Financial Statements
June 30, 2023

Santa Barbara Community College District

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Independent Auditor's Report 1

Management's Discussion and Analysis 5

Basic Financial Statements

Primary Government
Statement of Net Position 17
Statement of Revenues, Expenses, and Changes in Net Position 18
Statement of Cash Flows 19

Notes to Financial Statements 21

Required Supplementary Information

Schedule of Changes in the District's Total OPEB Liability and Related Ratios 58
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program 60
Schedule of the District's Proportionate Share of the Net Pension Liability 61
Schedule of District Contributions for Pensions 63
Notes to Required Supplementary Information 65

Supplementary Information

District Organization 66
Schedule of Expenditures of Federal Awards 67
Schedule of Expenditures of State Awards 69
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance 71
Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation 72
Proposition 30 Education Protection Account (EPA) Expenditure Report 75
Reconciliation of Governmental Funds to the Statement of Net Position 76
Notes to Supplementary Information 78

Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 80
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance 82
Independent Auditor's Report on State Compliance 85

Schedule of Findings and Questioned Costs

Summary of Auditor's Results 88
Financial Statement Findings and Recommendations 89
Federal Awards Findings and Questioned Costs 90
State Compliance Findings and Questioned Costs 92
Summary Schedule of Prior Audit Findings 93

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Independent Auditor's Report

To the Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Santa Barbara 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 of Santa Barbara Community College District (the District), as of June 30, 2023, and the respective changes in financial position, and 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 opinion.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Government 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 opinion is not modified with respect to this matter.

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 16 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 7, 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 7, 2023

INTRODUCTION

This introduction to the District-wide financial statements provides background information regarding the financial position and activities of the Santa Barbara Community College District (the District) for the years ended June 30, 2023 and 2022. We encourage readers to consider the information presented in this Management's Discussion and Analysis in conjunction with the financial statements and accompanying notes to the financial statements.

Overview of the District-Wide Basic Financial Statements

The focus of the Statement of Net Position is designed to be similar to the bottom-line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District. The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the District-wide financial statements.

This Annual Report

This annual report consists of the following sections:

- Management's Discussion and Analysis (MD&A) utilizing a current year/prior year format;
- District-Wide Basic Financial Statements, including required Notes to the Financial Statements; and
- Supplementary Information.

FINANCIAL HIGHLIGHTS

This section provides condensed information for each of the three basic financial statements, as well as illustrative charts, graphs, and tables.

- The District's primary funding is based upon an apportionment allocation made by the State of California, Community Colleges Chancellor's Office (Chancellor's Office). In 2018-19, a new funding formula was implemented by the Chancellor's Office which modified the funding formula from relying solely on Full Time Equivalent Students (FTES) to determine funding for a district. The new funding formula, now called the Student-Centered Funding Formula (SCFF), includes three factors: the Base Funding Allocation (70%), a Supplemental Allocation (20%), and a Student Success Allocation (10%). The rates are subject to change based on the District's success metrics. For 2022-23, the District was funded as detailed below:
  - The Base Funding factor (75.0%) continues to be based on the FTES generated by the District.
  - The Supplemental Allocation (13.0%) is calculated based on a count of the District's Pell Grant recipients, California College Promise Grant Recipients, and AB 540 Students.

- The Student Success Allocation (12.0%) is based on the number outcomes a district achieves in the following measures:

    - Associate degrees granted
    - Associate degrees for transfer granted
    - Baccalaureate degrees granted
    - Credit certificates (16 units or more)
    - Completion of transfer-level mathematics and English courses within first academic year of enrollment
    - Successful transfer to four-year university
    - Completion of nine or more CTE units
    - Attainment of a regional living wage

As noted above, the District's reported FTES remain the District's primary source of funding (70%) under the SCFF. During fiscal years 2022-2023 and 2021-2022, the District's total resident FTES were 10,589 and 10,618, respectively. The decline in FTES was incurred across various types of enrollment, including credit, noncredit, and dual enrollment programs. The graph below depicts the District's five-year trend for FTES:

After the Chancellor's Office calculates the District's base apportionment, it reduces the net amount to be distributed by the amount of property taxes, Education Protection Act funds, and enrollment fees expected to be paid directly to the District. The matrix below lists the four components and illustrates the net effect of the actual receipts for fiscal year 2022-2023 as compared to fiscal year 2021-2022:

	2023	2022	Difference
Property Tax	$ 41,226,026	$ 37,573,375	$ 3,652,651
Enrollment Fees	7,064,488	6,506,303	558,185
Apportionment	40,794,799	16,855,353	23,939,446
Education Protection Act	6,201,622	25,294,567	(19,092,945)
Total	$ 95,286,935	$ 86,229,598	$ 9,057,337

CONDENSED DISTRICT-WIDE FINANCIAL INFORMATION IS AS FOLLOWS:

Condensed Statement of Net Position as of June 30, 2023 and 2022:

	2023	2022, as restated	Change
Assets			
Cash and investments	$ 134,363,856	$ 105,060,130	$ 29,303,726
Receivables, net	16,039,286	18,628,055	(2,588,769)
Other current assets	2,529,680	5,531,282	(3,001,602)
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	135,373,292	140,163,507	(4,790,215)
Total assets	288,306,114	269,382,974	18,923,140
Deferred Outflows of Resources	30,039,518	21,962,503	8,077,015
Liabilities			
Accounts payable and accrued liabilities	80,106,631	64,355,378	15,751,253
Current portion of long-term liabilities	3,372,623	3,399,039	(26,416)
Noncurrent portion of long-term liabilities	156,172,150	132,637,477	23,534,673
Total liabilities	239,651,404	200,391,894	39,259,510
Deferred Inflows of Resources	23,152,597	51,640,551	(28,487,954)
Net Position			
Net investment in capital assets	79,028,667	81,000,484	(1,971,817)
Restricted	39,695,679	26,007,745	13,687,934
Unrestricted deficit	(63,182,715)	(67,695,197)	4,512,482
Total net position	$ 55,541,631	$ 39,313,032	$ 16,228,599

The preceding schedule has been prepared from the District's Statement of Net Position (page 17) which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated. Cash and investments (above) consist primarily of funds held in the Santa Barbara County Treasury.

Current assets increased by $23.7 million while net capital assets decreased by $4.8 million. The increase in cash and investments is due primarily to the receipt of funding related scheduled maintenance and COVID-19 Recovery Block Grant, and the timing of expenditures. Current liabilities increased by $15.7 million primarily due to unearned revenues, related to categorical programs. Long-term liabilities increased by $23.5 million due to the increase in the net pension liability calculated as part of the GASB Statement No. 68 actuarial report.

The changes in the deferred inflows and outflows related to pensions and OPEB are calculated as part of the GASB Statement No. 68 and No. 74 implementations, and will continue to fluctuate from year to year based on the changes in actuarial valuations for the CalPERS and CalSTRS systems, as well as the District's OPEB plan.

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023 and 2022:

	2023	2022*	Change
Operating Revenues			
Tuition and fees, net	$ 17,954,743	$ 17,518,668	$ 436,075
Grants and contracts, noncapital	62,729,268	61,816,725	912,543
Auxiliary enterprise sales and charges	4,263,113	3,241,598	1,021,515
Total operating revenues	84,947,124	82,576,991	2,370,133
Operating Expenses			
Salaries and benefits	106,583,508	96,900,273	9,683,235
Supplies, services, equipment, and maintenance	59,362,469	45,151,493	14,210,976
Student financial aid	20,734,298	36,365,804	(15,631,506)
Depreciation and amortization	5,852,596	5,433,830	418,766
Total operating expenses	192,532,871	183,851,400	8,681,471
Operating loss	(107,585,747)	(101,274,409)	(6,311,338)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	46,996,421	42,149,920	4,846,501
Property taxes	46,221,862	42,292,911	3,928,951
Student financial aid grants	16,922,506	18,412,914	(1,490,408)
State revenues	4,939,276	4,055,969	883,307
Net interest expense	(1,289,549)	(4,941,305)	3,651,756
Other nonoperating revenues	5,790,596	5,666,296	124,300
Total nonoperating revenue (expenses)	119,581,112	107,636,705	11,944,407
Other Revenues			
State and local capital income	4,233,234	8,092,953	(3,859,719)
Change in net position	$ 16,228,599	$ 14,455,249	$ 1,773,350

* 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 schedule presented above has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position. State general apportionment, while budgeted for operations, is considered nonoperating revenue according to the Governmental Accounting Standards Board's (GASB) prescribed reporting format. Grant and contracts revenue includes student financial aid, as well as specific Federal and State grants received for programs serving the students of the District.

The schedule presented above has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position. State general apportionment, while budgeted for operations, is considered nonoperating revenue according to the Governmental Accounting Standards Board's (GASB) prescribed reporting format. Grant and contracts revenue includes student financial aid, as well as specific Federal and State grants received for programs serving the students of the District.

Overall, the District saw a net increase in revenues and tuition due largely to a 6.56% COLA adjustment to funding rates used in the calculation of the Student Centered Fund Formula (SCFF).

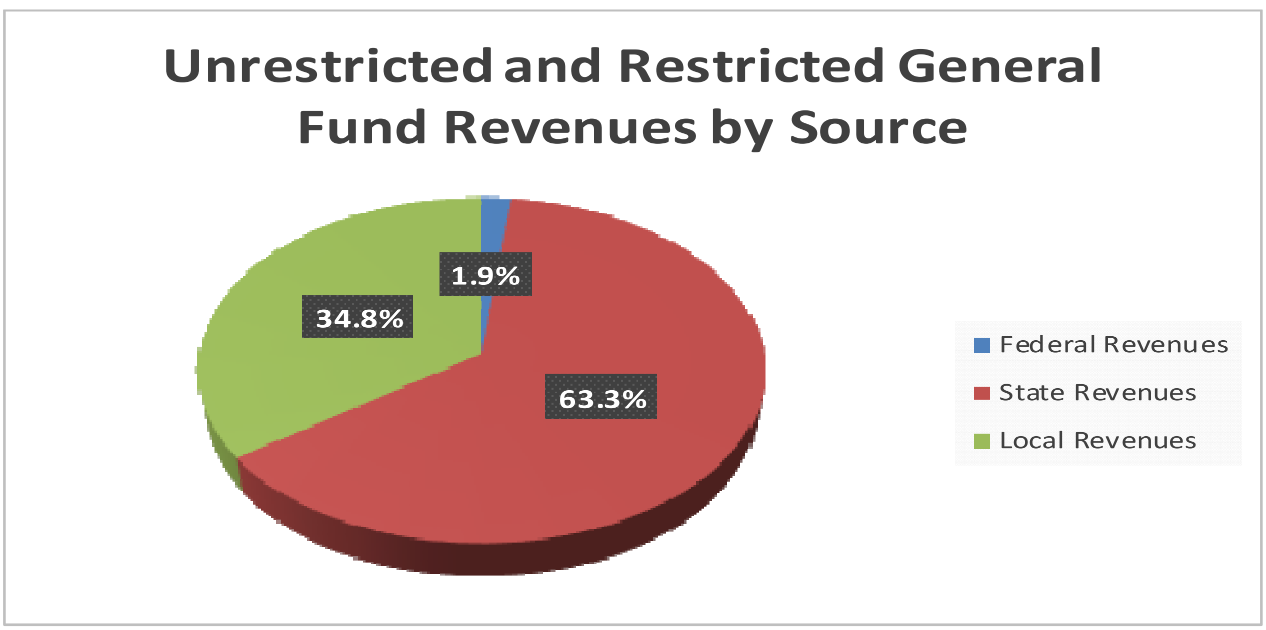
Operating expenses increased in 2022-2023 primarily due primarily due to the increases in costs, due to inflation, and increases in salaries and benefits.

General Fund

While this Management's Discussion and Analysis and the District-wide financial statements report the financial position and results of operations for the District as a whole, the following pie charts are intended to give the reader information specific to the General Fund.

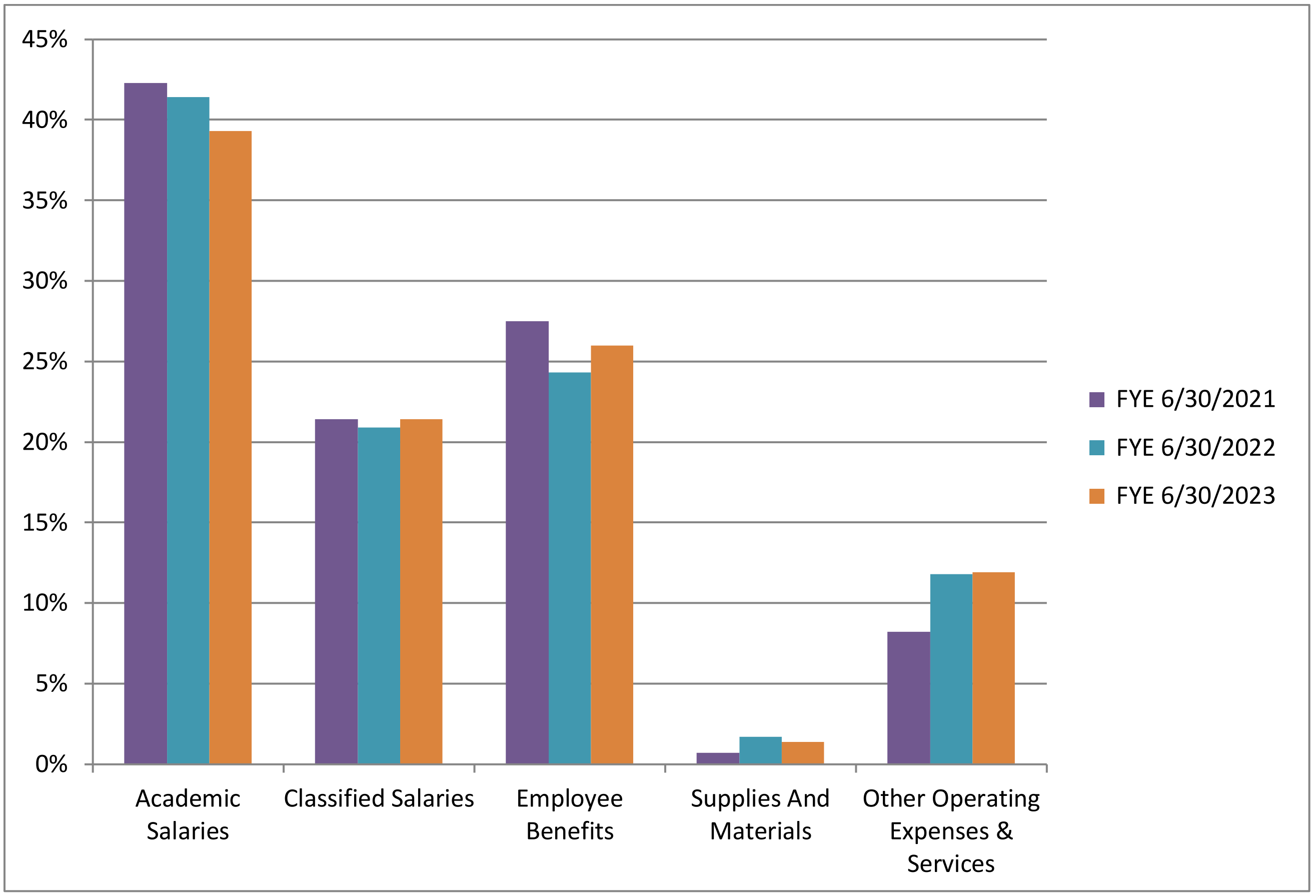
General Fund Revenues by Source

The chart below depicts the District's General Fund total revenues by source:



General Fund Expenditures by Type

The chart below depicts a three-year review of the District's Unrestricted General Fund expenditures by type as a percentage of total expenditures before transfers:



The District's 2022-2023 expenditures for employee salaries and benefits made up 86.3% of the total Unrestricted General Fund expenditures before transfers, compared to 89.4% in 2021-2022, and 91.5% in 2020-2021. All other 2022-2023 expenditure types made up 13.7% of total expenditures, which has increased from 2020-2021 and 2021-2022.

Employee benefits increased in 2022-2023 due primarily to significant increases in CalPERS and CalSTRS rates. These rates are projected to continue increasing through 2026-2027. Salaries, on the other hand, went down in 2022-2023 as a percent of total, but increased overall. Supplies and materials and other operating expenses/services, as a whole, increased during 2022-2023 due to the impact of inflation, especially in the area of utilities.

Expenditures by Activity

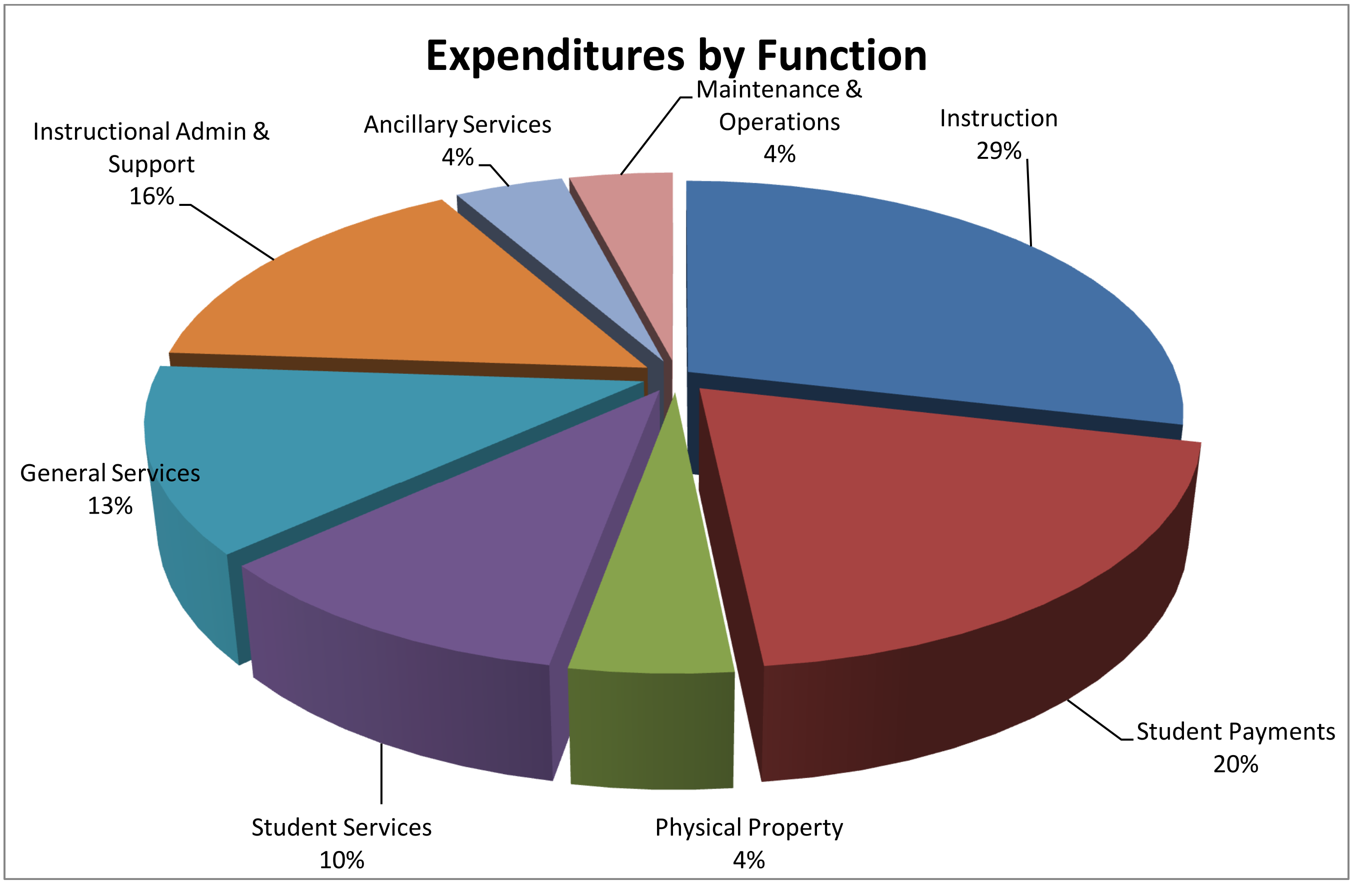
The following table summarizes the District's expenditures by activity for the year ended June 30, 2023:

	Salaries and Employee Benefits	Supplies, Materials, and Other Operating Expenses and and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 55,692,069	$ 2,079,626	$ -	$ 475,567	$ -	$ 58,247,262
Instructional administration	8,470,428	28,035,305	-	1,521,813	-	38,027,546
Instructional support services	2,443,506	88,809	-	250,565	-	2,782,880
Student services	16,604,082	3,493,141	-	113,620	-	20,210,843
Plant operations and maintenance	4,142,851	3,939,564	-	334,549	-	8,416,964
Planning, policymaking and coordinations	1,612,971	1,373,160	-	-	-	2,986,131
Institutional support services	12,354,433	8,078,938	-	370,141	-	20,803,512
Community services	917,270	47,341	-	-	-	964,611
Ancillary services and auxiliary operations	4,345,898	5,271,800	-	33,564	-	9,651,262
Physical property and related acquisitions		220,858	-	3,634,108	-	3,854,966
Student aid	-	-	20,734,298	-	-	20,734,298
Unallocated depreciation and amortization	-	-	-	-	5,852,596	5,852,596
Total	$ 106,583,508	$ 52,628,542	$ 20,734,298	$ 6,733,927	$ 5,852,596	$ 192,532,871

The following pie chart groups the District's expenditures by activity into major functional areas. The chart definitions below identify which activities are included in each major functional area.

Chart Definitions:

- Instruction: Consists of direct instructional expenses.
- Student Payments: Primarily consists of financial aid payments to students.
- Physical Property: Depreciation, Non-capitalized construction, and purchases of small equipment.
- Student Services: Includes admissions and records, counseling, and other student service-related expenses.
- General Services: Includes planning and policy making, general institutional services, and community services.
- Instructional Admin & Support: Includes administrative expenses related to instruction, the library, and the learning resource center.
- Ancillary Services: Includes expenses related to the child development center, food service, parking, and co-curricular related expenses.
- Maintenance & Operations: Includes building maintenance, grounds maintenance, and custodial services.



Condensed Statement of Cash Flows for the years ended June 30, 2023 and 2022:

	2023	2022	Change
Net Cash Flows from			
Operating activities	$ (92,705,303)	$ (82,052,814)	$ (10,652,489)
Noncapital financing activities	118,341,338	112,225,436	6,115,902
Capital financing activities	3,565,348	5,146,938	(1,581,590)
Investing activities	102,343	(2,858,855)	2,961,198
Net Increase (Decrease) in Cash and cash equivalents	29,303,726	32,460,705	(3,156,979)
Cash and cash equivalents, Beginning of Year	105,060,130	72,599,425	32,460,705
Cash and cash equivalents, End of Year	$ 134,363,856	$ 105,060,130	$ 29,303,726

The previous schedule has been prepared from the Statement of Cash Flows presented on pages 19 and 20. This statement provides information about cash receipts and cash payments during the fiscal year. It also helps users assess the District's ability to generate positive net cash flows and its ability to meet its obligations as they come due.

The primary operating activities contributing to cash flow are student tuition and fees and Federal, State, and local grants and contracts, while the primary operating activity using cash flow throughout the year is the payment of salaries and benefits.

Even though State apportionment and property taxes are the primary source of District revenue (and cash flow), GASB accounting standards require that these sources of revenue be shown as nonoperating revenue since they come from the general resources of the State and not from the primary users of the District's programs and services (students). Nevertheless, the District depends upon this funding as the primary source of funds to continue operations.

Capital and Right-to-Use Assets

As of June 30, 2023, the District had approximately $135.4 million invested in net capital and right-to-use leased, and right-to-use subscription IT assets. Total capital and right-to-use assets of $244.9 million consist of land, construction in progress, buildings and improvements, vehicles, other office equipment, right-to-use leased assets, and right-to-use Subscription IT assets. These assets have accumulated depreciation/amortization of $109.5 million. In fiscal year 2022-2023, there were net capital and right-to-use asset additions in the amount of $1.1 million and depreciation/amortization expense of $5.9 million.

Note 6 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:

	2023	2022, as restated	Net Change
Land and construction in progress	$ 8,939,113	$ 8,826,958	$ 112,155
Buildings and improvements, net	123,610,637	128,344,537	(4,733,900)
Furniture and equipment, net	2,384,130	2,206,462	177,668
Right-to-use leased assets, net	285,514	472,569	(187,055)
Right-to-use subscription IT assets, net	153,898	312,981	(159,083)
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 135,373,292	$ 140,163,507	$ (4,790,215)

Long-Term Liabilities including OPEB and Pensions

At the end of the 2022-2023 fiscal year, the District had $58,459,439 in General Obligation Bonds and loans payable outstanding. The bonds are repaid in annual installments, in accordance with the obligation requirements for each debt issuance, by way of property tax assessments on property within the District's boundaries.

The District is also obligated to employees of the District for compensated absences, load banking, supplemental employee retirement plan, retiree health payments, leases, subscription-based IT arrangements, and pension liabilities.

Notes 7-9 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	2023	2022, as restated	Net Change
General obligation bonds	$ 58,275,593	$ 60,968,469	$ (2,692,876)
Loans payable	183,846	363,097	(179,251)
Leases	290,221	480,520	(190,299)
Subscription-based IT arrangements	166,898	325,981	(159,083)
Aggregate net OPEB liability	6,634,173	6,329,530	304,643
Aggregate net pension liability	88,164,253	61,361,113	26,803,140
Other liabilities	5,829,789	6,207,806	(378,017)
Total long-term liabilities	$ 159,544,773	$ 136,036,516	$ 23,508,257
Amount due within one year	$ 3,372,623	$ 3,399,039	$ (26,416)

Fund Balances

Fund balance is the difference between fund assets and fund liabilities in the District's funds.

Fund Type	Ending Fund Balance 6/30/22	Ending Fund Balance 6/30/23	Change in Fund Balance
General Funds	$ 38,358,330	$ 44,019,200	$ 5,660,870
Bond Interest and Redemption Fund	4,158,103	4,716,573	558,470
Capital Projects Funds	19,817,603	22,024,627	2,207,024
Enterprise Funds	6,941,746	7,287,525	345,779
Special Revenue Funds	2,708,169	2,832,899	124,730
Internal Service	123,388	127,970	4,582
Student Financial Aid	480,356	762,094	281,738
Total	72,587,695	81,770,888	9,183,193

Total ending fund balances increased $9.2 million (12.7%) from $72.6 million to $81.8 million. The majority of changes is due to a return to normal operations, after the impact of the pandemic. This has led to increase in variable operating expenditures in the General Fund for the District.

In accordance with Board Policy 6305, the District's Board of Trustees has designated a portion of the Unrestricted General Fund balance as reserves. A reserve fund is an established prudent fiscal management tool, which buffers cash flow fluctuations and provides a resource for contingencies and reasonable yet unforeseen operational needs. The reserve includes 5% of annual projected Unrestricted General Fund expenditures, plus funds equivalent to any deferrals of the college's State apportionment or 15% of annual projected Unrestricted General Fund expenditures, whichever is greater. The Unrestricted General Fund reserve is $23.8 million, or approximately 19.4% of the annual projected Unrestricted General Fund expenditures for fiscal year 2023-2024.

FACTORS THAT MAY AFFECT THE FUTURE

Accreditation

- The District is accredited every seven years by the Accrediting Commission of Community and Junior Colleges (ACCJC), a branch of the Western Association of Schools and Colleges. Being an accredited college is of critical importance. This status allows the District to provide Federal financial aid to students, receive Federal funding, grant degrees to students with the certification of an accredited institution, and articulate courses with other colleges and universities. In June 2023, the ACCJC reaffirmed the District's accreditation status with the Midterm Report due October 15, 2025.

State Economy

- The economic position of the District is closely tied to that of the State of California. The District receives over half of its unrestricted general fund revenue through State apportionments, with the remainder of revenues coming primarily from local property taxes, and student enrollment fees. These three sources comprise the District's general apportionment, the main funding support for California community colleges. The 2022-2023 enacted budget will extend the hold harmless (minimum revenue) provision by one year, through 2024-2025, which will guarantee districts the 2017-2018 total computation revenue, adjusted by COLA each year, in years without base reductions.

- In July 2023, the Governor signed the 2023-24 Budget Act, which projects a $31.5 billion deficit for the upcoming fiscal year. The major driver of the deficit consists of the impact of shortfalls resulting from a downturn in the stock market, particularly in the technology sector. The total 2023-24 budget reflects state expenditures of approximately $310 billion, a less than one percent increase over the 2022-23 enacted budget.

- State Teachers' Retirement System (CalSTRS). The District and the employee each pay a percentage of the employee's salary into one of these systems. The State of California has contributed to these systems as well. The rates that are paid are set by the CalPERS Board for CalPERS and by the State legislature for CalSTRS. Over the years, the employee rates for both systems have not changed, but the CalPERS Board has decreased or increased the employer contribution rate as deemed necessary. At this time, both systems are underfunded in terms of their total liability. The CalPERS Board projected (subject to change) and the State legislature set (in law) rates that are projected to remain just over 19% for CalSTRS and to increase to approximately 29% for CalPERS by fiscal year 2026-2027. The 2023-2024 State Budget included unspecified ongoing funds to assist in covering increases to CalSTRS and CalPERS. These contributions are expected to mitigate the negative impact of projected rate increases.

Employer Rates	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
CalSTRS	16.15%	16.92%	19.10%	19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS	20.70%	22.91%	26.10%	25.37%	27.70%	27.80%	27.60%	27.60%

District Budget

- In 2023-2024, the District expects to maintain its enrollment from the 2022-2023 level. As such, the District does not expect to benefit from full-time equivalent student (FTES) growth funding available within the Student Centered Funding Formula (SCFF).

- The District received approval to use the Emergency Conditions Allowance, provided by the California Community Colleges Chancellor's Office. This allowed the District to base its 2022-2023 full-time equivalent student (FTES) based apportionment on 2019-2020 FTES. As part of the approval process, the District has committed to implement measures that will provide for an increase in FTES.

- The Student Centered Funding Formula (SCFF) currently includes a Hold Harmless Provision, which guarantees apportionment funding of at least the 2017-18 Total Computational Revenue (TCR), including adjustments for COLA's, through 2024-25. The hold harmless TCR in 2022-23 was well below the projected 2022-2023 TCR and therefore did not benefit SBCC

  - The District's TCR in 2022-2023 was $96.2 million.
  - The District's hold harmless TCR is $93.3 million for 2023-2024.

- There was a 6.56% COLA for 2022-2023. For 2023-2024, the COLA is 8.22%.

- In 2022-2023, the District continued to experience declining enrollment. However, the TCR for 2022-2023 included an "emergency conditions allowance" of 2019-2020 FTE. The District continues to maintain sufficient reserves, which strengthens the District's fiscal position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Santa Barbara Community College District, 721 Cliff Drive, Santa Barbara, California 93109.

Assets	
Cash and cash equivalents	$ 10,931,374
Investments	123,432,482
Accounts receivable	14,726,944
Student receivables, net	1,312,342
Prepaid expenses	1,236,948
Inventories	1,069,169
Lease receivables	223,563
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	
Nondepreciable capital assets	8,939,113
Depreciable capital assets, net of accumulated depreciation	125,994,767
Right-to-use leased assets, net of accumulated amortization	285,514
Right-to-use subscription IT assets, net of accumulated amortization	153,898
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	135,373,292
Total assets	288,306,114
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	2,388,087
Deferred outflows of resources related to OPEB	380,078
Deferred outflows of resources related to pensions	27,271,353
Total deferred outflows of resources	30,039,518
Liabilities	
Accounts payable	37,349,744
Accrued interest payable	989,167
Unearned revenue	41,767,720
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	3,372,623
Long-term liabilities other than OPEB and pensions, due in more than one year	61,373,724
Aggregate net other postemployment benefits (OPEB) liability	6,634,173
Aggregate net pension liability	88,164,253
Total liabilities	239,651,404
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,032,218
Deferred inflows of resources related to pensions	19,899,820
Deferred inflows of resources related to leases	220,559
Total deferred inflows of resources	23,152,597
Net Position	
Net investment in capital assets	79,028,667
Restricted for	
Debt service	3,727,406
Capital projects	22,024,627
Educational programs	9,763,473
Other activities	4,180,173
Unrestricted deficit	(63,182,715)
Total net position	$ 55,541,631

Operating Revenues	
Tuition and fees	$ 22,860,688
Less: Scholarship discounts and allowances	(4,905,945)
Net tuition and fees	17,954,743
Grants and contracts, noncapital	
Federal	3,361,679
State	58,765,768
Local	601,821
Total grants and contracts, noncapital	62,729,268
Auxiliary enterprise sales and charges	
Bookstore	3,681,645
Other enterprise	581,468
Total operating revenues	84,947,124
Operating Expenses	
Salaries	83,853,552
Employee benefits	22,729,956
Supplies, materials, and other operating expenses and services	52,628,542
Student financial aid	20,734,298
Equipment, maintenance, and repairs	6,733,927
Depreciation and amortization	5,852,596
Total operating expenses	192,532,871
Operating Loss	(107,585,747)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	46,996,421
Local property taxes, levied for general purposes	41,226,026
Taxes levied for other specific purposes	4,995,836
Federal and State financial aid grants	16,922,506
State taxes and other revenues	4,939,276
Investment income	669,493
Interest expense on capital related debt	(2,006,801)
Investment income on capital asset-related debt, net	47,759
Other nonoperating revenue	5,790,596
Total nonoperating revenues (expenses)	119,581,112
Income Before Other Revenues	11,995,365
Other Revenues	
State revenues, capital	4,233,234
Change In Net Position	16,228,599
Net Position, Beginning of Year, as Restated	39,313,032
Net Position, End of Year	$ 55,541,631

Cash Flows from Operating Activities	
Tuition and fees	$ 17,632,793
Federal, state, and local grants and contracts, noncapital	68,483,672
Auxiliary sales	4,263,113
Payments to or on behalf of employees	(111,777,571)
Payments to vendors for supplies and services	(50,573,012)
Payments to students for scholarships and grants	(20,734,298)
Net cash flows from operating activities	(92,705,303)
Cash Flows from Noncapital Financing Activities	
State apportionments	53,131,454
Federal and state financial aid grants	16,922,506
Property taxes - nondebt related	41,226,026
State taxes and other apportionments	4,691,199
Other nonoperating	2,370,153
Net cash flows from noncapital financing activities	118,341,338
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(672,365)
State revenue, capital	4,233,234
Property taxes - related to capital debt	4,995,836
Principal paid on capital debt	(2,608,633)
Interest paid on capital debt	(2,430,483)
Interest received on capital asset-related debt	47,759
Net cash flows from capital financing activities	3,565,348
Cash Flows from Investing Activities	
Change in fair market value of cash in county treasury	(4,246,385)
Interest received from investments	4,348,728
Net cash flows from investing activities	102,343
Change In Cash and Cash Equivalents	29,303,726
Cash and Cash Equivalents, Beginning of Year	105,060,130
Cash and Cash Equivalents, End of Year	$ 134,363,856

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (107,585,747)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	5,852,596
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables, net	7,591,269
Inventories	73,210
Prepaid expenses and other assets	2,777,555
Lease receivables	150,837
Deferred outflows of resources related to OPEB	46,943
Deferred outflows of resources related to pensions	(8,347,818)
Accounts payable and accrued liabilities	10,656,653
Unearned revenue	(2,162,613)
Compensated absences	141,864
Load banking	99,957
Supplemental early retirement plan	(619,838)
Aggregate net OPEB liability	304,643
Aggregate net pension liability	26,803,140
Deferred inflows of resources related to leases	(147,039)
Deferred inflows of resources related to OPEB	(286,533)
Deferred inflows of resources related to pensions	(28,054,382)
Total adjustments	14,880,444
Net cash flows from operating activities	$ (92,705,303)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 10,931,374
Cash with local agency investment fund	28,431
Cash in county treasury	123,404,051
Total cash and cash equivalents	$ 134,363,856
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 223,860
Amortization of debt premiums	$ 612,876

Note 1 - Organization

Santa Barbara Community College District (the District) was established in 1964 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 campuses/centers located within Santa Barbara County. 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.

Financial Reporting Entity

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

The District has analyzed the financial and accountability relationship with the Foundation for Santa Barbara City College (the Foundation) in conjunction with the GASB Statement No. 61 criteria and it has been excluded from the District's reporting entity. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundation. The Board of Directors are elected by their own Board and independent of any District Board of Trustees appointments. The Board is responsible for approving its own budget, accounting, and finance related activities. Information on the Foundation may be requested through the Foundation for the Santa Barbara City College office.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office

Budget and Accounting Manual. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances and local agency investment fund 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 investments in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $1,586,545 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 Campus Store merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the lower of cost or market or first-in, first-out (FIFO) 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 improvements, 50 years; portable buildings and building equipment, 15 years; land improvements, 10 years; equipment and vehicles, 8 years; technology equipment, 3 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 (SBITA)*. 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 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. 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. 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 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 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 and loans payable, leases, subscription-based IT arrangements, compensated absences, load banking, supplemental employee retirement plan (SERP), aggregate net other postemployment benefits (OPEB) liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $36,815,246 of restricted net position.

Operating and Nonoperating Revenues and Expenses

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

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

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

Classification of Expenses - Nearly all 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 usually made in February of the subsequent year and are recorded in the District's financial records when received. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Barbara 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 2008 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 Discounts 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 scholarship discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to students in the form of cash is reported as operating expenses 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 differences could be material.

Interfund Activity

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

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 has been eliminated in the consolidation process of the basic financial statements.

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. {to be modified depending on the structure of the arrangement}. 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 12 and the additional disclosures required by this standard are included in Notes 6 and 7.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury – In accordance with the *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 the involuntary participant in an 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.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California *Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in LAIF is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, 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
Cash on hand and in banks	$ 10,917,617
Cash in revolving	13,757
Investments	123,432,482
Total deposits and investments	$ 134,363,856

Interest Rate Risk

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

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

Investment Type	Fair Value	Weighted Average Maturity in Days
Santa Barbara County investment pool	$ 123,404,051	643
State investment pool (LAIF)	28,431	260
Total	$ 123,432,482	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Santa Barbara County Investment Pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2023.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30,2023, the District's bank balance of approximately $10.1 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 4 - Accounts Receivable

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

	Primary Government
Federal Government	
Categorical aid	$ 1,462,181
State Government	
Apportionment	766,830
Categorical aid	1,759,230
Lottery	846,656
Other state sources	1,314
Local Sources	
Interest	573,928
Third party student receivables	2,308,509
Other local sources	7,008,296
Total	$ 14,726,944
Student receivables	$ 2,898,887
Less: allowance for bad debt	(1,586,545)
Student receivables, net	$ 1,312,342

Note 5 - Lease Receivables

The District has entered into a lease agreements with Kaplan, Inc. The lease receivable is summarized below:

Lease Receivables	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Kaplan, Inc. Facilities Lease	$ 374,400	$ -	$ (150,837)	$ 223,563

Kaplan, Inc. Facilities Lease

The District leases portable classroom facilities for English-language educational programs. The lease is for a period of 5 years, ending June 1, 2025. The agreements calls for weekly payments to the District of $50 per week, per enrolled student with minimum monthly payments of $13,000. During the fiscal year, the District recognized $150,837 in lease revenue and $5,163 in interest revenue related to these agreements. At June 30, 2023, the District recorded $223,563 in lease receivables and $220,559 for deferred inflows of resources related to this arrangement. The District used an interest rate of 1.69%, based on the 5-year Treasury Bond rate as of the date the lease went into effect.

Note 6 - 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	$ 5,336,616	$ -	$ -	$ 5,336,616
Construction in progress	3,490,342	112,155	-	3,602,497
Total capital assets not being depreciated	8,826,958	112,155	-	8,939,113
Capital Assets Being Depreciated				
Land improvements	657,403	-	-	657,403
Buildings and improvements	215,150,853	-	-	215,150,853
Furniture and equipment	17,565,789	950,226	-	18,516,015
Total capital assets being depreciated	233,374,045	950,226	-	234,324,271
Total capital assets	242,201,003	1,062,381	-	243,263,384
Less Accumulated Depreciation				
Land improvements	(657,403)	-	-	(657,403)
Buildings and improvements	(86,806,316)	(4,733,900)	-	(91,540,216)
Furniture and equipment	(15,359,327)	(772,558)	-	(16,131,885)
Total accumulated depreciation	(102,823,046)	(5,506,458)	-	(108,329,504)
Net capital assets	139,377,957	(4,444,077)	-	134,933,880
Right-to-use Leased Assets				
Equipment and vehicles	1,035,205	-	(136,967)	898,238
Less Accumulated Amortization				
Equipment and vehicles	(562,636)	(187,055)	136,967	(612,724)
Net right-to-use leased assets	472,569	(187,055)	-	285,514
Right-to-use Subscription IT Assets				
Right-to-use subscription IT assets	747,284	-	-	747,284
Accumulated amortization	(434,303)	(159,083)	-	(593,386)
Net right-to-use subscription IT assets	312,981	(159,083)	-	153,898
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 140,163,507	$ (4,790,215)	$ -	$ 135,373,292

Note 7 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance, July 1, 2022 as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 53,435,000	$ -	$ (2,080,000)	$ 51,355,000	$ 2,260,000
Bond premium	7,533,469	-	(612,876)	6,920,593	-
Leases	480,520	-	(190,299)	290,221	142,042
Subscription-based IT arrangements	325,981	-	(159,083)	166,898	166,898
Loans payable	363,097	-	(179,251)	183,846	183,846
Compensated absences	2,727,874	141,864	-	2,869,738	-
Load banking	1,449,551	99,957	-	1,549,508	-
Supplemental employee retirement plan	2,030,381	-	(619,838)	1,410,543	619,837
Total	$ 68,345,873	$ 241,821	$ (3,841,347)	$ 64,746,347	$ 3,372,623

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The loans payable will be paid by the Construction Fund. Payments for the leases will be made by the fund for which the equipment and vehicles was intended for. The compensated absences, load banking, and supplemental employee retirement plan will be paid by the fund for which the employee worked. The subscription-based IT arrangements will be paid by the fund for that utilizes the corresponding asset.

General Obligation Bonds

General obligation bonds were approved by a local election in June 2008. The total amount approved by the voters was $77,242,012. At June 30, 2023, $77,240,000 had been issued, and $51,355,000 was outstanding. Interest rates on the bonds are 1.25% to 5.00%.

2008 General Obligation Bonds, Series B

During April 2013, the District issued the 2008 General Obligation Bonds, Series 2008B in the amount of $15,000,000. The bonds mature beginning on August 1, 2014 through August 1, 2038, with interest rates ranging from 1.25% to 5.00%. At June 30, 2023, the principal outstanding was $9,575,000 and unamortized premium cost of $766,363. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2014.

2008 General Obligation Bonds, Series C

During January 2016, the District issued the 2008 General Obligation Bonds, Series 2008C in the amount of $15,240,000. The bonds mature beginning on August 1, 2017 through August 1, 2040, with interest rates ranging from 3.15% to 5.00%. At June 30, 2023, the principal outstanding was $11,165,000 and unamortized premium cost of $1,187,800. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016.

2016 General Obligation Refunding Bonds

During January 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of $36,275,000. The bonds have a final maturity to occur on August 1, 2033, with interest rates from 3.00% to 5.00%. The net proceeds of $44,935,468 (representing the principal amount of $36,275,000 plus premium on issuance of $8,660,468) from the issuance were used to advance refund a portion of the District's outstanding 2008 General Obligation Bonds, Series 2008A and pay the costs associated with the issuance of the refunding bonds. At June 30, 2023, the principal balance outstanding was $30,615,000. Unamortized premium received on issuance of the bonds amounted to $4,966,430 as of June 30, 2023. The issuance resulted in the recognition of deferred charges on refunding of $4,112,037, with a remaining unamortized balance of $2,388,087 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
4/18/2013	8/1/2038	1.25%-5.00%	$ 15,000,000	$ 10,005,000	$ -	$ (430,000)	$ 9,575,000
1/12/2016	8/1/2040	3.15%-5.00%	15,240,000	11,165,000	-	-	11,165,000
1/12/2016	8/1/2033	3.00%-5.00%	36,275,000	32,265,000	-	(1,650,000)	30,615,000
				$ 53,435,000	$ -	$ (2,080,000)	$ 51,355,000

Debt Service Requirement to Maturity

The bonds mature through 2041 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 2,260,000	$ 2,319,725	$ 4,579,725
2025	2,475,000	2,205,900	4,680,900
2026	2,740,000	2,080,250	4,820,250
2027	2,970,000	1,942,400	4,912,400
2028	3,190,000	1,796,100	4,986,100
2029-2033	18,615,000	6,473,500	25,088,500
2034-2038	12,500,000	2,645,225	15,145,225
2039-2041	6,605,000	388,300	6,993,300
Total	$ 51,355,000	$ 19,851,400	$ 71,206,400

Leases

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

Leases	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Equipment and vehicles	$ 480,520	$ -	$ (190,299)	$ 290,221

The District entered into various agreements to lease equipment and vehicles, through the 2026-2027 fiscal year. Under the terms of the leases, the District makes monthly payments, which amounted to total principal and interest costs of $196,468 for the year ending June 30, 2023. At June 30, 2023, the District recognized right-to-use leased assets of $898,238 and lease liabilities of $290,221 related to these agreements. During the fiscal year, the District recorded $190,299 for principal expense and $6,169 in interest expense. The District used discount rates between 0.36% - 4.61% bases on the 5-year Treasury rate for financing over a similar time period.

The District's liability on lease agreements is summarized below:

Fiscal Year	Principal	Interest	Total
2024	$ 142,042	$ 2,633	$ 144,675
2025	80,176	1,222	81,398
2026	54,708	534	55,242
2027	13,295	63	13,358
Total	$ 290,221	$ 4,452	$ 294,673

Loans Payable

On June 21, 2007, the District signed a Promissory Note and Loan Agreement for $1,950,000 with the State of California, Energy Resources Conservation and Development Commission (the Commission), in order to finance energy efficiency projects. The principal and interest at 3.95% per annum on the unpaid principal is due and payable in semiannual installments beginning on December 22, 2012. Loan funds are disbursed to the District on a reimbursement basis based on invoices submitted by the District which totaled $1,950,000. At June 30, 2023, the outstanding principal balance on the loan payable was $183,846.

At June 30, 2023, future minimum payments were as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 183,846	$ 5,454	$ 189,300

Supplemental Employee Retirement Plan (SERP)

The District entered into several agreements with Keenan & Associates and Public Agency Retirement Services (PARS) to provide early retirement incentives for qualifying employees. Each incentive is payable by the District over a five-year period. As of June 30, 2023, the outstanding balance was $1,410,543.

Year Ending June 30,	
2024	$ 619,837
2025	619,838
2026	170,868
Total	$ 1,410,543

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into a SBITA for the use of various software packages. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of $747,284 and a SBITA liability of $166,898 related to this agreement. During the fiscal year, the District recorded $159,083 in amortization expense. The District is required to make total principal and interest payments of $168,807 through June 2024. The subscriptions have an interest rate of 3.0%.

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	$ 166,898	$ 1,909	$ 168,807

Note 8 - Aggregate Net Other Postemployment Benefit (OPEB) Liability

For the 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	$ 6,342,266	$ 380,078	$ 3,032,218	$ 156,476
Medicare Premium Payment (MPP) Program	291,907	-	-	(91,423)
Total	$ 6,634,173	$ 380,078	$ 3,032,218	$ 65,053

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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Management of the Plan is vested in the District management.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	18
Active employees	405
Total	423

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 benefit payment requirements of the Plan members and the District are established and may be amended by the District and the District's bargaining units. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District. For the measurement period of June 30, 2023, the District paid $148,211 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $6,342,266 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as June 30, 2022.

Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	2.75 percent
Discount rate	3.65 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study as of June 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 5,946,200
Service cost	381,920
Interest	214,632
Changes of assumptions	(52,275)
Benefit payments	(148,211)
Net change in total OPEB liability	396,066
Balance, June 30, 2023	$ 6,342,266

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

Changes of assumptions reflect a change in the discount rate from 3.54% to 3.65% since the previous valuation. The rate of inflation assumption changed from 2.75% to 2.50% since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	$ 6,785,535
Current discount rate (3.65%)	6,342,266
1% increase (4.65%)	5,930,094

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	$ 5,622,864
Current healthcare cost trend rate (4.00%)	6,342,266
1% increase (5.00%)	7,178,778

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	$ -	$ 2,498,594
Changes of assumptions	380,078	533,624
Total	$ 380,078	$ 3,032,218

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (291,865)
2025	(291,865)
2026	(291,865)
2027	(291,865)
2028	(291,865)
Thereafter	(1,192,815)
Total	$ (2,652,140)

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 $291,907 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.0886%, and 0.0961%, respectively, resulting in a net decrease in the proportionate share of 0.0075%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(91,423).

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 through 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%)	$ 318,235
Current discount rate (3.54%)	291,907
1% increase (4.54%)	269,110

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 Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 267,835
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	291,907
1% increase (5.50% Part A and 6.40% Part B)	319,193

Note 9 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of the 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	$ 41,028,127	$ 11,316,759	$ 12,781,838	$ 1,068,689
CalPERS	47,136,126	15,954,594	7,117,982	3,879,013
Total	$ 88,164,253	$ 27,271,353	$ 19,899,820	$ 4,947,702

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 $7,857,554.

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:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 41,028,127
State's proportionate share of net pension liability associated with the District	20,546,726
Total	$ 61,574,853

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 0.0590% and 0.0639%, respectively, resulting in a net decrease in the proportionate share of 0.0049%.

For the year ended June 30, 2023, the District recognized pension expense of $1,068,689. In addition, the District recognized pension expense and revenue of $1,657,080 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	$ 7,857,554	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,390,852	7,699,231
Differences between projected and actual earnings on pension plan investments	-	2,006,354
Differences between expected and actual experience in the measurement of the total pension liability	33,656	3,076,253
Changes of assumptions	2,034,697	-
Total	$ 11,316,759	$ 12,781,838

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	$ (1,473,815)
2025	(1,596,630)
2026	(2,398,464)
2027	3,462,555
Total	$ (2,006,354)

The deferred outflows/(inflows) of resources related to the changes in proportion and differences between contributions made and Districts 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	$ (806,846)
2025	(1,605,340)
2026	(1,253,640)
2027	(1,561,573)
2028	(1,349,316)
Thereafter	(739,564)
Total	$ (7,316,279)

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 (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%)	$ 69,680,976
Current discount rate (7.10%)	41,028,127
1% increase (8.10%)	17,237,647

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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 adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

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 $6,689,208.

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 $47,136,126. 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 0.1370% and 0.1587%, respectively, resulting in a net decrease in the proportionate share of 0.0217%.

For the year ended June 30, 2023, the District recognized pension expense of $3,879,013. 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	$ 6,689,208	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	5,945,175
Differences between projected and actual earnings on pension plan investments	5,565,495	-
Differences between expected and actual experience in the measurement of the total pension liability	213,028	1,172,807
Changes of assumptions	3,486,863	-
Total	$ 15,954,594	$ 7,117,982

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	$ 928,148
2025	823,203
2026	420,501
2027	3,393,643
Total	$ 5,565,495

The deferred outflows/(inflows) of resources related to the changes in proportion and differences between contributions made and the 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	$ (1,451,178)
2025	(1,136,569)
2026	(662,086)
2027	(168,258)
Total	$ (3,418,091)

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%)	$ 68,090,521
Current discount rate (6.90%)	47,136,126
1% increase (7.90%)	29,818,089

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 $3,296,122 (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 10 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District participates in a joint powers agreement (JPA) with the Alliance of Schools for Cooperative Insurance Programs (ASCIP). ASCIP was established to provide services necessary and appropriate for the development, operation, and maintenance of a self-insurance system for primary general and automobile liability coverage protection for claims against the public educational agencies in California who make up the ASCIP membership.

The general and automobile liability coverage provides up to $5,000,000 in limits less the District's self-insured retention (SIR) of $25,000 per occurrence. The District has also purchased $1,000,000 of cyber liability coverage. Each member district is entitled to cast one vote to elect governing board representative(s) to represent the member district on ASCIP's governing board. The governing board is responsible for establishing premium rates and making budget and operational decisions for ASCIP independent of any influence by the District beyond their board member representation. Each member district shares surpluses and deficits proportionate to their participation in ASCIP.

The relationship between the District and ASCIP is such that ASCIP is not a component unit of the District for financial reporting purposes under the criteria of GASB.

Southern California Community College Districts Joint Powers Authority (SCCCD)

The District participates in an additional banking JPA for workers' compensation self-insurance coverage through the Southern California Community College Districts Joint Powers Authority (SCCCD). SCCCD provides workers' compensation coverage and a reserve to be used toward funding long-term retiree health insurance liabilities for its six member districts. Payments transferred to funds maintained under the JPA are expensed when made. Based upon an actuarial study, District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims; however, the reserve for retiree health insurance is not yet sufficient to cover future potential payments. The JPA participates in the Protected Insurance Programs for Schools (PIPS), a pooled risk JPA. The purpose of the program is to provide workers' compensation insurance coverage at competitive group rates.

The relationship between the District and the SCCCD is such that the SCCCD is not a component unit of the District for financial reporting purposes under the criteria of GASB.

Schools Excess Liability Fund (SELF)

The District participates in a joint venture under a JPA with the Schools Excess Liability Fund (SELF). SELF was established to provide excess general and automobile liability coverage. The excess liability limits are designed to follow the primary liability limits provided by ASCIP. Coverage under the current program provides for the payment of covered claims incurred by the District up to $20,000,000 per occurrence. The District absorbs the first $5,000,000 of liability (which is comprised of the District's SIR, ASCIP, and SELF limits). Each member district is assessed a premium in accordance with the joint powers agreement.

The relationship between the District and SELF is such that SELF is not a component unit of the District for financial reporting purposes under the criteria of GASB.

Note 11 - 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.

Note 12 - 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	$ 39,326,032
Right-to-use subscription IT assets, net of amortization	312,981
Subscription IT arrangements	(325,981)
Net Position - Beginning, as Restated	$ 39,313,032

Required Supplementary Information
June 30, 2023

Santa Barbara Community College District

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	$ 381,920	$ 537,754	$ 520,044	$ 626,179	$ 582,246
Interest	214,632	179,870	170,796	274,758	248,670
Difference between expected and actual experience	-	(2,148,704)	-	(1,091,436)	-
Changes of assumptions	(52,275)	(591,675)	26,257	375,795	177,632
Benefit payments	(148,211)	(179,010)	(145,166)	(292,804)	(277,491)
Net change in total OPEB liability	396,066	(2,201,765)	571,931	(107,508)	731,057
Total OPEB Liability - Beginning	5,946,200	8,147,965	7,576,034	7,683,542	6,952,485
Total OPEB Liability - Ending	$ 6,342,266	$ 5,946,200	$ 8,147,965	$ 7,576,034	$ 7,683,542
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

	2018
Total OPEB Liability	
Service cost	$ 566,663
Interest	248,749
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(266,818)
Net change in total OPEB liability	548,594
Total OPEB Liability - Beginning	6,403,891
Total OPEB Liability - Ending	$ 6,952,485
Covered Payroll	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]
Measurement Date	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Year ended June 30,	2023	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0886%	0.0961%	0.1149%	0.1206%	0.1165%	0.1230%
Proportionate share of the net OPEB liability	$ 291,907	$ 383,330	$ 487,080	$ 449,290	$ 446,031	$ 517,617
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	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%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	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	0.0590%	0.0639%	0.0660%	0.0682%	0.0649%
Proportionate share of the net pension liability	$ 41,028,127	$ 29,095,805	$ 63,922,901	$ 61,596,241	$ 59,667,530
State's proportionate share of the net pension liability associated with the District	20,546,726	14,639,881	32,952,263	33,604,862	34,162,451
Total	$ 61,574,853	$ 43,735,686	$ 96,875,164	$ 95,201,103	$ 93,829,981
Covered payroll	$ 36,958,115	$ 37,508,700	$ 39,925,684	$ 40,032,181	$ 37,347,256
Proportionate share of the net pension liability as a percentage of its covered payroll	111.01%	77.57%	160.10%	153.87%	159.76%
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					
Proportion of the net pension liability	0.1370%	0.1587%	0.1669%	0.1694%	0.1652%
Proportionate share of the net pension liability	$ 47,136,126	$ 32,265,308	$ 51,196,622	$ 49,362,899	$ 44,046,185
Covered payroll	$ 23,506,918	$ 22,203,633	$ 23,501,978	$ 23,967,506	$ 21,791,147
Proportionate share of the net pension liability as a percentage of its covered payroll	200.52%	145.32%	217.84%	205.96%	202.13%
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	0.0680%	0.0764%	0.0808%	0.0798%
Proportionate share of the net pension liability	$ 62,848,497	$ 61,801,366	$ 54,372,346	$ 46,749,600
State's proportionate share of the net pension liability associated with the District	37,180,640	35,182,415	28,756,977	28,161,175
Total	$ 100,029,137	$ 96,983,781	$ 83,129,323	$ 74,910,775
Covered payroll	$ 38,566,280	$ 39,287,661	$ 37,716,059	$ 35,546,073
Proportionate share of the net pension liability as a percentage of its covered payroll	162.96%	157.30%	144.16%	131.52%
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				
Proportion of the net pension liability	0.1804%	0.1949%	0.1976%	0.2053%
Proportionate share of the net pension liability	$ 43,067,307	$ 38,489,418	$ 29,127,988	$ 23,306,549
Covered payroll	$ 22,024,726	$ 23,383,017	$ 21,319,599	$ 21,497,297
Proportionate share of the net pension liability as a percentage of its covered payroll	195.54%	164.60%	136.63%	108.42%
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
CalSTRS					
Contractually required contribution	$ 7,857,554	$ 6,253,313	$ 6,057,655	$ 6,827,292	$ 6,517,239
Contributions in relation to the contractually required contribution	(7,857,554)	(6,253,313)	(6,057,655)	(6,827,292)	(6,517,239)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 41,139,026	$ 36,958,115	$ 37,508,700	$ 39,925,684	$ 40,032,181
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 6,689,208	$ 5,385,435	$ 4,596,152	$ 4,634,825	$ 4,329,011
Contributions in relation to the contractually required contribution	(6,689,208)	(5,385,435)	(4,596,152)	(4,634,825)	(4,329,011)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 26,366,606	$ 23,506,918	$ 22,203,633	$ 23,501,978	$ 23,967,506
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	$ 5,389,209	$ 4,851,638	$ 4,215,566	$ 3,349,186
Contributions in relation to the contractually required contribution	(5,389,209)	(4,851,638)	(4,215,566)	(3,349,186)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 37,347,256	$ 38,566,280	$ 39,287,661	$ 37,716,059
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 3,384,383	$ 3,058,794	$ 2,770,186	$ 2,509,530
Contributions in relation to the contractually required contribution	(3,384,383)	(3,058,794)	(2,770,186)	(2,509,530)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 21,791,147	$ 22,024,726	$ 23,383,017	$ 21,319,599
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.

Note 1 - Purpose of Schedules

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances. As of June 30, 2023, the District had no assets accumulated in a trust that meets the criteria outlined in paragraph 4 of GASB Statement No. 75 to related OPEB benefits. 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* - Changes of assumptions reflect a change in the discount rate from 3.54% to 3.65% since the previous valuation. The rate of inflation assumption changed from 2.75% to 2.50% since the previous valuation.

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2023

Santa Barbara Community College District

Santa Barbara Community College District was established in 1964. 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
Mr. Jonathan Abboud	President	2026
Dr. Anna Everett	Vice President	2024
Ms. Marsha S. Croninger	Member	2026
Ms. Veronica Gallardo	Member	2024
Dr. Charlotte A. Gullap-Moore	Member	2026
Mr. Robert K. Miller	Member	2024
Ms. Ellen Stoddard	Member	2026

Administration as of June 30, 2023

Dr. Kindred Murillo	Interim Superintendent/President
Ms. María Villagómez	Assistant Superintendent/Vice President, Academic Affairs
Mr. Brian Fahnestock	Acting Assistant Superintendent/Vice President, Business Services
Ms. Paloma Arnold	Assistant Superintendent/Vice President, Student Affairs
Ms. Deneatrice Lewis	Interim Assistant Superintendent/Vice President, Human Resources
Ms. Carola Smith	Acting Assistant Superintendent/Vice President, School of Extended

Auxiliary Organizations in Good Standing

The Foundation for Santa Barbara City College, established 1976
Master agreement revised June 2022
Geoff Green, Chief Executive Officer

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		$ 9,040,433	$ -
Federal Direct Student Loans	84.268		3,965,879	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		300,293	-
Federal Work-Study Program	84.033		134,196	-
Subtotal Student Financial Assistance Cluster			13,440,801	-
Title III - STEM	84.031C		624,422	
Restructuring to Innovate for Student Excellence (RISE)	84.031S		390,151	-
Student-Ready: Degree Completion for the Flexible Learner	84.031S		429,273	-
Title V - HSI La Experencia en SBCC	84.031S		76,409	-
Subtotal			1,520,255	-
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		50,923	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	22-C01-650	799,273	-
Regional Collaboration and Coordination Grant	84.048A	[1]	223,417	214,824
Subtotal			1,022,690	214,824
Passed through California Department of Education (CDE)				
Workforce Innovation and Opportunity Act, Title II: Adult Education and Family Literacy Act	84.002A	13978, 14508, 14109	315,320	-
Total U.S. Department of Education			16,349,989	214,824
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]	336,724	-
Total U.S. Department of the Treasury			336,724	-

[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				
Passed through the Regents of the University of California, Santa Barbara				
ESTEEM -Enhancing Success in Transfer Education for Engineering Majors	47.076	KK1729	$ 31,394	$ -
Collaboration for Opportunities in and Advancement of STEM Teaching and Learning	47.076	KK2018	8,069	-
A California Central-Coast Partnership for Industry-focused Micro/nanotechnology Education	47.076	KK2018	28,181	-
Computer and Information Science Engineering	47.070	KK2042	12,440	-
Passed through Allan Hancock Community College District				
Louis Stokes B2B Alliance: CA Central Coast Community College Collaborative	47.076	NSFC6-06	4,528	-
Subtotal Research and Development Cluster			84,612	-
U.S. Department of Agriculture				
Passed through CDE				
Child and Adult Care Food Program	10.558	04381-CACFP-42-CC-IC	13,728	-
Total U.S. Department of Agriculture			13,728	-
U.S. Department of Defense				
Passed through the Regents of the University of California, Santa Barbara				
SciTrek Biotech	12.006	K2222	4,441	-
Total U.S. Department of Defense			4,441	-
U.S. Department of Labor				
Passed through the County of Santa Barbara				
Pathway Home 2	17.270	[1]	33,755	-
Total U.S. Department of Labor			33,755	-
U.S. Department of Health and Human Services				
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families (TANF)	93.558	[1]	7,100	-
Foster and Kinship Care Education	93.658	[1]	32,019	-
Total U.S. Department of Health and Human Services			39,119	-
Total Federal Financial Assistance			$ 16,862,368	$ 214,824

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

Program	Program Revenues Cash Received	Prior Year Deferral	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Adult Education Block Grant	$ 923,193	$ 1,513,761	$ -	$ 1,028,013	$ 1,408,941	$ 1,408,941
Basic Needs Center	352,567	254,435	-	469,508	137,494	137,494
C.A.R.E.	251,447	159,680	-	331,366	79,761	79,761
CAL Grant	1,466,516	-	-	-	1,466,516	1,321,206
Cal Works	185,388	110,455	-	144,654	151,189	151,189
CalFresh Outreach SB85	-	32,565	-	16,263	16,302	16,302
California College Promise AB19	1,466,725	983,819	-	1,790,519	660,025	660,025
California State Preschool Program (CSPP)	126,673	-	42,225	-	168,898	168,898
Child and Adult Care Food Program	547	-	-	-	547	547
Child Development Training	-	915	-	-	915	915
CTE Data Unlock Sub Award	-	50,000	-	50,000	-	-
Culturally Competent Faculty PD	-	50,435	-	50,435	-	-
Disabled Students Programs	2,089,534	514,205	-	942,148	1,661,591	1,661,591
Disaster Relief Emergency Student	-	251	-	251	-	-
EEO Best Practices	-	208,333	-	208,333	-	-
Emergency Financial Aid Supplemental	7,134,571	-	-	158,590	6,975,981	1,510,646
Extended Opportunity Program and Services	2,033,776	440,937	-	699,921	1,774,792	1,774,792
Faculty & Staff Development	-	40,849	-	36,587	4,262	4,262
Financial Aid Media Campaign (odd year)	-	-	1,717,005	-	1,717,005	1,717,005
Financial Aid Technology	53,998	97,768	-	151,766	-	-
Foster Parent Grant (80%)	62,755	-	-	-	62,755	62,755
Guided Pathways	432,198	269,591	-	299,977	401,812	401,812
Hunger Free Campus Support Year 2	-	425	-	-	425	425
K-12 Strong Workforce	9,289,863	10,785,988	-	8,665,282	11,410,569	11,410,569
K12 Strong Workforce TAP - PCs	1,005,000	435,000	-	476,500	963,500	963,500
K12 SWP TAP - PC One-Time Unspent	111,319	239,428	-	269,224	81,523	81,523
Learning-Aligned Employment Program	2,186,419	-	-	2,186,419	-	-
LGBTQ+	99,603	-	-	93,464	6,139	6,139
Library Services Platform Prop 98	-	13,269	-	13,269	-	-
Local and Systemwide Technology and Data Security	100,000	-	-	100,000	-	-

	Program Revenues					
Program	Cash Received	Prior Year Deferral	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Low Cost Auto Insurance Awareness	$ 1,500	$ -	$ -	$ 1,500	$ -	$ -
Mathematics, Engineering, Science Achievement (MESA)	419,070	106,177	-	459,807	65,440	65,440
Mental Health Support Allocation	275,629	287,873	-	504,486	59,016	59,016
NextUp	589,472	-	-	582,756	6,716	6,716
Nursing Program Support	211,278	-	-	-	211,278	211,278
Regional Data Unlock Sub Award	-	6,025	-	6,025	-	-
Regional Employer Engagement Grant	890,081	-	-	220,947	669,134	669,134
Retention Enrollment Outreach SB85	989,965	1,063,567	-	-	2,053,532	871,663
Rising Scholars Grant	154,000	-	-	134,225	19,775	19,775
Staff Diversity	138,888	147,489	-	240,201	46,176	46,176
State COVID Block Grant	-	408,470	-	95,104	313,366	313,366
Strong Workforce - Local SBCC	1,681,714	2,050,056	-	2,074,011	1,657,759	1,657,759
Strong Workforce - SBCC Regional	996,231	1,158,398	-	1,224,267	930,362	930,362
Strong Workforce Regional Consortium	9,410,980	9,846,752	-	5,723,731	13,534,001	13,534,001
– Board Financial Assistance Program	4,661,832	-	-	334,000	4,327,832	4,327,832
Student Equity Achievement Even Yr.	-	1,524,691	-	-	1,524,691	1,340,550
Student Equity Achievement Odd Yr.	-	414,923	-	-	414,923	-
Student Financial Aid Administration –						
– Board Financial Assistance Program	543,753	-	-	-	543,753	543,753
Student Food and Housing Support	263,278	255,418	-	429,318	89,378	89,378
Student Housing - Planning	150,000	-	-	133,861	16,139	16,139
Student Success Completion Grant	3,535,087	-	-	1,000,000	2,535,087	1,963,970
Systemwide Technology and Data Security	150,000	-	-	150,000	-	-
Textbook Affordability Program	-	21,585	-	12,899	8,686	8,686
Umoja Community Ed Foundation	-	2,338	-	54	2,284	2,284
Undocumented Resources Liaisons	116,236	174,859	-	169,912	121,183	121,183
– Board Financial Assistance Program	56,642	215,431	-	246,980	25,093	25,093
Zero Textbook Cost Program	20,000	-	-	20,000	-	-
Zero Textbook Cost Program One Time	180,000	-	-	180,000	-	-
Total state programs	$ 54,807,728	$ 33,886,161	$ 1,759,230	$ 32,126,573	$ 58,326,546	$ 50,363,851

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit**	124.31	-	124.31
2. Credit	624.45	-	624.45
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit**	3.02	-	3.02
2. Credit	394.54	-	394.54
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,842.97	-	2,842.97
(b) Daily Census Contact Hours	268.28	-	268.28
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	927.11	-	927.11
(b) Credit	1,041.49	-	1,041.49
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	3,268.38	-	3,268.38
(b) Daily Census Procedure Courses	1,079.92	-	1,079.92
(c) Noncredit Independent Study/Distance Education Courses	14.50	-	14.50
D. Total FTES	10,588.97	-	10,588.97
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit**	232.48	-	232.48
2. Credit	72.55	-	72.55
CCFS-320 Addendum			
CDCP Noncredit FTES	390.51	-	390.51
Centers FTES			
1. Noncredit**	780.70	-	780.70
2. Credit	951.21	-	951.21

*Annual report revised as of October 17, 2023
**Including Career Development and College Preparation (CDCP) FTES.

	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
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 19,950,556	$ -	$ 19,950,556	$ 19,950,556	$ -	$ 19,950,556
Other	1300	17,874,105	-	17,874,105	17,874,105	-	17,874,105
Total Instructional Salaries		37,824,661	-	37,824,661	37,824,661	-	37,824,661
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	5,524,463	-	5,524,463
Other	1400	-	-	-	1,383,686	-	1,383,686
Total Noninstructional Salaries		-	-	-	6,908,149	-	6,908,149
Total Academic Salaries		37,824,661	-	37,824,661	44,732,810	-	44,732,810
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	19,305,936	-	19,305,936
Other	2300	-	-	-	843,722	-	843,722
Total Noninstructional Salaries		-	-	-	20,149,658	-	20,149,658
Instructional Aides							
Regular Status	2200	2,440,577	-	2,440,577	2,440,577	-	2,440,577
Other	2400	995,800	-	995,800	995,800	-	995,800
Total Instructional Aides		3,436,377	-	3,436,377	3,436,377	-	3,436,377
Total Classified Salaries		3,436,377	-	3,436,377	23,586,035	-	23,586,035
Employee Benefits	3000	17,722,551	-	17,722,551	29,535,750	-	29,535,750
Supplies and Material	4000	-	-	-	1,034,627	-	1,034,627
Other Operating Expenses	5000	574,298	-	574,298	13,664,972	-	13,664,972
Equipment Replacement	6420	-	-	-	83,446	-	83,446
Total Expenditures Prior to Exclusions		59,557,887	-	59,557,887	112,637,640	-	112,637,640

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	-	-	-	-	-	-
Lottery Expenditures							-
Academic Salaries	1000	1,024,070	-	1,024,070	1,682,507	-	1,682,507
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	405,042	-	405,042	665,468	-	665,468
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		-	-	-	-	-	-

		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
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,429,112	-	1,429,112	2,347,975	-	2,347,975
Total for ECS 84362, 50% Law		$ 58,128,775	$ -	$ 58,128,775	$ 110,289,665	$ -	$ 110,289,665
% of CEE (Instructional Salary Cost/Total CEE)		52.71%		52.71%	100.00%		100.00%
50% of Current Expense of Education					$ 55,144,833		$ 55,144,833

Activity Classification	Object Code			Unrestricted
EPA Revenue:	8630			$ 6,201,622
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 6,201,622	$ -	$ -	$ 6,201,622
Total Expenditures for EPA		$ 6,201,622	$ -	$ -	$ 6,201,622
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 44,019,200	
Special Revenue Funds	3,594,993	
Capital Project Funds	22,024,627	
Debt Service Funds	4,716,573	
Proprietary Funds	7,287,525	
Internal Service Funds	127,970	
Total fund balance - all District funds		$ 81,770,888
The District's investment in the Santa Barbara County Treasurer's Investment Pool is reported at fair market value in the Statement of Net Position.		(4,246,385)
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	223,563	
Deferred inflows of resources related to leases	(220,559)	
Total		3,004
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	243,263,384	
Accumulated depreciation is	(108,329,504)	
The cost of right-to-use leased assets is	898,238	
Accumulated amortization is	(612,724)	
The cost of right-to-use subscription IT assets is	747,284	
Accumulated amortization is	(593,386)	
Less: fixed assets already recorded in proprietary funds	(4,116,554)	
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net		131,256,738
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	2,388,087	
Deferred outflows of resources related to OPEB	380,078	
Deferred outflows of resources related to pensions	27,271,353	
Total deferred outflows of resources		30,039,518
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.		(989,167)

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	$ (58,275,593)	
Leases	(290,221)	
Subscription-based IT arrangements	(166,898)	
Compensated absences	(2,869,738)	
Load banking	(1,549,508)	
Supplemental Employee Retirement Plan	(1,410,543)	
Aggregate net other postemployment benefits (OPEB) liability	(6,634,173)	
Aggregate net pension liability	(88,164,253)	
Total long-term liabilities		$ (159,360,927)
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	(3,032,218)	
Deferred inflows of resources related to pensions	(19,899,820)	
Total deferred inflows of resources		(22,932,038)
Total net position		$ 55,541,631

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 reported 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

Santa Barbara 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
Santa Barbara Community College District
Santa Barbara, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of the Santa Barbara 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 7, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 12 to the financial statements, the District has adopted the provisions of Government 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 opinion is 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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.

Esde Sailly LLP

Rancho Cucamonga, California
December 7, 2023

CPAs & BUSINESS ADVISORS

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
Santa Barbara Community College District
Santa Barbara, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Barbara 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 Santa Barbara 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.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 7, 2023

Independent Auditor's Report on State Compliance

To the Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on State Compliance

We have audited Santa Barbara 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 Santa Barbara Community College 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 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	Proposition 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; therefore, the compliance tests within this section were not applicable.

The State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore, the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 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 7, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Santa Barbara 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	Yes
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)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027
Title III - STEM	84.031C
Restructuring to Innovate for Student Excellence (RISE)	84.031S
Student-Ready: Degree Completion for the Flexible Learner	84.031S
Title V - HSI La Experencia en SBCC	84.031S

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

None reported.

The following finding represents a significant deficiency and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

2023-001 Allowable Costs & Activities

Program Name: Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Federal Agency: U.S. Department of the Treasury
Pass-Through Entity: California Community Colleges Chancellor's Office

Criteria or Specific Requirements
The Uniform Guidance Cost Principals described in 31 CFR Part 35, Subpart A, established the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) to support governments in their response to and recovery from the COVID-19 public health emergency. As outlined in the Final Rule set forth by the U.S. Department of the Treasury, to identify eligible uses of funds, recipients should (1) identify a COVID-19 public health or economic impact on an individual or class (i.e., a group) and (2) design a program that responds to that impact. As a recipient of CSLFRF funding, the California Community Colleges Chancellor's Office (CCCCO) utilized the funding to provide emergency financial assistance grants to low-income students, enrolled at the California community colleges, who had been disproportionally impacted by the COVID-19 public health emergency. The CCCCO established the following eligibility criteria for students to receive CSLFRF grants:

- U.S. citizen or eligible non-citizen
- Current enrollment in credit or noncredit courses at a California community college
- Demonstrate an emergency financial aid need
- Qualify as low-income by meeting the requirements to receive a California College Promise Grant (CCPG) or is projected to receive a CCPG for the upcoming term

Condition
Significant Deficiency – The District disbursed CSLFRF grants to 2 ineligible students out of the 23 students tested.

Questioned Costs
During our testing, we identified that the District disbursed $6,000 in CSLFRF to 2 ineligible students out of the 23 students tested.

Context
The District disbursed CSLFRF grants to 115 students during the fiscal year totaling $336,724 in aid.

Effect
Without proper monitoring of the eligibility requirements set forth by the pass-through entity, the District is at risk of noncompliance with the above referenced criteria.

Cause
The District did not comply with the most up-to-date student eligibility requirements set forth by the California Community College Chancellor's Office.

Repeat Finding (Yes or No)
No.

Recommendation
It is recommended that District establish effective controls and procedures to ensure that funds are only being distributed to those who are eligible to receive CSFRF student aid.

Views of Responsible Officials and Corrective Action Plan

Response
Recovery Funds. The first set of guidelines were issued in March 2021. These first set of guidelines allowed undocumented students to receive the award. These are the guidelines that were used to award students monies from this fund.

During the audit, it was noted that SBCC incorrectly awarded undocumented students with monies from the Coronavirus State and Local Fiscal Recovery Funds. SBCC was not aware at the time of awarding these monies that a second guidance memo had been issued by the Community Colleges of California Chancellor's Office (CCCCO) on Friday, January 21,2022. The updated memo clearly stated that undocumented students were no longer eligible for these funds. SBCC had not updated its protocols to match the second memo due to staffing issues within the financial aid office. Specifically, the manager of the Financial Aid Office was out on disability leave from January 26 through September 28, 2022. However, no funds were awarded during this absence.

Within the new guidance, a new process stated how to corrects awards given to candidates originally eligible (undocumented students) under the first memo, but no longer eligible under the second memo. Per the second memo, any incorrectly awarded funds under the first policy were to be replaced with other funds that undocumented students are eligible to receive.

Corrective Action Plan
To correct the incorrect awarding of funds to ineligible candidates, SBCC cancelled the awards to now ineligible recipients of Early Action Fund (EMASS/SRFR) and replaced them with awards from AB19 monies, which were rolled over from 22-23. SBCC also used monies from remaining HEERF/CARES funds, which allowed for awards to undocumented students. In total, SBCC corrected 16 awards totaling $48,000. SBCC's records now reflect that no undocumented students received Coronavirus State and Local Fiscal Recovery Funds. Going forward, SBCC is now awarding under the correct guidelines. No further awards have been made to undocumented students. The fund is winding down and will be spent in full by the end of the 23-24 fiscal year.

None reported.

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