty Innovation Hub	305,706	-	27,406	278,300	278,300
LARC -Foundational Project-LA Marketing Leads Conversion	100,320	-	1	100,319	100,319

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
LARC -Foundational Project-Reg Marketing Proj-CCLA 19	$ 1,000,000	$ -	$ 480,049	$ 519,951	$ 519,951
LARC -Foundational Project-UNITE-LA Employer Engagement	300,000	-	-	300,000	300,000
Learning-Aligned Employment Program	6,292,619	-	6,292,619	-	-
Mental Health	736,900	-	430,701	306,199	306,199
MESA	587,286	-	457,010	130,276	130,276
Office Equity Diverstiry & Justice	500,000	-	99,705	400,295	400,295
Professional Development	69,433	-	68,820	614	614
Promise Scholars Program	17,851	-	17,851	-	-
Puente Project	84,124	-	22,963	61,161	61,161
Puente Project Berkeley	45,000	-	45,000	-	-
Retention and Enrollement - Outreach	1,860,656	-	1,449,557	411,099	411,099
Retention and Enrollment - Marketing	2,688,819	-	1,835,900	852,919	852,919
SFAA Augmentation	1,100,580	-	14,718	1,085,862	1,085,862
SSSP - Credit	5,013,179	-	-	5,013,179	5,013,179
SSSP - Non Credit	506,238	-	-	506,238	506,238
Staff Diversity - AB 1725	222,890	-	114,095	108,795	108,795
Student Equity	6,472,028	-	5,098,143	1,373,885	1,373,885
Student Financial Aid Administration	222,171	-	813	221,358	221,358
Student Success Completion Grant	13,493,156	-	8,333,742	5,159,414	5,159,414
Stong Worforce Program	13,021,206	-	12,116,975	904,231	904,231
Stong Worforce Program -Regional	12,298,600	-	-	12,298,600	12,298,600
Stong Worforce Program -LARC-LA Data Project	944,000	-	855,000	89,000	89,000
Title IX - Trauma Informed Care	22,783	-	-	22,783	22,783
Veteran's Center	138,485	-	43,328	95,157	95,157
Zero Textbook Cost Degree	-	308	308	-	-
Total state programs	$ 183,014,354	$ 1,363,747	$ 108,575,730	$ 75,802,371	$ 75,802,371

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 Only)			
1. Noncredit*	124.44	-	124.44
2. Credit	1,047.87	-	1,047.87
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	64.01	-	64.01
2. Credit	1,440.57	-	1,440.57
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,251.72	-	6,251.72
(b) Daily Census Contact Hours	437.87	-	437.87
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	736.85	-	736.85
(b) Credit	453.83	-	453.83
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	5,821.95	-	5,821.95
(b) Daily Census Procedure Courses	1,645.95	-	1,645.95
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	18,025.06	-	18,025.06
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	847.40	-	847.40
2. Credit	58.07	-	58.07
CCFS-320 Addendum			
CDCP Noncredit FTES	766.55	-	766.55
Centers FTES			
1. Noncredit*	436.70	-	436.70
2. Credit	375.12	-	375.12

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

		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
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 36,846,596	$ -	$ 36,846,596	$ 37,867,025	$ -	$ 37,867,025
Other	1300	29,919,940	-	29,919,940	29,919,940	-	29,919,940
Total Instructional Salaries		66,766,536	-	66,766,536	67,786,965	-	67,786,965
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	14,246,353	-	14,246,353
Other	1400	-	-	-	716,220	-	716,220
Total Noninstructional Salaries		-	-	-	14,962,573	-	14,962,573
Total Academic Salaries		66,766,536	-	66,766,536	82,749,538	-	82,749,538
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	28,115,753	-	28,115,753
Other	2300	-	-	-	2,544,379	-	2,544,379
Total Noninstructional Salaries		-	-	-	30,660,132	-	30,660,132
Instructional Aides							
Regular Status	2200	-	-	-	-	-	-
Other	2400	154,684	-	154,684	154,684	-	154,684
Total Instructional Aides		154,684	-	154,684	154,684	-	154,684
Total Classified Salaries		154,684	-	154,684	30,814,816	-	30,814,816
Employee Benefits	3000	19,879,156	-	19,879,156	47,641,320	-	47,641,320
Supplies and Material	4000	-	-	-	1,252,859	-	1,252,859
Other Operating Expenses	5000	-	-	-	14,957,235	-	14,957,235
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		86,800,376	-	86,800,376	177,415,768	-	177,415,768

Exclusions	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	782,150	-	782,150
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 5,424,669	$ -	$ 5,424,669
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	6,206,819	-	6,206,819
Total for ECS 84362, 50 Percent Law		$ 86,800,376	$ -	$ 86,800,376	$ 171,208,949	$ -	$ 171,208,949
Percent of CEE (Instructional Salary Cost/Total CEE)		50.70%		50.70%	100.00%		100.00%
50% of Current Expense of Education					$ 85,604,474		$ 85,604,474

See Notes to Supplementary Information

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 11,946,025
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 11,946,025	$ -	$ -	$ 11,946,025
Total Expenditures for EPA		$ 11,946,025	$ -	$ -	$ 11,946,025
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 48,738,011	
Special Revenue Funds	11,826,568	
Capital Project Funds	75,918,960	
Debt Service Funds	8,791,289	
Proprietary Funds	1,080,083	
Internal Service Funds	15,824,786	
Fiduciary Funds	24,671,928	
Total fund balance - all District funds		$ 186,851,625
Amounts held in trust on behalf of others (Retiree OPEB Trust)		(24,671,928)
The District's investment in the Los Angeles County Educational Investment Pool is reported at fair market value in the Statement of Net Position.		3,748,000
Lease receivables and deferred inflows of resources related to leases are reported in the Statement of Net Position, but were note reported on the District's CCFS-311 report		
Lease receivables	511,718	
Deferred inflows of resources related to leases	(473,641)	
		38,077
Capital assets, right-to-use leased assets and right-to-use subscription IT 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	378,647,930	
Accumulated depreciation is	(182,904,061)	
The cost of right-to-use leased assets is	2,220,986	
The cost of right-to-use subscription IT assets is	3,983,882	
Accumulated amortization is	(1,658,959)	
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net		200,289,778
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	1,653,472	
Deferred outflows of resources related to OPEB	2,705,050	
Deferred outflows of resources related to pensions	49,279,534	
Total deferred outflows of resources		53,638,056
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.		(1,472,729)

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	$ (58,422,380)	
Certificates of participation	(30,365,597)	
Leases	(1,601,094)	
Subscription-based IT arrangements	(2,452,605)	
Compensated absences	(4,052,237)	
Load banking	(1,082,600)	
Aggregate net other postemployment benefits (OPEB) liability	(9,177,994)	
Aggregate net pension liability	(165,122,487)	
Total long-term liabilities		$ (272,276,994)
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	(6,370,893)	
Deferred inflows of resources related to pensions	(26,519,882)	
Total deferred inflows of resources		(32,890,775)
Total net position		$ 113,253,110

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, 2023.

Schedule of Expenditures of Federal Awards

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

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. 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.

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

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

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, 2023

Pasadena Area 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*

To the Board of Trustees
Pasadena Area Community College District
Pasadena, 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, (*Governmental Auditing Standards*) the financial statements of the business-type activities and the remaining fund information of Pasadena Area Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 8, 2023

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

To the Board of Trustees
Pasadena Area Community College District
Pasadena, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pasadena Area 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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion 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.

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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.

Eide Bailly LLP

Rancho Cucamonga, California
December 8, 2023

Independent Auditor's Report on State Compliance

To the Board of Trustees
Pasadena Area Community College District
Pasadena, California

Report on State Compliance

We have audited Pasadena Area Community College District's (the District) compliance with the types of compliance requirements described in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2023.

Opinion

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) ; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) ; and the standards and procedures identified in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

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

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

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

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 requirements within this section were not applicable.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 8, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Pasadena Area 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

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Research and Development Cluster	47.074, 47.076
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
STEM: Reaching the Next Level in HSI Excellence	84.031C
Higher Education - Institutional Aid	84.031S
Pathways to Completion for Hispanic Students	84.031S
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L

Dollar threshold used to distinguish between type A and type B programs	$2,073,150
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.